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UNIVERSITY OF VAASA

Maiju Schrey

VALUE CO-CREATION THROUGH HORIZONTAL COLLABORATION

A Case Study of a Service Partner Network in Manufacturing Industry

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Author: Maiju Schrey
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ABSTRACT:

Today's firms operate in complex, networked value systems, where they are connected to other actors over multiple ties. Strategic value nets are intentionally formed business networks. The network actors share common goals and co-create value through collaborative value activities. The way how a strategic value net configures and coordinates its resources, capabilities and value activities is essential for the net's competitiveness. Moreover, the net's ability to dynamically restructure its operations and react to change is even more important.

The purpose of this study is to provide understanding on how horizontal collaboration creates value in a predominantly vertically structured service value net in manufacturing industry, and thereby contributes to the service value net's operations. The study identifies practices and motives for horizontal collaboration, and analyses the pre-requisites, enablers, barriers and limitations to horizontal collaboration in the studied context.

The research was conducted as an explorative, single case study. The case is a service partner network of a multi-national engineering company, where the global partner network sells and provides product life cycle services to end customers. This study addresses collaboration between service partners. The applied research method was qualitative, and the research approach followed systematic combining. The empirical data was collected in ten semi-structured interviews.

The findings indicate that a good vertical relationship is a pre-requisite for horizontal collaboration. Horizontal relationships are primarily competitive and characterized by mistrust. The manufacturer has a central role in facilitating horizontal networking and increasing transparency in the network's operations. Transparency is the key to initiate trust building, balance competitive tensions and create collaborative culture in the network. The research indicates that horizontal collaboration strengthens the value net's shared identity and clarifies the strategic intent. Horizontal practices co-create value in daily customer service requests by providing short-term support to network members in terms of resources and knowledge, but also enable the network to learn and develop together in the long term. Finally, the study proposes that a cross-dimensional, collaborative foundation helps the network adjust to change.

This thesis contributes to previous research on management of strategic value nets and collaboration in B2B service systems. Furthermore, the study provides new insights by addressing a secondary value creation logic in a strategic net.

KEYWORDS: network management, horizontal collaboration, value co-creation in networks

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1 Introduction

“We’re going to tell a message to our customers, that the service network is there to support everybody and that they are working together, and it’s one network.” (Manufacturer)

1.1 Motivation for the study

The motivation for this study springs up from an interest to explore the power of collaboration in business networks. Today’s firms operate in complex networks, and typically the more global the business operations are, the more firms partner up with other firms, and the more complex the networks become. Hence, complete service value networks always consist of multiple actors – for instance manufacturers, subcontractors, logistic partners, sales and service partners, service providers and customers – that are connected to each other with vertical or horizontal ties (Helo et al. 2018, Kohtamäki et al. (eds) 2018: 389). In complex networks, there are naturally several intentional and active ties, such as supplier-buyer relationships, but also neutral, passive, or even competitive ties.

The perspective of this study is to observe collaboration in the horizontal ties of a value system: The study aims to explore how horizontal, interorganizational collaboration creates value in a global service business net in manufacturing industry, and consequently contributes to the business network’s operations and future service business development. Despite the industrial context of the study, the phenomenon is relevant and actual also in other industries, as structurally similar business nets exist in various business contexts, and because service ecosystems in general are becoming increasingly complex.

When looking at the manufacturing industry, in the past three decades the traditionally product-centric manufacturing industry has experienced a business model shift, where companies have evolved from product manufacturers to service and solution focused comprehensive product-service system providers. This transition is defined as

servitization (Kohtamäki et al. 2018:1; Baines et al. 2009). The changes in the business models require firms to transform their strategic and operational logics, and consequently, redefine their key resources and partners (Osterwalder et al. 2010: 15). For various reasons, for example to gain operational flexibility in resource management, global equipment manufacturers often choose, as part of their channel management strategy, to sell and deliver products and related product life cycle services through external, third-party business partners. Typically, such partners are value-added resellers, distributors and external service providers (Kochan & Rubinstein, 2000). The network of various actors in product-service systems compose a service value net, which in its complexity can be regarded as a comprehensive service ecosystem (Kohtamäki et al.(eds) 2018:363, West et al. 2018).

The way a company's service value net operates, can become an important part of the company's competitive advantage. When a firm operates through external partner companies, the external partners are often the ones that are in direct interaction with the end customers: They have a key position representing the manufacturer's brand and with their behavior directly impact the customer experience. Hence, over the transformation from goods to service-oriented business models, firms need to learn to involve their whole value system in service business development, including their partners and customers. This means that firms are challenged to manage not only firm or customer-centric relationships, but cooperative and competitive networks. Firms' network and ecosystem-related capabilities are increasingly important in companies' successful servitization journeys (Lütjen et al. 2019; Kohtamäki et. al 2013; Story et al. 2017). Even if this study contextually relates to servitization of manufacturing industry, the main interest of this study lies on understanding the dynamics of global service value systems.

This study explores horizontal collaboration over a case study of a multi-national corporation (MNC) in manufacturing industry that relies on a global network of external service partners for providing aftermarket and product life cycle services. The external

service partners have a vertical business relationship with the manufacturer. Yet, they also are part of horizontal network with other small and medium-sized (SME) external service partners that represent the same brand, but as independent companies are also each other's competitors. Hence, collaboration between the partners is not self-evident, and that exactly gives this study a very interesting flavor. Nevertheless, the study approaches horizontal collaboration from the perspective of collaboration and network dynamics, and hence does not primarily emphasize the competitive nature of the horizontal relationships. As a supposition, service value systems carry extensive level of knowledge, and perhaps collaborative practices harness a network to reach its full potential and become a basis for collaborative advantage. Hence, exploring collaboration practices that seem exceptional or coopetitive, is one of the key motivations behind this study.

1.2 Research gap

This thesis researches value co-creation through horizontal, interorganizational collaboration in a MNC's global service value network in manufacturing industry. Horizontal collaboration refers to collaboration between two or more actors that operate at the same level on a certain market activity, and through collaboration realize benefits and create value (Saenz et al. 2017).

Figure 1 illustrates the research context and the research gap of the study. The contextual frame for the case study is a strategic value net in business-to-business (B2B) environment. The network is a supply-demand oriented value net, dominated by vertical relationships (Valkokari 2015).

The structure of the network is demonstrated over three layers that are an internal, an external and a customer layer. The manufacturer's organization is regarded as the network's internal layer (core company, MNC). The service partners from the manufacturer's perspective are external resources and hence part of the external layer

(intermediaries, SMEs). The end customers belong to the customer layer. Relationships between the layers are considered vertical, whereas relationships inside a layer are considered horizontal. This study addresses horizontal collaboration between the external partners inside the external layer.

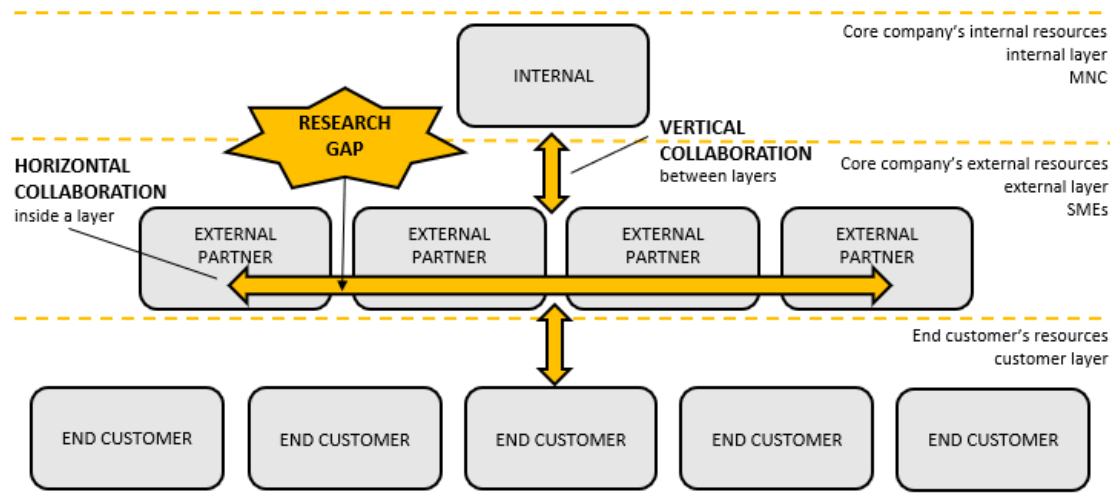


Figure 1. The research gap in the studied context.

It is acknowledged that clever and intentionally built collaboration can at its best evolve to competitive advantage for a firm or a network of firms (Huxham & Vangen 2005:3, Hansen & Nohria 2004). In the academic literature, collaborative advantage is often characterized as an outcome of heterogeneous, differently capable actors taking collaborative initiatives to complement each other and build a value chain to enable business. However, in the studied context, the network is regarded as a relatively homogenous group of actors. Moreover, dyadic relationships between partners in a vertical value chains have been in the center of the research (Varamäki & Vesalainen, 2003). Despite of scholars' increased attention on strategic nets and their management (see Valkokari 2015; Möller & Halinen 2017; Vesalainen et al. 2017), the existing studies mainly focus on dominant structural dimensions and dominant value creation logics in the nets. This study takes a fresh perspective by exploring horizontal collaboration in a vertically dominated service network.

The latest academic perspective on value creation in service processes proposes that the service provider and the customer actively co-create value, and the role of a manufacturer is to facilitate the value creation by providing the pre-conditions (Grönroos 2011). Moreover, it is understood that value creation is a shared process, in which all stakeholders of a value network participate: Value is co-created in interactions throughout the complete value systems (Vargo et al. 2008; Grönroos 2011; Lusch & Webster 2011). Interestingly, the academic research on value co-creation has until past years mostly focused on value processes with consumers and value co-creation in B2B context has received less attention (Kohtamäki & Rajala 2016). Moreover, recent research (for example Kohtamäki & Rajala 2016) indicate that there is need to broaden the commonly applied dyadic relationship and firm-level perspective, and study value co-creation in service networks, service value systems and service ecosystems.

Current global megatrends, such as digitalization, urbanization, infrastructure development, sustainability and economic trends are estimated to shape market demand on product and service offerings, generate new business models and obsolete the outdated ones (Frost & Sullivan 2019). The future business models are likely to demand capabilities to sustain and manage increasingly complex networks of people and systems, and collaborative ecosystems. Hence, also the global megatrends positively motivate and underline the relevance to explore horizontal collaboration in a network of service partners. Furthermore, even if the context of this case study relates to supply of product life cycle services in manufacturing industry, the phenomenon itself is actual and relevant also in other industries that rely on external partners.

1.3 Research question and objectives

This thesis seeks to answer the following main research question:

How horizontal collaboration between service partners creates value to the network?

The study is divided to two research objectives that guide the research work towards answering the main research question. The research objectives are:

RO1. How horizontal collaboration is applied in the service partner network?

RO2. What are the enablers and barriers to horizontal collaboration in the service partner network?

A guiding message in collaboration is that it is always resource-consuming, and one should not cooperate for the sake of collaboration, but for the advantages it evokes (Huxham & Vangen, 2005:13). Therefore, to approach the main research question and the objectives, it is first essential to gain background understanding on the dynamics in the studied network context. Without understanding the foundation of how the manufacturer and service partners perceive the value of the network, what motivates the service partners and what is expected from them, it would be challenging to evaluate the value creation impact and potential reached through collaboration between the partners. Moreover, it is important to gather insight on the future outlooks on service business in the case context to evaluate the future potential for horizontal collaboration.

The first research objective aims to then explore how horizontal collaboration is applied in the network today: Are there collaboration practices between the service partners, and what kind of benefits have been reached through collaboration? Existing research indicates that parties in general seek best outcomes in their relationships rather than, for instance, competitive settings (Ford & Håkansson 2013). Hence, the tone of this study is positive with focus on the beneficial outcomes of collaborative activities. However, it is acknowledged that the value creation might also be negative and hence lead to unfavorable outcomes (Grönroos & Voima 2013).

The second research objective aims to investigate pre-requisites, willingness, enablers and barriers for the horizontal, partner-to-partner collaboration. The question is considering the active role and perspectives of both the manufacturer and partners.

Understanding the enablers and opportunities for creating and sustaining value-adding collaboration, and on the other side, understanding the obstacles that hinder collaboration or situations where collaboration is seen even risky, is essential in order to understand the dynamics of the value network.

Finally, through the afore-described sequence, the main research question is to be answered. As part of the main research question, it is also of interest to anticipate the value-creation impact of horizontal collaboration on future service business development: How partner-to-partner collaboration has created value in the current business environment, and how horizontal collaboration would fit to the service strategy and the service business needs of the future? Would there be potential for collaborative advantage? The main findings will eventually be concluded based on the empirical findings and the supporting academic literature.

1.4 Scope and context of the study

The researched phenomenon of value creation through horizontal collaboration is approached as a single case study of a multi-national enterprise (MNC) in the manufacturing industry. The manufacturer operates in B2B environment and sells and provides their products and related life cycle services to end customers both directly, and through a global network of independent small and medium sized (SME) partner companies.

The unit of analysis in this study is *horizontal collaboration between the service partners*, and the research question is approached with a dyadic view emphasizing two stakeholders in the value network:

(1) The manufacturer

(2) Service partners

Therefore, this study aims to explore how horizontal collaboration between service partners creates value to the network, with focus on value creation to (1) the manufacturer and (2) the service partners.

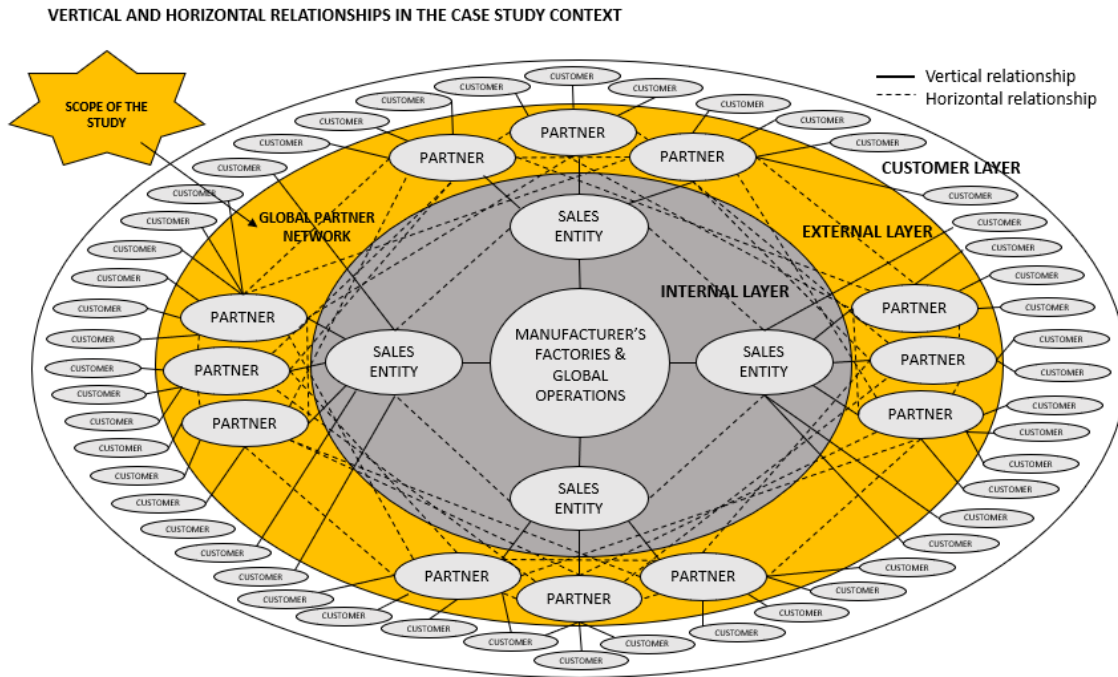


Figure 2. Vertical and horizontal relationships in the case study context.

Figure 2 illustrates the scope of this case study, in a simplified manner. It also illustrates the complexity of various vertical and horizontal relationships in the case context. The network is contractually and functionally dominated by the vertical relationships and therefore the horizontal ties are demonstrated with dotted lines. The figure complements the same three-layers-logic that was introduced above in connection to the research gap in Figure 1.

The core of the net is the company's internal value system that consists of the manufacturer's global functions, factories and local sales companies around the world. A *manufacturer (1)* refers to the case company, which is illustrated as the inner circle (also referred to as internal layer) of the global service value system. The manufacturer has a vertical relationship both to its partners and directly to some end customers.

Service partners (2) refer to partners (SMEs) that are authorized to sell and provide product life cycle services and service solutions for the manufacturer's products. A service partner is positioned in interface between the manufacturer and the end customers. The global network of service partners is illustrated as a circle around the internal value network. The partners have vertical relationship to the manufacturer and a horizontal relationship to each other. The horizontal collaboration within the partner layer is the unit of analysis in this study.

The outermost circle of the service value system consists of the end customers (also referred to as a customer layer). The latest research on service business development and service design emphasizes the central role of the customer and customer experience in any development activities that a company takes: A firm's key objective is to help a customer in customer's processes and hence the customer should be the winner of any process improvements within the value system (Heinonen et al. 2010; Lindberg-Repo & Dube 2014:74; Lemon & Verhoef 2016). The importance of this outside-in perspective is fully acknowledged in this study. However, to ensure that the thesis will stay focused and within reasonable boundaries, this study does not focus on value creation for the end customers as such. Moreover, even if there naturally are multiple organizational levels and functions, as well as vertical and horizontal ties within the internal network of a multi-national corporation, the intraorganizational dynamics are not in the focus of the study.

1.5 Thesis structure

The structure of this thesis follows the standard structure of master's thesis. The thesis will start with introducing the motivation for the study and defining and elaborating on the research question and research objectives, and the related research gap. The context of the study will be introduced, and the defined scope of the study will be discussed.

In the literature review, the research question and objectives will be approached and reflected from the perspective of existing academic literature. The theoretical framework will be discussed from the viewpoints of strategic networks and collaboration by keeping the core concept of value co-creation at the center.

The research method of this study, as well as the data collection and analysis methods will be presented in the methodology section of the thesis. The context of the case study will be further elaborated, and validity and reliability of the study evaluated.

The results of the empirical study will be analyzed and discussed among the empirical findings. Finally, the thesis will be concluded with main findings, and evaluating theoretical and managerial implications and limitations of the study. Suggestions for future research will be presented.

2 Literature review

In the literature review the research questions of the study are approached from theoretical perspective based on existing academic understanding. The purpose of the literature review is to shed light on the theoretical main concepts around the research questions, and thereby gain theoretical understanding on what is already known on the researched phenomenon and how the knowledge is conceptualized in existing literature.

The researched phenomenon is first approached over the concept of value, as the main research question is about value creation. Secondly, the main research question concerns value co-creation in a context of a business network, and hence, the theoretical background on strategic networks is explored in order to build frames for the studied context. Finally, the unit of analysis is collaboration between network actors, which is supported by theoretical review on the concept of collaboration. Hence, the literature review proceeds through three levels (see Figure 3): Understanding concept of value (macro level), understanding the frame of strategic networks (meta level), and understanding collaboration as practice (micro level).

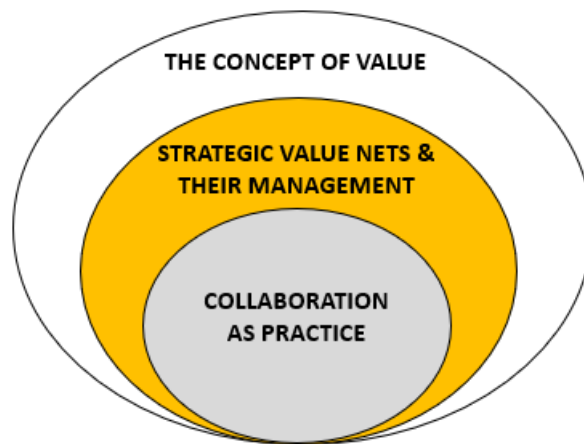


Figure 3. The structure of the literature review.

As a conclusion for the literature review, an integrated theoretical framework for this study is created. As the research method of this study is systematic combining (Dubois

& Gadde 2002), the theoretical framework is an outcome of continuous interplay between theoretical and empirical research.

2.1 Value in business networks

2.1.1 The concept of value

Value and value processes build the foundation for business activities. The core objective of a business is to *create* value and *capture* value in return (Chesbrough 2006:2; Bowman & Ambrosini 2000). As the cornerstone for business activities, the concept of value is widely researched in the field of strategic management and marketing. The perception on what value means has evolved along the research. Today, as Grönroos (2011) describes, value is understood as “some form of assessment of benefits against sacrifices”. The purpose of this chapter is not to make explicitly sense of the concept, but to introduce value related key definitions that are relevant in the studied context and discuss how they are understood in this study.

Value

As a concept, value typically relates to goods and services, the value of which is produced, generated, created, and delivered to the beneficiaries (customers) along the value process in value systems, and for which the provider captures value in return. Capturing value as a verb, essentially refers to monetary compensation that a company captures in exchange for selling goods and services, thus forms the financial basis for business operations. The definition of *value-in-exchange* refers to value being embedded in the monetary worth of a product on the moment of a sales event (Grönroos & Voima 2013). However, today value is understood as a much wider concept, and is not limited or measured by the monetary price.

Value in use, thereafter, refers to value that the user creates, delivers and captures when consuming goods or services in their processes. Whereas value in exchange happens on

a definitive point of time (Bowman & Ambrosini 2000), value in use develops throughout the usage process (from pre-, active to post-usage) and makes the beneficiary an active value creator (Grönroos & Voima 2013). Value in use as a concept also strongly relates to the value of goods and services.

Perceived value then refers to the beneficiaries' expectations towards the satisfaction level that a product will deliver and their judgement on how a product answers to the expectations. Expectations are based on unique evaluation on what they need to give in compared to what they receive (Bowman & Ambrosini, 2000). Value perception, thereafter, can be based on *value proposition*. Value proposition represents a provider's value offer for the proposed outcomes (customer experience) to the customer (Lusch & Webster 2011; Vargo & Lusch 2004).

The understanding of value in this study complies with the following definition by Plé (2017);

“Value can be regarded as the result of a trade-off between benefits and the costs (not just monetary cost, but also time, efforts, etc.) incurred to obtain them. This logically means that value might be either positive (the benefits exceeds the costs) or negative (the costs exceeds the benefits).” (Plé 2017)

Hence, value is understood as a result of a trade-off between the input (efforts) and output (benefits gained against the input). Further on, value is not necessarily connected only to a sellable product, but also to an activity – such as valuable results of collaboration. A beneficiary, the customer, does not only refer to the end customers, but also to internal customers within the value system. There is no explicit way to define and measure value neither. Instead, value is a dynamic and subjective assessment depending on many variables. Value is typically equaled to added value, a benefit, and respectively researched from that perspective. However, the outcome of a value activity might as well be a value-decreasing experience (Grönroos & Voima 2013; Plé 2017).

Value co-creation

In the light of today's research, *value co-creation* is the leading notion of any value creation related argumentation. The scholars' view on value creation has evolved over past decades and different logics have been proposed to understand and conceptualize value creation processes: *Goods-Dominant-Logic* (G-D, also known as firm-dominant logic) holds in a leading idea that value is embedded in the goods and hence delivered from the seller to the buyer (Vargo et al. 2008). Today, a widely applied perspective is *Service-Dominant Logic* (S-D), which emphasizes value being co-created jointly in value systems over interactions among the providers and beneficiaries (Vargo & Lusch 2004; Vargo et al. 2008). A yet further step is *Customer-Dominant-Logic* (C-D), which shifts the emphasis from the service provider completely to customer and focuses on how customers could *embed* services in their processes, rather than how firms could *provide* services to customers (Heinonen & Strandvik 2015). Firms' value propositions need to be literally considered not only as proposals for value creation, but as invitations to participate in the value creation process on customer's side (Lusch & Webster 2011).

Despite that value co-creation is a common concept, even scholars have struggled in forming explicit definitions. Value co-creation refers to a joint effort, a shared value activity, where beneficiaries contribute to each other's value processes in one merged process (Grönroos 2011). The customers might participate in the providers' processes as co-designers, co-developers and co-producers, and the providers in the customers' processes as co-creators (Grönroos 2011). Value co-creation builds on dialogue, access to information, risk assessment between risk-benefit trade-offs, and transparency as a facilitator for collaborative dialogue and trust (Prahalad & Ramaswamy 2004b:33). Co-creation always takes place in interaction points, but it does not necessarily mean that the activities literally happen simultaneously, but that multiple actors influence the outcome and the customer experience (Prahalad & Ramaswamy 2004:14).

Plé (2017) proposes to rather use wording *value process* (and *value co-processes*) in value related discussions, thus acknowledging that the outcome might not always be co-

created, but also co-destroyed. I would extend this approach to cover value activities in general, because co-creation seems to be often applied as a generic verb for also other interactive and integrated value processes, such as co-generation, co-production, and co-design. However, it is to be noted that co-creation conceptually refers to the beneficiary's involvement in the process.

It is acknowledged that a value process might simultaneously benefit one area and disrupt another one. Destruction might be accidental but also intentional. An example of parallel value co-creation and co-destructive processes would be, when active members of a service system such as front-line customer service representatives, boost their own position by simultaneously sabotaging that of the company they represent. (Gannage 2014; Plé 2017)

Value in a network context

In the context of networks, the stakeholders are part of highly dynamic interaction processes, and the classic roles of a provider (a firm) and a beneficiary (the customer) get more mixed (Lusch & Webster 2011; Ekman et al. 2016). A value system is conceptualized as a set of value propositions that are invitations for the actors to interact. Value co-creation in networks, therefore, refers to the network actors' search for joint value creation potential. The perceived value in a service system is multidimensional, and hence not only financial but also, for instance, brand value and sustainability.

Ekman et al. (2016) propose that the network actors might have simultaneously both a role of "a provider" and "a beneficiary". They might be active participants in value processes, or equally also take an inactive or passive role, depending on their response on the value proposition. The level of actors' engagement in the network's value processes might vary over time. Nevertheless, all roles, even value co-creation on dyadic level only, can impact the whole network.

Value co-creation in the context of this study

In this study, value co-creation is approached as collaborative creation of value, covering both supplier's value proposition and the co-creation of customer experiences, as proposed by Kohtamäki & Rajala (2016). The co-creation process relies on the value system's processes, routines, activities, resources and competences, which in this study are approached from the perspective of collaborative activities on the level of horizontal integration in the network.

In the context of this research, value is understood from two perspectives. Firstly, as (1) *co-created value of product and service offerings* being designed, manufactured, delivered, and provided to and consumed with the end customers, and the related value capture. Secondly, as (2) *co-created value of the business network for its stakeholders*. The study mostly focuses on the second perspective. That is the value of the network. Figure 4 illustrates the two perspectives.

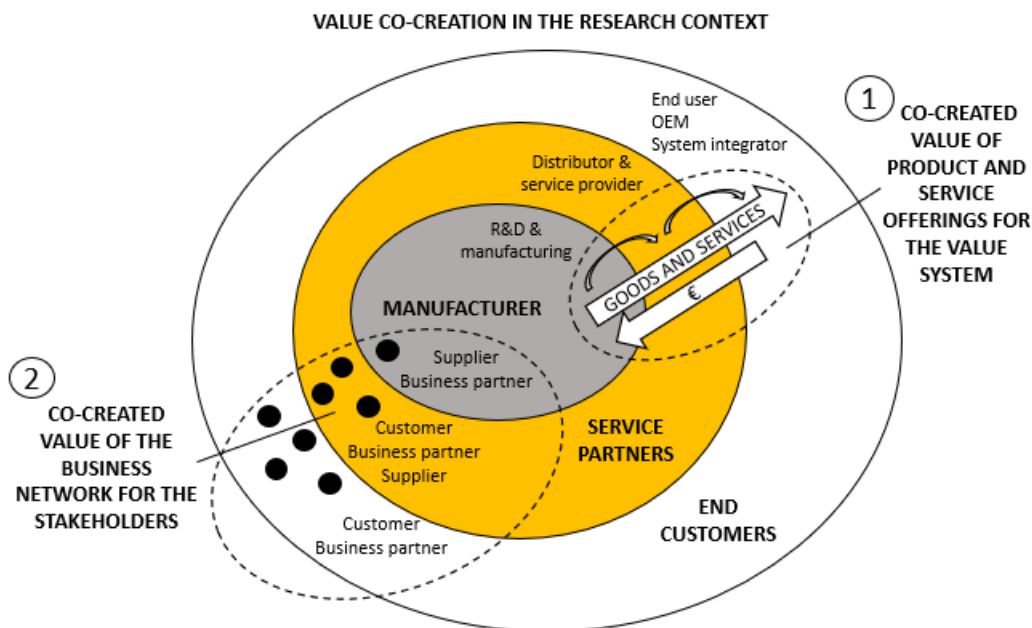


Figure 4. Value co-creation in the research context.

The first perspective represents a classic value chain, where the manufacturer offers pre-conditions for the partner to sell and provide goods and services to the customer. As the

partner is positioned in the value chain between the manufacturer and a customer, the partner's activities do not only influence the customer experience (which is co-created with the customer), but also the value that the partner captures in relation to the manufacturer.

From the second perspective, the operational functionality and the business network's capabilities to create and capture value is a result of co-creation by the network's stakeholders. It is also to be noted that actors in the value system, even as intermediaries, have simultaneous roles of being a customer and supplier to each other. Thus, a word (strategic) business partner describes the relationship better. In this study, the network actors are perceived as beneficiaries, and the business net as a value proposal for the network's stakeholders, to eventually co-create superior customer experience.

As per interpretation of this study, value co-creation and collaboration as concepts are not fully interchangeable. Whereas in collaboration the parties clearly interact with each other on purpose, in value co-creation the activities might occur independently. It is to be acknowledged that in the studied case context the service partners belong to the same network and represent the same brand. Even if the partners would not intentionally interact with each other, by their actions they impact the dynamics in the business net and the perceived value and customer experience of each other's customers by simply being part of the same value net. That means that if a customer has poor service experience with one of the partners, the customer tends to connect the experience to the brand, and at its worst, avoid business with any service providers representing the same brand.

2.1.2 Strategic value nets

The main research question of this thesis concerns the impact of horizontal collaboration to a business network and its actors. Therefore, the literature review continues by gathering insight on how business networks are understood in the literature, how

networks operate and how they could be managed. Firstly, the subject is approached by discussing the key definitions around business network, value system and strategic net, as even scholars' terminology is flavored by various terms that are often (also in this study) used to some extent interchangeably. After the key definitions, a closer look on the structure and purpose of the strategic nets will be taken.

All companies are embedded in networked business environments and are part of value systems beyond the firm-specific boundaries. In the field of strategic management, a value system is understood as a set of activities that contribute in the value creation process, in which value of a product/service is co-produced and co-created throughout the activities and interactions by the actors (Parolini 1999:59-68; Möller & Rajala 2007). Value system is a broader, networked perspective to a value chain. The term value chain was primarily introduced to conceptualize firm-level activities through which a firm produces value to its customers, and later to describe interlinked value chains of individual firms (Porter 1985; Möller & Rajala 2007). Whereas a value system translates to a system consisting of multiple, overlapping value chains, a value ecosystem, thereafter, translates to an ecosystem consisting of several, overlapping value systems. In the recent academic publications, the emphasizes has already shifted from firm-level value systems on the wider perspective of increasingly complex value ecosystems (Kohtamäki & Rajala 2016; Möller & Halinen 2017).

On an abstract level, a business network is defined as a structure of business operations, where several actors, such as business units, manufacturing and service companies, are connected to each other by specific threads, and over those threads to multiple further relationships with many other actors (Håkansson & Ford 2002). Hence, a business network is an art of a value system. However, scholars share different views on business networks conceptually: Whereas some scholars perceive networks as open systems of businesses and social relationships with self-organizing and self-governed structures and unclear boundaries, some define business networks as closed systems of firms and their contractual relationships with manageable resources (Håkansson & Ford 2002; Möller et

al. 2002; Valkokari 2015). Möller et al. (2002) emphasize that there is a conceptual difference between a *network of organizations* and *network organization*. Whereas a *network of organizations* refers to any group of companies interconnected with relationships, a *network organization* refers to intentional organizational structure. Batt & Purchase (2004) confirm this perception by noting that when collaborative efforts of a network are well-directed, a network of linkages can become a network organization.

To create clarity on the concept of business networks, the intentionally formed and developed business networks are defined as *strategic nets*. The term net is used to distinguish the intentional nets from self-organizing networks. In a strategic net a group of actors purposefully collaborate towards specific objectives in a shared value system by following commonly defined roles and responsibilities. The ties between the actors are strategically important for the participants, and hence, being part of the network is a firm's strategic choice. (Möller et al. 2002; Valkokari 2015; Bayne et al. 2017). Valkokari (2015) proposes the following definition for a strategic net:

“A long-term, cooperative, delimited entity with identifiable joint goals whereby more than two partners share critical knowledge, resources and/or financial assets in order to attain, sustain or improve the net members' future competitive positions.” (Valkokari 2015)

In this study, strategic net is defined as an intentionally created, strategic value system connecting three or more *actors* together that through shared *resources* and agreed collaborative *value activities* co-create value to customers and stakeholders of the value system. Actors refer to the firms as net member companies and individuals constituting a network. Resources in this context, as per proposal by Möller & Rajala (2007), refer to not only assets but also to capabilities on firm and individual level to perform the activities, and to the resources to renew and create new capabilities and adapt to changing environment through dynamic capabilities (Eisenhardt & Martin 2000; Teece 2018). Finally, activities refer to employed practices and processes in the net (Möller & Rajala 2007).

The term network is in this study mostly used to refer to the contractual, strategic business net. Whereas, a value system is perceived as a more open system. Both perspectives emphasize the customer as one of the key actors. In a strategic net, similarly to strategic partners, also the customers are carefully chosen to match resources and capabilities of the net (Lusch & Webster 2011). The value is eventually co-created together with the end customer in the customer's processes (and customer's strategic net) (Vargo & Lusch 2004). There is a minor conceptual difference in value nets and value systems, over which it is fair to argue that a value system is understood as a broader concept than a strategic network. However, it is worth noting that even scholars apply the terms net, network, and value system in a mixed manner.

Classification by the structure of the net

There are a few different ways to describe and classify strategic nets. An easily understandable way is to categorize nets according to their structural dimensions to (1) vertical, (2) horizontal and (3) multidimensional (MDVN) value nets (Möller et al. 2002). This type of classification is simple, yet respectively relatively simplified. However, it is an efficient way to visualize nets, and hence, has also been applied to clarify the research context and research problem of this case study. *Vertical value nets* refer to vertically integrated value systems like supplier, channel and customer nets, where the dominant goal is to increase operational efficiency. *Horizontal value nets* refer to horizontally integrated value systems, such as competition alliances, resource and capability alliances, market and channel access cooperation alliances and company and institutionally driven networking forums. Horizontal value nets are often cooperative, which means that the actors both compete and cooperate (Bengtsson & Kock 2000). Horizontal value nets typically also contain vertically positioned relationships, but the structure of the net is dominated by the horizontal relationships. *Multidimensional value nets* refer to complex nets and can range from well-defined value systems to networks that are first emerging.

Classification by the functional purpose of the net

A step further refined perspective is to classify the business nets based on their functional purpose to (1) supply (and demand or customer) oriented networks, (2) quasi-integration networks and (3) technology-oriented networks (de Man 2004:19-36; Möller & Rajala 2007). *Supply (and demand or customer) oriented networks* are typically either vertical networks that aim at increasing efficiency in a value chain, or solution networks between producers of complementary goods/services including horizontal and diagonal partner relationships. *Quasi-integration networks* refer to primarily horizontal market nets that aim to achieve market power through complementary resources by the member organizations. Airline alliances is the most commonly used example. Finally, *technology-oriented networks* refer to nets, where horizontally and diagonally positioned partner organizations, in project-like cooperation, share risks, costs and competences in the development of new technologies.

Classification by the value creation logic of the net

As research on value systems and business nets has evolved, so has the classification on the business net. Yet another perspective is a value system-based frame that observes business nets based on the network's value-creation logic and the level of determination. This logic categorizes strategic nets to (1) current (stable) business nets, (2) business renewal nets and (3) emerging business nets (Möller & Rajala 2007). The level of determination refers to the level on which the business net's value activities are specified, and how well-known the activities and routines are to the actors.

Current business nets represent stable networks with well-known and specified value activities, well-known actors, well-known technologies, and well-known business processes. The level of determination is high. *Business renewal nets* represent established and well-known value systems, where however, the practices are under constant refining. Over redefine and redesign a renewal net aims at increasing efficiency in vertical demand-supply chain or improve offerings in horizontal market nets and customer solution nets. *Emerging business nets* stand for emerging new value systems

that still experience radical changes in terms of value activities and actors. For instance, in innovation networks, the level of determination is low. Emerging value nets are, therefore, first in a storming phase, where the actors might be perceived as competitors and common agenda and work methods are yet not defined. The higher the level of determination, the less demanding its management, Möller & Rajala (2007) propose.

Reflecting on the business network context of this study, the case network is a stable system, which is relatively supply-demand oriented and dominated by the vertical relationships. The value activities are well-defined, and the level of determination is high. Research indicates that if a level of determination in a net is too high, there is a risk that the net loses its renewal and innovation capability. Moreover, existing research indicates that in highly centralized networks knowledge sharing between network actors seldom happens independently but requires facilitation from the network governance (Alves et al. 2012). In my interpretation strategic nets consist of multiple, overlapping strategic nets with different stages of determination and different value proposals. That is one reason, why it is interesting to research the horizontal dimension inside a vertically dominated net. Perhaps strengthening cross-dimensional activities next to the well-defined core value activities, could help a net increase the innovativeness and its renewal capabilities.

2.1.3 Managing strategic value nets

Whether business networks in the first place can be managed, and if yes, how and who has the power, is not self-explanatory and has been discussed widely. As strategic nets are deliberately created structures, they are argued to be manageable and controllable. Yet, the extent to which networks can be managed varies depending on a network and the managerial practices employed (Järvensivu & Möller 2009; Möller & Rajala 2007, Valkokari 2015; Ritter et al. 2004).

Even if the actors share strategically common goals, implementing managerial power is claimed to be much weaker in interorganizational networks than in intra-organizational context. The more complex the network, the more complex is its management (Vesalainen et al. 2017:3). It is also acknowledged that network management is not only a task of the core company, as often presumed. Instead, all firms as network actors are involved in management of the network, as the structure and performance of the net is a co-produced result of their actions. Yet, the power is not necessarily distributed equally (Ritter et. al 2004). Then, how to manage networks towards the shared goals in a value-creating manner?

In the previous chapter, different classifications for strategic nets were discussed, and it was concluded that the value-creation logic of the net impacts its management. In this chapter, this perception is further enriched from the perspective of network dynamics and management practices.

Network dynamics: Strategic intent and shared identity

Valkokari (2015) conceptualizes the network dynamics of strategic nets to two key dimensions: (1) strategic intent (see also Järvensivu & Möller 2009) and (2) shared identity. When a business net is formed, the member companies join the network with expectations that are based on their earlier experiences, interpretations of present business situations and visions of the future. Together, through the networking and negotiation process, the network members build and agree upon a joint vision, which represents the *strategic intent* of the net. The strategic intent, the agreed direction, also distinguishes a strategic net from any open network of organizations. Over time, as the actors interact and learn to work together, relationships, responsibilities and practices in the network develop. As a result of long-lasting and interactive collaboration, the actors build a common mindset and form a *shared identity*. Regarding the dynamics of collaboration, Huxham & Vangen (2005:140) apply terms collaborative purpose and collaborative membership to describe the same matter.

Valkokari (2015) emphasizes that strategic intent represents a proactive mode in strategizing that empowers all organizational levels for collective purpose, and hence differs from other concepts in strategic management. Similarly, a shared identity requires continuous interactions between the network members and a shared social context to develop. Business nets need both strategic intent and shared identity to succeed, yet the required balance varies. Research regarding strategic intent and shared identity complements the previous discussion regarding the high level of determination in nets: Studies (Valkokari 2015) indicate that a current supply-demand based net with strong strategic intent, even without shared identity, operates reasonably, but to be able to renew, shared identity in the net is essential.

Networks-as-practice approach

Vesalainen et al. (2017:7) approaches network management and dynamics, thereafter, by classifying networks based on their purpose, i.e. their strategic intent, to either (1) co-exploratory or (2) co-exploiting systems. *Co-exploration* refers to literally co-exploring and co-creating new knowledge, tasks, functions and activities through cooperative agreements, that generate new business potential. Co-exploration is characterized by learning and innovation. *Co-exploiting* instead utilizes the existing resources to co-generate value and is characterized by expansion and efficiency. The grouping the co-exploiting and co-exploratory nets resonates with the earlier introduced classification to current, renewal and emergent networks. Whereas a current net is co-exploiting and an emergent net co-exploratory, a renewal net requires a balance between exploitation and exploration (Möller & Rajala 2007).

Building on this distinction, Vesalainen et al. (2017:6-10) introduce a framework for network management practices and build it on three cornerstones: the resource base, knowledge and social capital. The three different network management practices based on these elements are (1) networks-as-coordinated social systems (social capital), (2) networks-as-knowledge-creating platforms (knowledge), and (3) networks-as-value generating entities (resources).

Networks-as-coordinated social systems is a network-building practice that rests on interpersonal and interorganizational relationships that are the basis on developing social capital. Social capital refers to the relational atmosphere in a network in terms of trust, unity, and social norms. Hence, this practice is essential in building the shared identity.

Networks-as-knowledge-creating platforms practice represents the co-explorative purpose of a network, and consists of interactions that enhance interorganizational learning, knowledge sharing and creation of new knowledge. Knowledge stands for individual and firm-specific information, knowledge and skills. Knowledge is perhaps easier to share than tangible resources, but only if the environment is safe enough. Vesalainen et al. (2017:9) emphasize that networks learn as networks and develop common practices to act more innovatively and effectively together, but also individual network members learn, who's individual knowledge then benefits the whole network if the network is capable to interact openly. Hence, this practice is for creating new business potential, and it also relates to both shared identity and strategic intent in a net.

Finally, the practice of *networks-as-value-generating entities* serves the co-exploiting purpose and builds on the resource base, which refers to firm-specific tangible resources that can be shared through legal arrangements. The main managerial task is to coordinate the resources into effective value generation. However, this practice aims at optimized, win-win value creation and capture by employing the all three cornerstones – resources (the resource base), knowledge and social capital – in the value generation. Definitions of value stream, value chain and value network typically look at networks from this perspective. This practice serves the strategic intent.

Figure 5 models the framework for network management (Vesalainen et al. 2017:8) by emphasizing the cornerstones of knowledge, social capital and resources in the middle of the circle, and the different related managerial practice next to them. As networks are never static structures, network management is illustrated as a continuous process, that

shapes and is shaped by the dynamics of shared identity and strategic intent in the net (Valkokari 2015). The model indicates that all kinds of networks have the three elements that need to be nurtured.

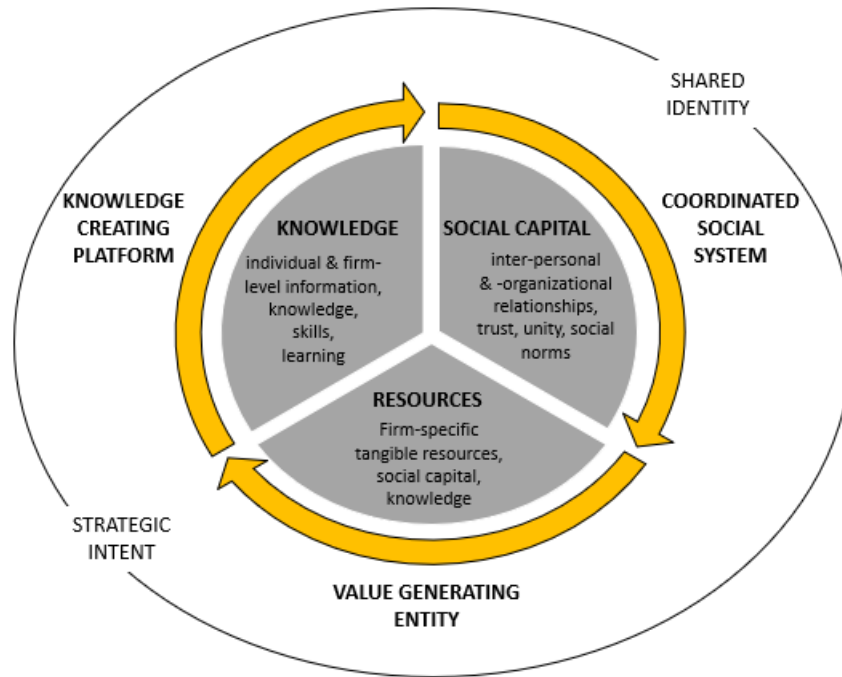


Figure 5. Networks-as-practice and their dynamics (adapted from Vesalainen et al. 2017:8, contributed with Valkokari 2015).

2.2 Value in collaboration

2.2.1 The concept of collaboration

As this thesis studies collaboration between actors in a service business network, collaboration is a key concept of this study. Fundamentally, collaboration refers to acting together. Collaboration allows people to overcome accomplishments that could not be reached alone. It has a positive sound as a source for synergy and beneficial outcomes, creating new value together (Kanter 1994). Straus (2002:6) apply the following definition for collaboration emphasizing the joined effort between people:

“A process people employ when working together in a group, organization, or community to plan, create, solve problems, and make decisions.” (Straus 2002:6)

Huxham & Vangen (2005:4) give more emphasizes for the positive outcome by defining collaboration as follows:

“Any situation, in which people are working across organizational boundaries towards some positive end.” (Huxham & Vangen 2005:4)

In common language, collaboration and cooperation are typically used interchangeably. Yet, some academic sources propose a difference between the two terms. A common distinction is that whereas cooperation refers to any teamwork activities where one helps and supports another, collaboration refers to activities where parties work towards a common, together defined goal (Halynska, 2017). Following the same logic, Camarinha-matos (2006) propose a distinction between networking, coordination, cooperation and collaboration. *Networking* means communication and information exchange. *Coordination* builds on networking and aims towards complementary goals. *Cooperation* aims at compatible goals but individual identities working separately, and, finally, *collaboration* stands for working together with joint identifiers towards joint goals. Following this, the definitions of collaboration and strategic net fit well together.

In this study, collaboration is understood as a set of cooperative activities and cooperative interactions within a value system. Collaboration is a way to co-create value and is a process where two or more parties interact and join efforts to realize benefits. Even if the studied context is a strategic net, collaboration as per research perspective in this study, is not only limited to co-activities that base on achieving the same goal. Instead, collaboration refers to all intentional, cooperative activities between the actors in a network.

Competitive advantage refers to a company's ability to stand out from its competitors for the benefit of its customers. In the field of strategic management and marketing, competitive advantage has been traditionally defined as a company's ability to find a

favorable position in the industry (Porter 1985:12-15). The theories on competitive positioning in the industry are further-on widely implemented. However, in past decades, a perspective that organization's strategic capabilities build the foundation for its competitive advantage, has emerged. (Saint-Onge & Wallace 2003:59). One of such strategic capabilities is a companies' capability for collaboration. *Collaborative advantage* refers to a situation, in which collaborative activities in a value system enable outcomes that become, or essentially contribute to, a firm's competitive advantage (Hansen & Nohria, 2004).

Huxham & Vangen (2005:3) introduce a theory for managing collaborative advantage and promote functioning industry networks and partnerships as source for collaborative advantage. Kanter (1994) proposes that a good partner, no matter what the objectives for the partnership are, can become a key corporate asset for a company. Batt & Purchase (2004) support by arguing that a firm's ability to manage its relationships with other firms can emerge as a key competence and hence a source for sustainable competitive advantage. However, to gain real advantage from collaboration, something must be achieved that could not have been achieved by any one of the organizations acting alone (Huxham & Vangen 2005:60). Similarly, as through collaboration activities, firms can also strengthen their competitive position and capabilities through cooperating with competitors. Therefore, also cooperation can become a firm's or a network's *cooperative advantage* (Bengtsson & Kock, 2000; Ritala 2010:37).

Collaborative activities require effort and might not always lead to success stories. The result of unsuccessful or unproductive collaboration is defined as *collaborative inertia*. Neither collaboration, nor for sure collaborative advantage self-emerge, but must be intentionally built. Existing research on collaboration shows that collaboration should not be the main objective itself, but a method to reach shared goals (Hansen 2009:12). Hence, it is necessary to understand and objectively evaluate the pursued benefits, and the pre-requisites and enablers to achieve them, but naturally also the possible barriers to collaboration before acting (Huxham & Vangen 2005:30-42).

2.2.2 Motives for collaboration

The motives for collaboration are like the value propositions for the collaborators. The key objective of collaboration is to gain synergy. Yet, collaboration is a trade-off between the efforts and results, and as any operations in a firm, should be carefully managed. This is also one of the guiding principles in this explorative study. This chapter sheds light on why companies decide to collaborate.

In the theory and practice of collaborative advantage, Huxham & Vangen (2005:5-7) define six common bases, that typically motivate firms to establish partnerships in search for collaborative advantage. These are (1) *access to resource*, (2) *shared risk*, (3) *efficiency*, (4) *coordination and seamlessness*, (5) *learning*, and (6) *the moral imperative*. These bases are visualized in Figure 6 and will be discussed briefly in the following.



Figure 6. Common bases for collaborative advantage (created based on Huxham & Vangen 2005:5-7).

One of the highest motives for collaboration stems from a possibility to bring together different and complementary expertise and resources. Seen from business-to-business perspective, companies join forces and establish partnerships, because that offers them

access to resources they do not have internally and give capabilities to reach objectives that would be unreachable with own resources. Huxham & Vangen (2005:82) argue that the possibility for collaborative advantage is most often found exactly on the synergy of differences. Moreover, research indicates that best results from collaboration are reached, when diverse resources meet. Yet, the differences might incorporate different aims and searched benefits among the stakeholders.

When a risk for an initiative seems too high, companies might seek for a partner to *share the risk* with. Huxham & Vangen (2005:5) view the bases of shared risk being a complete opposite to access to resource and propose that in these kind of examples companies collaborate only because the consequences of failure would be too high to carry alone. Typically, it is a matter of shared financial risk. However, also other practices of collaboration relate to risk control. Companies might, for instance, rely on partnering up with a company to represent a well-known brand, which is also a manner of risk control and hence an art of sharing risk through partnership. On the other side, in that example, brand value is also a company's resource.

Efficiency is a commonly used argument for multiple managerial and operational business decisions, including decision to collaborate with other companies and businesses. Huxham & Vangen (2005:6) state efficiency being a problematic notion and even a guise for collaboration. A very typical example of efficiency driven collaboration is outsourcing operations that are not a company's core capabilities or finding efficiency in shared and centralized supply chain arrangements.

Coordination and seamlessness logically would align with efficiency. For instance, adjacently located service providers or public authorities can combine a service desk for internal efficiency purposes, but also to provide seamlessness service experience for the customers. Service packages, such as complex product-service projects and turn-key services, are an example of seamlessness in service offerings where expertise and competences from multiple service providers are coordinated and packaged into one.

Naturally, what seems coordinated and seamless in the eyes of the customer, might not necessarily be that internally. (Huxham & Vangen 2005:6)

Learning is both a motivational base but also a pre-requisite for collaboration. Learning commonly relates to sharing knowledge, adapting learnings and applying the learnings. Organizations that operate on the same industry can collaborate for sharing experiences on operational models, success stories, or customer experiences, or benchmark each other's products, premises and activities. Mutual problem solving is learning, and even research indicates that parties typically are motivated by either a shared vision or a desire to solve a conflict (Huxham 1996:59). Communities of practice (CoP) address precisely knowledge sharing, new knowledge creation and individual and organizational learning. Communities of practice are argued to be often the first level of collaboration (Saint-Onge & Wallace 2003:29). Huxham & Vangen (2005:7) complement that the aspect of learning is somewhat imprecise, yet a very common argument and reasoning to initiate collaboration.

Although the research context of this study is beyond organizational boundaries and explores interorganizational collaboration, the context of rather homogeneous group of service partners somehow relates to interunit collaboration in multinational companies. Hansen & Nohria (2004), in a study on interunit collaboration in MNCs, structure the benefits of interunit (intra-organizational) collaboration into five major categories that all relate to organizational learning. Those are cost savings through implementing best practices, enhanced decision-making and advice from colleagues, increased revenue through sharing of expertise and products, innovation, and enhanced capacity for collective action. However, Hansen & Nohria (2004) quite strongly argue that an organization should only put efforts on interunit collaboration if it can reap economic benefits by doing so.

The moral imperative as the sixth base for collaboration refers to society's demands and expectations on companies to collaborate on certain extent, simply to ensure that the

society is operational or that combined efforts are taken to act on universal, globally shared challenges such as on global warming and sustainable future. (Huxham & Vangen 2005:7) Hence, the moral imperative base emerges rather from company-external factors, whereas the other bases relate to company's own incentives.

As the purpose and value creation logics of business nets are different, also the motives for establishing collaborative relationships vary. When reflecting the context of this study, collaboration on vertical dimension is a foundational for the partnership. Whereas on horizontal dimension, collaboration is supposedly more optional and even a competition-flavoured activity. Therefore, the value proposals for the relationships are fundamentally different. Huxham (1996:15) points out that if collaboration is voluntary, it is crucial that the company achieves its individual objectives through collaboration. Otherwise, the interest in contributing on collaboration is easily lost.

The studied examples of collaboration on horizontal level often relate to supply chain collaboration (SCC) (Cao et al. 2010; Saenz et al. 2017; Zhang & Cao 2018). Cao et al. (2010) identify that the benefits, that firms typically seek in SSC, are reduced uncertainty, lower transaction costs, learning and new knowledge creation, and, most importantly, a strengthened competitive position. The key practices to reach the added value are information and knowledge sharing, goals alignment and synchronized decision-making, incentive alignments, sharing complementary resources, and collaborative communication.

In coopetitive relationships, on top of the afore discussed key bases for collaboration, often external factors drive the cooperative arrangements. Hence, environmental characteristics, like uncertainty and the interdependence of firms, motivate firms to coopetition. Not to mention, a pressure from the customer is a strong trigger for cooperation between competitors (Czakon & Czernek 2016).

2.2.3 Horizontal collaboration as capability

Resources, capabilities and dynamic capabilities of business nets have been mentioned a few times in this literature review. This chapter briefly sheds light on understanding resources and capabilities in the context of this study.

The concept on capabilities in the strategic management origins form the resource-based view (RBW). According to the original RBW view, a firm builds its sustainable competitive advantage on valuable, inimitable and non-substitutable resources and capabilities (Del Rio et al. 2016). *Resources* refer to the productive assets of a firm (Story et al. 2017; Kohtamäki et al. 2013). Tangible resources include financial and physical resources, whereas intangible resources refer to organizational culture, technology, systems, and customer and human resources.

Capabilities refer to what firms can do with their resources (Story et al. 2017; Kohtamäki et al. 2013). Literally, capabilities as a word mean the abilities or qualities necessary to do something. Knowledge is embedded in capabilities, and capabilities are manifested in value creating routines and practices (Möller & Rajala 2007). In other words, value activities cannot be performed without the capabilities. *Competences*, thereafter, relate to firms' and individuals' ability to deploy skills and knowledge. Scholars seem to apply the words capability and competence somewhat interchangeably (Del Rio et al. 2016). Capabilities can be divided into individual capabilities and organizational capabilities. Individual capabilities cover the attributes, competences, mindsets and values of an individual, whereas organizational capabilities represent the business processes and practices. (Saint-Onge & Wallace 2003:5) In literature, capabilities are classified to many specific capabilities according to the studied phenomenon.

Dynamic capabilities relate to a firm's ability to intentionally integrate, build and modify its resource base to adapt to rapidly changing environments (Del Rio et al. 2016; Lütjen et. al 2019; Teece 2018). Hence, dynamic capabilities stand for abilities to sense and shape opportunities and threats, seize the opportunities, and maintain competitiveness

through enhancing and reconfiguring intangible and tangible resources. Studies indicate that dynamic capabilities are crucial for innovation, and important enablers in organizations' business model changes, such as in the servitization process (Lütjen et al. 2019). In a strategic network, for instance, if the core company experiences external or internal changes that impact the whole value system, dynamic capabilities are needed to adjust the value system to the changes.

Network capabilities stand for a firm's ability to build, handle and exploit relationships (Blomqvist & Levy 2006; Ritter & Gemünden 2003; Vesalainen & Hakala 2014) and maintain network competence. Network competence relates to a firm's capabilities to execute network management tasks and develop and sustain specialist and social qualifications (Ritter & Gemünden 2003). As per understanding of this study, a network capability means that the value net, first, is clear with the objectives of the network. Then the required resources and capabilities need to be mapped and employed and finally applied in value activities. As discussed earlier, network management is a shared task between the network actors. Consequently, network capabilities are not limited to the core company or a single firm but concern all parties.

The main research question of this study is *how horizontal collaboration between service partners creates value to the network*. The question includes capabilities on two levels, as demonstrated in Figure 7. Firstly, the capabilities that are needed for value activities in the value network. Perhaps collaboration between service partners could enable those capabilities or be a capability as such. Secondly, the capabilities that are needed for horizontal collaboration between the network members. Those will be discussed in the next chapter.

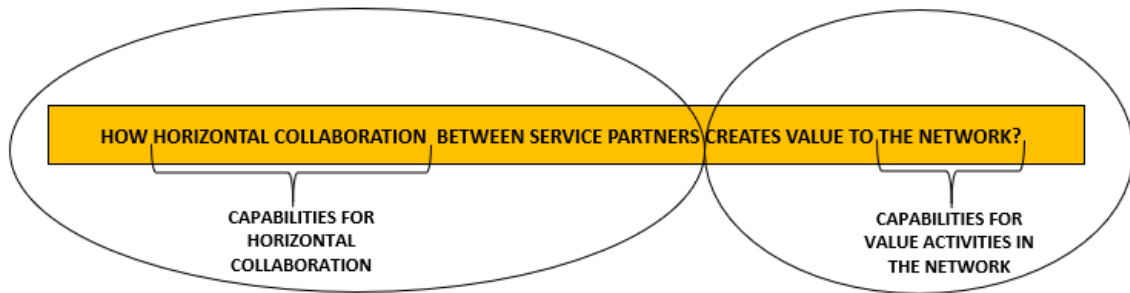


Figure 7. Capabilities from the perspective of the research question.

2.2.4 Enablers and barriers to horizontal collaboration

Understanding what collaboration demands and what could go wrong, guides strategic and managerial decision-making and agreed practices on the level of business nets, firms and individuals. By understanding the enablers, firms learn to evaluate the capabilities they should foster or develop. By understanding the barriers, firms achieve tools to evaluate risk-benefit trade-offs between collaborative advantage and collaborative inertia. In literature, the discussion on the pre-requisites and enablers for collaboration connects to relationship capabilities, network capabilities and coopetition capabilities. Moreover, touch points to the context of this study are found in supply chain collaboration and studies on interorganizational capabilities. This chapter introduces the enablers for collaboration by a walk-through in the related literature and concludes briefly on barriers.

Collaboration relates fundamentally to relationship management. In B2B context, relationship capabilities relate to activities, facilities and resources that companies allocate to establish and maintain partner relationships. *Commitment, satisfaction and trust* are characteristics for relationship quality (Barac et al. 2017). Batt & Purchase (2004) emphasize the importance of *trust* and *balanced power relationships* between the partners in network organizations. Mitrega et al. (2015) propose that a firm's networking capabilities include abilities to initiate, develop and terminate relationships. Especially development of relationships is argued to happen on both interorganizational and

interpersonal level, and to require activities such as *information and knowledge sharing, communication, coordination, joint decision-making, and sharing of risks and benefits.*

Sivadas & Dwyer (2000) introduce in connection to a study regarding success factors in alliance-based processes, a concept of *cooperative competency*. Cooperative competency is an intertwined combination of *trust, communication and coordination* between the partners, and is only achieved over a full combination of the three elements. Niemelä (2003:91), thereafter, in a study on interorganizational cooperation in the context of networking family firms, proposes a concept for *cooperation capability* that consist of *learning, trust and commitment*. Interorganizational cooperation requires both individual and firm-level capabilities, and cooperation capability integrates the capabilities of *social networking, management and learning*.

As for supply chain collaboration, Zhang & Cao (2018) propose that *collaborative culture* drives supply chain collaboration and interorganizational systems further on facilitate it. Collaborative culture relies on *collectivism, long-term orientation, power symmetry and uncertainty avoidance*. Communication and interactions relate to open and empowering collaborative culture that enables information and knowledge sharing and joint knowledge-creation (Saint-Onge & Wallace, 2003:25).

Coopetition capability is an ability to *balance tensions between cooperation and competition*. Research indicates that the better outcomes are achieved, when the coopetition interaction is either balanced or dominated by cooperation (Chin et al. 2008; Lindström & Polsa 2016). Chin et al. (2008) identify and prioritize *management, leadership, development of trust and long-term commitment* as the most important success factors for coopetition. Czakon & Czernek (2016) stress the ability to build *trust* in coopetition. In an explorative study on cooperation in a network of small competing companies, Lindström & Polsa (2016) identify that, in addition to the afore-mentioned factors, *strategic fit, commitment to cooperation, activeness and geographical distance* enable collaboration between competitors.

Finally, collaborative agreements, let alone strategic nets are based on common collaborative purpose (strategic intent). Common goals are, therefore, arguably both a triggering and sustaining factor, or even a pre-requisite for collaboration (Huxham & Vangen 2005:62; Hansen 2009:12). Missing collaborative purpose and inability to align common goals are identified as barriers to collaboration. Nevertheless, the goals can be perceived differently depending on the perspective: Collaboration aims are jointly aligned purposes. Organization aims are assumed or hidden goals that the organization drives for. Individual aims are explicit, assumed and hidden objectives that individuals hope to gain for themselves via the collaboration (Czakon & Czernek, 2016; Huxham & Vangen 2005:62).

The reasons why collaboration fails, mostly relate to the lack of or unsuccessful implementation of the afore introduced enablers. Huxham & Vangen (2005:154) note that suspicion towards the co-partners, rather than mutual trust, often describes the starting point of collaboration. Especially in cooperative relationships or with previous experiences of mistrust, trust needs to be gradually built (Czakon & Czernek, 2016). To overcome the barriers, networks need firm-level and individual capabilities to build and sustain trust. They need capabilities to form strategic alignment, communicate and learn. Moreover, capabilities to manage conflicts, challenging power relationships and changing environment are essential.

2.3 Theoretical framework

This thesis studies value creation through horizontal collaboration between external service partners in a strategic business net. The context of the study is a service network of an MNC in manufacturing industry, where the partners as independent companies represent the same brand but are also each other's competitors. The research question of how horizontal collaboration between service partners creates value to the network is approached through two research objectives that seek to understand practices and motives, and the enablers and barriers to horizontal collaboration.

To build the frames for the study, the literature review approaches the research phenomenon over three levels. The concept of value builds the foundation, strategic nets set the context, and collaboration brings in the practice. The theoretical framework of the study is demonstrated in Figure 8.

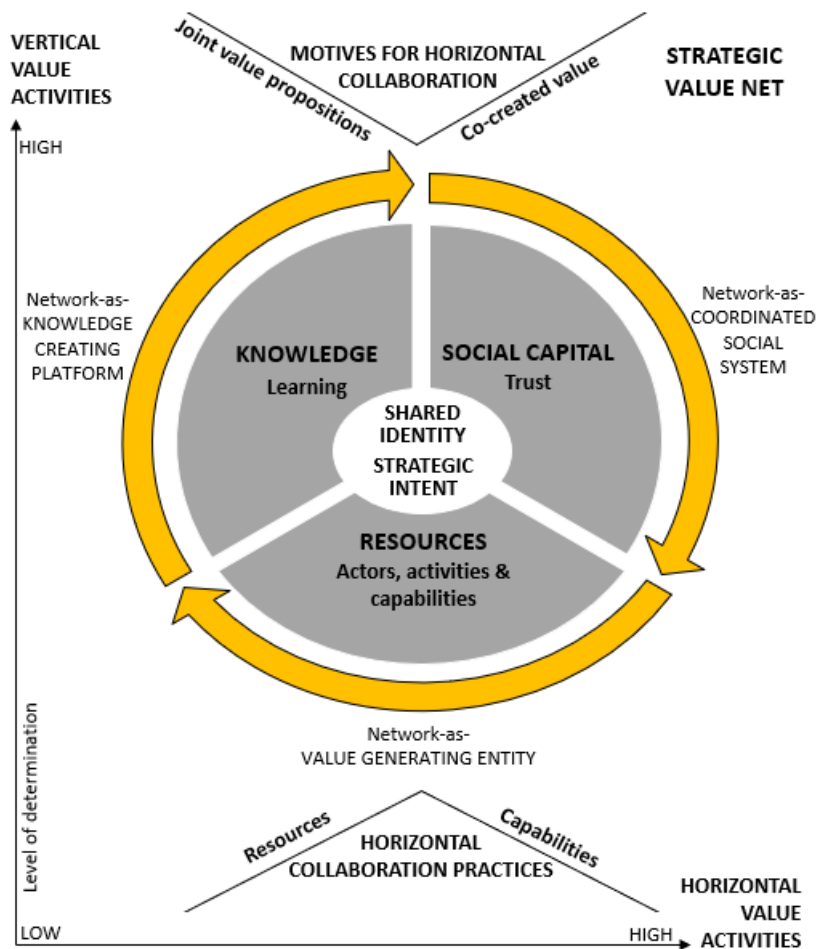


Figure 8. The theoretical framework of the study.

A strategic value network as a context, refers to an intentionally created business network. A strategic net operates towards a shared goal by applying defined roles and responsibilities and agreed processes and routines (Valkokari 2015). Through interorganizational collaboration, the net co-creates value to the customers and the network. Value co-creation happens in interactions within the network and is manifested in the network's performance and customer experience (Lusch & Webster 2011).

In Figure 8, the vertically and horizontally positioned arrows indicate the structure of the relationships and the level of determination in the network. Vertically and horizontally dominated nets are often driven by different motives and dynamics. Moreover, the level of determination indicates how well-known and well-defined the value activities within a network are. The higher the level of determination, the easier the management of value activities is. However, to maintain the capability to renew and innovate, different levels of value creation logic within a net are crucial (Möller & Rajala 2007).

The management of networks is a continuous process that builds on three cornerstones of knowledge, social capital and resources. Hence, networks are to be simultaneously managed as knowledge-creating platforms, coordinated social systems and value generating entities. Social capital builds on trust, knowledge builds on knowledge sharing and learning, and resources cover the actors, activities and capabilities. Value is created and captured by applying the network's resources, knowledge and social capital (Vesalainen et al. 2017:7). The network dynamics of strategic intent and shared identity influence networks on all levels, and therefore are brought to the center of the framework (Valkokari 2015).

As this study focuses on exploring the value creation impact of horizontal collaboration to the network, the motives and practices for horizontal collaboration are illustrated as approaching the framework from above and below. Collaboration is based on shared value propositions, which represent the common goals that the collaborative activities aim at. Collaborative value activities are then realized as co-created value. Value co-creation is based on collaboration practices, that build on shared resources and capabilities. Capabilities, thereafter, relate to the collaborators' ability to initiate and sustain meaningful collaboration and overcome possible barriers. Common motives for collaboration are access to resource, shared risk, efficiency, coordination and seamlessness, learning and the moral imperative (Huxham & Vangen 2005:5-7). Collaboration requires capabilities to build trust, align common aims, communicate and

learn. Moreover, especially in coopetitive relationships, capabilities to manage tensions are of high importance (Bengtsson & Kock 2000; Czakon, & Czernek 2016).

In a holistic picture, the research aims to explore how collaboration on the horizontal level creates value in the network on overall level. The ability to co-create value through horizontal collaboration can be perceived as a service network's dynamic capability. Value-creation through collaboration practices, thereafter, can become a network's strategic capability and hence lead to collaborative advantage.

3 Methodology

The methodology section offers a transparent insight into the selected research method, research strategy and research approach applied in this study. The background for the case selection and the case company is introduced. Furthermore, the applied data collection and data analysis processes are elaborated. The section is concluded by discussion on the validity and reliability of the study.

3.1 Research method

A case study method is often used, when the goal of a research is to understand complex social phenomena (Yin 2009:4). A case study explores and examines a phenomenon in a specific case context. In the field of strategic management, a case study provides input from real-life context, which can then be used to form and propose concepts or validate existing theories (Gummesson 2005). Hence, the case study method allows to observe a research problem in deep through the lenses of one or several practical cases. As a downside, the results of a research carried out as a case study are limited to the case context, and hence can be considered direction giving but not as such generalizable in other contexts. Case study, however, is a widely used and acknowledged method to investigate a phenomenon in real-life (Yin 2009:18).

Three typical approaches for a case study research are exploratory, explanatory and descriptive (Yin 2009:8). Exploratory study aims to seek new perspectives and insights, explore only little-studied phenomena, or develop hypothesis. In exploratory research, conclusions are done carefully by exploring and estimating the relevance of a problem for future studies. Explanatory approach, instead, seeks explanation and causalities for a situation or a problem, whereas descriptive method is used to present precise descriptions of people and situations. As exploratory approach is used to investigate a problem that is not yet clearly defined or needs to be understood further in depth, it well describes the starting point of this study: The research problem of value in horizontal collaboration in business networks is on preliminary stage both in academic

context as well as in the case company of this thesis. Hence, this study is considered exploratory.

The study is conducted as a single case study, focusing on the research question in one special case context. A single case is justified, when the case provides a critical test for an existing theory, represents unique circumstance, represents a typical case, or serves revelatory or longitudinal purpose (Yin 2009:52). In this case, despite the exploratory nature of the researched phenomenon, the contextual background is typical in industrial business networks.

3.2 Research approach

This thesis applies a research approach of systematic combining, which represents an abductive approach that is especially suitable to carry out a case study. The process of systematic combining is illustrated in Figure 9 (Dubois & Gadde 2002).

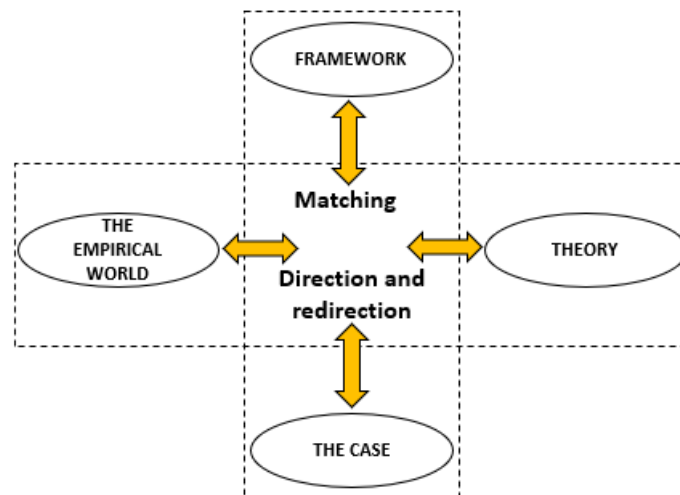


Figure 9. The process of systematic combining (Dubois & Gadde 2002).

The main characteristics of systematic combining is a continuous movement and interplay between theoretical and empirical world. Systematic combining

simultaneously develops theoretical framework, carries out empirical fieldwork and analysis the case. It is characterized as a nonlinear process that continuously builds a puzzle by putting pieces together from the three cornerstones; theory, data collection and analysis. The method is argued to make an often messy and chaotic research process more visible and it is claimed to better describe the real process of conducting a research. (Dubois & Gadde 2014)

The exploratory nature of this study in the case context makes systematic combining a natural choice for a research approach. The research question and objectives are approached to a large extent in parallel both through academic literature and case-specific empirical research. Whereas empirical research surveys the operations models within the case company, contextual support is drawn through existing theories.

3.3 Case selection

The selected case is a globally operating, multi-national engineering company. The study concentrates on the case company's business segment that develops, manufactures and supplies AC drives and offers related product life cycle services worldwide. AC drives are electric devices used to control the speed of an electric motor, hence providing maximized process performance, energy savings and minimized emissions in processes where electric motors are used. The end customers are typically businesses in HVAC, marine, mining, construction and renewable energy industries, and AC drives are mostly used in applications such as in elevators, escalators, cranes, conveyors, wind turbines and pumps.

Aftermarket and maintenance services have always been a natural part of the company's offering. However, to boost and support the service orientation, the company has recently launched a set of globally standardized, branded product life cycle services. The company is in a continuous process to shift the emphasis from reactive to proactive services. The servitization business model applied by the company today is a mixture of

product business and service-agreement business models (Huikkola & Kohtamäki 2018; eds. Kohtamäki et al. 2018:64). As the next steps, following the global megatrends and technological development, the transition will be towards real-time services by taking advantage of digitalization and connectivity.

The product life cycle services are provided both through a global, internal organization as well as through a global service partner network that consists of around 500-700 authorized service partners. To give some perspective on the coverage and the role of the global service partner network, it is estimated that where the number of internal service technicians frequently providing service is around one hundred (100), the number of external service technicians is ten times more, one thousand (1000). Hence, the service partner network is really considered as the footprint. Service partners are trained and authorized by the manufacturer to perform product life cycle services for electric devices used in various industrial processes. Most of the partners operate in parallel also as sales partners or value-added resellers.

The business models applied with partners vary slightly between markets. The company has in the past four years gone through significant organizational changes, which consequently have aligned and shaped both the service network strategy but also the roles and expectations of and towards the partners. To strengthen and engage the partner network, a dedicated service partner program has been recently launched, through which privileged partners gain more extensive rights to sell and provide proactive services under the case company's brand with accelerated access to information and knowledge. To become a privileged service partner, partners need to meet a set of requirements defined by the manufacturer. When writing this, around 35 partners have been nominated to the partner program and more join on frequent bases. The manufacturer aims to have at least one privileged service partner in every country, where there is installed base.

The network is well-established and vertically dominated. There is currently strong focus on continuous development of service business and partner management, but systematic, global actions have not yet been taken to address the partner-to-partner collaboration particularly. Hence, this study provides a fresh perspective on network management and service business development for the case company. The case company's background and industry, thereafter, offer an ideal context to study the phenomenon in exactly this case company with these pre-settings.

3.4 Data collection

Various sources and methods can be used to access relevant primary and secondary research data. Primary data refers to first-hand data, which is collected specifically for the study at hand, whereas secondary data refers to already existing, research relevant data. Common sources of evidence in case studies are documentation, archival records, interviews, direct observations, participant-observation, and physical artifacts. (Yin 2009:101). The data can be quantitative, numerical data and qualitative, non-numerical data.

This study relies on qualitative, primary data that was collected through ten one-on-one interviews in the case context. The interviews were semi-structured, conversational-like focused interviews. Few of the internal interviews can be characterized as in-depth interviews, where the respondents were really seen more as informants providing valuable background insight into the matter. (Yin 2009:107).

The interviewees were selected to represent the both the perspective of the manufacturer (internal perspective) and the service partners (external perspective), since contribution from both perspectives is important to gain valuable research data and to be able to approach and answer the research questions holistically.

Table 1 shows the interviews details by indicating the perspective of the interviewee (manufacturer or service partner), the interviewee's position in the company, the method (face-to-face or online), date, and the length of the interview. Even if cultural backgrounds and geographical locations of the interviewees supposedly impact the perceptions and experiences of respondents, this study does not intentionally focus on any specific geographical region. Hence, the location is not identified in table.

ID	PERSPECTIVE	POSITION IN THE COMPANY	METHOD	DATE	LENGTH
A	Manufacturer	Manager, Service Capabilities	Face-to-face	10.6.2019	1h 20min
B	Partner, service	CEO	Face-to-face	24.6.2019	58min
C	Manufacturer	Service Manager and Regional Service	Face-to-face	26.6.2019	49min
D	Manufacturer	Head of Global Sales Excellence	Online	27.6.2019	42min
E	Manufacturer	Director, Service Business	Online	28.6.2019	49min
F	Manufacturer	Business Development Manager, Services	Online	5.7.2019	58min
G	Partner, sales & service	After Sales and Service Manager	Face-to-face	3.9.2019	1h 6min
H	Partner, sales & service	General Manager	Face-to-face	4.9.2019	59min
I	Partner, sales & service	Technical Service Manager	Online	14.2.2020	55min
J	Manufacturer	National Distribution Manager	Online	18.3.2020	50min

Table 1. Interview details.

The first five manufacturer's interviews were selected based on the interviewees' roles and responsibilities. The last manufacturer's representative was interviewed due to a recommendation by one of the service partner interviewees, and, hence, the interview was conducted as the last interview to intentionally increase and corroborate already by then gained understanding on specific areas. Except for the last interview, I had met all internal interviewees earlier in person, which naturally made it easy to contact the internal interview candidates and increased trust during the conversations. Four of the internal interviews were carried out as online meetings and two internal interviews were

conducted face-to-face. The internal interviewees come from Austria, Denmark, Finland, Germany and the United Kingdom. Except for one interviewee mainly responsible for domestic operations, the rest of the internal interviewees are organization-wise either in global or regional positions. Hence, their replies can be considered representing a wider perspective than that of the organization they are physically located in.

The selection process for the first three service partner interviews, thereafter, was a more coincidental process, and was mostly based on an opportunity to arrange a face-to-face meeting. Hence, the first three external representatives were not selected based on their pre-understanding on the researched phenomenon, which also supports the exploratory aim of the study. Only the last service partner interviewee was chosen based on until then gained understanding and a recommendation by a case company's employee. One of the external interviewees was a familiar name from previous work-related correspondences, but I had not met any of the service partners in person before. Three of the external interviews were carried out face-to-face in the case company's facilities, and last one online as a video conference. The service partners come from Denmark, Greece and the United Kingdom, and represent their local markets. Except for one partner, the partners represent companies that are both sales and service partners. Two of the service partners are certified partners in the case company's privileged service partner program, one was at the point of interview in the middle of the process to become a privileged service partner, and one was interested in the program. Hence, the represented sample is diverse.

In the method of systematic combining, the evolving framework is the cornerstone for the research (Dubois & Gadde 2002). For this study, empirical data collection and literature review were carried out as parallel processes. The first eight interviews were conducted within a time frame of three months. The final two interviews were conducted after a break of five months in between.

Two slightly different semi-structured interview templates were defined to support the interviewer. Each interview was started on an empty sheet to gain repetitive perspective or confirmation on a matter. As the understanding on the phenomena in real-life context evolved interview by interview, the previous interviews guided slightly also the flow of the upcoming ones. For some of the interviewees, the topic of the research was a new one, which they had not reflected upon much or did not have earlier experience on. In such situation it was helpful to bring the conversation forward by proposing examples either from pre-brainstorming, from theory or from previous interviews. By the time of the last service partner interview, the literature review was already significantly further, and the data analysis was started. When conducting the last internal interview, the data analysis for the first nine interviews was already concluded. Hence, the last two complementary interviews aimed to tackle the key research questions directly and collect further empirical data on areas that were left superficial or needed confirmation. Both systematic combining (Dubois & Gadde 2002) and Gioia methodology (Gioia et al. 2013) support an approach, in which the interview outline is adjusted along the researcher's increasing understanding.

The time used per an interview was approximately one hour. Except for one interview in Finnish, the language of the interviews was English. All interviews were recorded with approval from the interviewees. It is often argued that face-to-face interviews have advantages over phone or online interviews, as one can sense also the nonverbal expressions and communication between the interviewee and the interviewer - a dimension, which is not available when people do not see each other. However, personally I sensed that the recording brought in some tension and formality to the face-to-face interviews. Some of the interviewees seemed more relaxed when the recording stopped, and the last comments were given "off the record". When interviewing online, it was easier to take notes in parallel and follow the interview flow and structure behind the scenes.

I have been employed by the case company for several years in aftermarket sales and service-related positions. Even if the researched phenomenon was outside my expertise, the interviewees considered me representing the case company. Naturally, I kept my own role as an interviewer as neutral and unbiased as possible, giving room to the interviewees without pre-assuming any replies and by avoiding asking leading questions. Having pre-understanding and internal knowledge of the case company enabled deeper level of conversations than a completely external interviewer could have achieved within a short period of time. On the other side, it also resulted to extensive amount of primary research data.

3.5 Data analysis

The data analysis method applied in this case study research is a mixture of qualitative data analysis practices, such as thematic analysis (Castleberry & Nolen 2018), Gioia methodology (Gioia et. al 2013), and iterative categorization (Neale 2016), and follows a commonly acknowledged structure of analysis of qualitative data: compiling, disassembling, reassembling, interpreting, and concluding (Castleberry & Nolen 2018). Table 2 describes the data analysis process applied in this study.

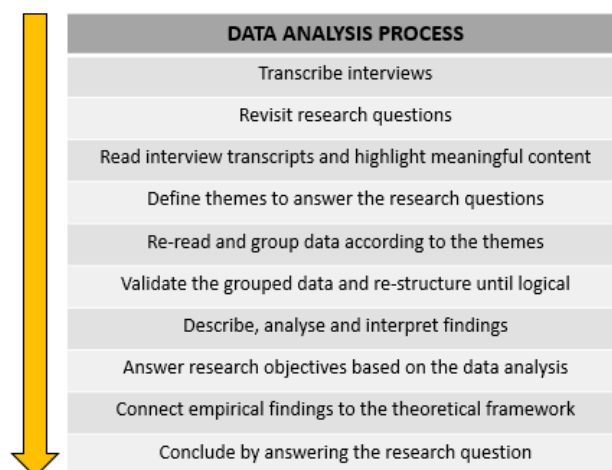


Table 2. The applied data analysis process.

The interviews are transcribed word to word as a denaturalized transcript soon after each interview. Transcription is proven to be an effective tool for researchers to get comprehensively familiar with the data. Especially in this case study, having the interviews recorded and transcribed proved to be extremely useful, as there were some months between the data collection and analysis. Moreover, by only relying on notes taken during the interviews, certainly number of valuable comments would be overseen by having only the perspective noted that caught attention during the discussion.

Before starting active data analysis, the research questions and objectives are revisited simply to clarify the focus. The interview transcripts are then read through a few times and all value-adding information is highlighted. The content is defined into themes that guide towards answering the research questions (Figure 10). The transcripts are read through again and the data is grouped below the themes. The same exercise is repeated until the data grouping is logical and sense-making.

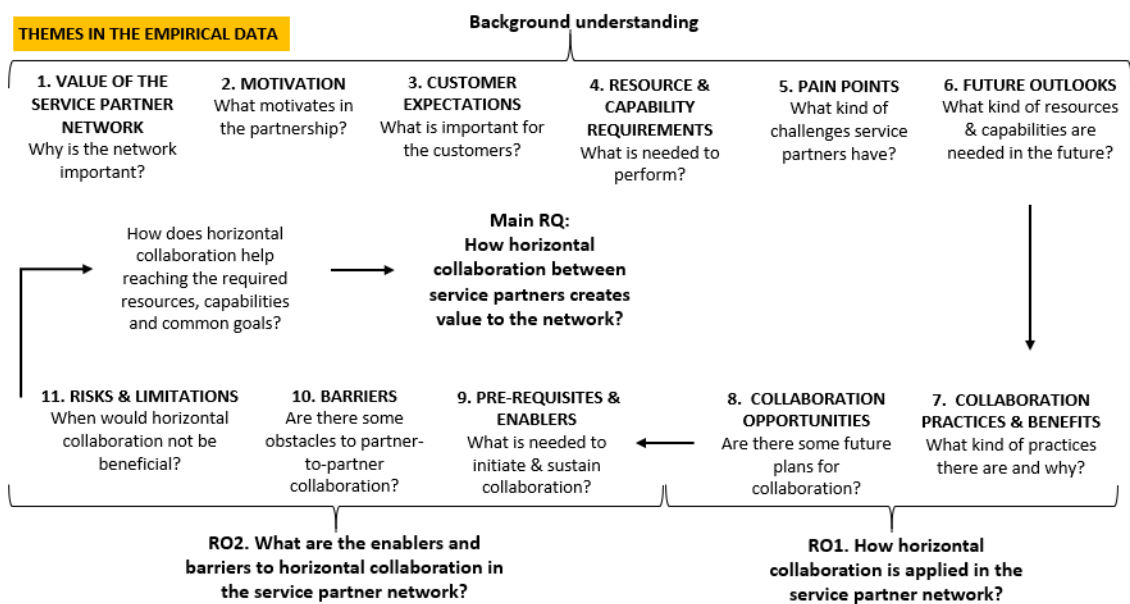


Figure 10. Themes in the empirical data.

Figure 10 illustrates the applied thematic grouping and the connection to the research questions. The themes are visualized as a process that starts with background

understanding. The process continues by identifying active horizontal collaboration practices and opportunities. These steps provide answer to the first research objective. Thereafter, possible barriers to partner-to-partner collaboration and the pre-requisites and enablers to initiate and sustain collaboration are identified. Possible limitations and risks are evaluated. These themes provide answers to the second research objective. As the final step, the main research question is answered. This structure is also used to outline the empirical findings in section 4.

As typical in qualitative research, the activities of data analysis and interpretation overlap throughout the process, which also applies in this study (Gummesson 2005). Qualitative method is primarily used to understand complexity rather than establish cause and effect relationships between variables. The main objective is not to find repetition, either. Nevertheless, leading themes and logic in the data are naturally noted and acknowledged in the data analysis process. Patterns are built, if the data offers basis for that.

As Gummesson (2005) proposes regarding the process of qualitative data analysis, tentative conclusions are made already during the fieldwork. So, also in this study. After the structured analysis and interpretation of the data, the empirical findings are connected to the theoretical framework of the study. The process of data analysis is concluded by answering the main research question as part of the conclusions in section 5.

3.6 Validity and reliability

The quality and credibility of a research are commonly assessed by evaluating validity and reliability of the research. Validity in qualitative research relates to the appropriateness of the chosen research method and strategy, data collection and analysis processes employed in the study, and hence assesses the ability of the selected methods to measure what they are intended to (Koskinen et al. 2005:254-255).

Reliability, thereafter, indicates the repeatability and transparency of a study: The objective is that the procedures of a study are described and documented so that if the same case study is conducted again, the researcher should arrive at the same conclusion (Yin 2009:45).

The concepts of validity and reliability origin mostly from quantitative research, and hence their appropriateness for qualitative research has been often criticized. Nevertheless, the quality of a case study can be judged with four tests that are construct validity, internal quality, external quality and reliability (Yin 2009:40).

Construct validity identifies correct operational methods for the studied concept and can be increased by including multiple sources of evidence and establishing a chain of evidence. In this study, the primary data was collected through several interviews representing a diverse sample. The time span of the data collection was half a year, which could perhaps limit the construct validity, as the real-life context of the case naturally is under a constant change. However, as this study explores the phenomenon in general, the data collection was not tied to any specific event or point of time. Instead, collecting more data on a later point was justified, and increased the creditability and trustworthiness of this study (Gummesson 2005). To ensure validity, the draft case study report was sent to a key informant for review to check factually correct reporting on the case context.

Internal validity is mainly a concern for explanatory research that aims to explain causality between events. A second internal validity concern are the inferences and conclusions made by the researcher when interpreting the data and findings (Yin 2009: 42-43). Firstly, to avoid biased interpretation, each interview was recorded and transcribed. The internal validity was aimed to be verified by recognizing patterns and building explanations in the data analysis. As the study is exploratory, the primary goal of the data collection and analysis, however, was not to compare the findings to a predicted model, but those were generated as part of the analysis process (Yin 2009:

136, 141). Moreover, so called privileged bias increases the internal validity of this study. That means that the research problem is defined, and the findings interpreted by the researcher, and hence, the conclusions are not guided by any external influencer (Gummesson 2005). To emphasize objectivity, the thesis report aims not to address the case company, but discusses the findings on neutral, conceptual level.

External validity measures whether the findings of the study are generalizable. As justified earlier, qualitative, single case studies aim to offer understanding on the studied phenomenon in a specific, real-life context, and hence typically offer poor basis for generalizations (Yin 2009:43). Exploring a phenomenon in a single case is naturally limits the external validity.

To reach a high level of *reliability*, the research process is made transparent by detailed, honest and thorough documentation, which also minimizes errors and biases (Yin 2009:45). In this study, pre-understanding on the case context was an asset. Gummesson (2005) justifies that involvement gives better access to data than detached research, and hence the researcher's personality and subjectivity contribute to the study rather than make the researcher biased.

4 Empirical findings

The empirical findings of the case study are presented and discussed in this section. The structure of the section follows the process introduced in the data analysis (Figure 10). The first chapter provides background understanding on the studied network. Thereafter, the empirical findings will be discussed gradually through the research objectives of this study. The main research question will be answered in the conclusions section.

Interview quotes and theoretical reflection is used to support the analysis. Due to the anonymity aspect and a relatively low number of respondents, it is only identified whether the interviewee represents the manufacturer or a service partner. Moreover, the case company's name and brand names are replaced by neutral terms.

4.1 Background understanding

A guiding message in collaboration is that collaboration is always resource-consuming, and one should not cooperate for the sake of collaboration, but for the advantages it evokes (Huxham & Vangen, 2005:80). Therefore, due to the explorative nature of this study, the starting point for the data collection was expectant, yet acknowledged a likelihood that partner-to-partner collaboration could be perceived completely unnecessary. That was not the case. Instead, it turned out that there are systematic, intentional and successful horizontal collaboration activities in some countries. Simultaneously, there are partners with no experience on networking or cooperating with other service partners, until today mostly, because they are the only partners in their countries. Therefore, the expectations and experiences for horizontal collaboration vary a lot between countries and partners.

“We don't look like that there's another there and another there. We don't care.
For us it's business.” (Service partner)

“I'm a firm believer in the partner network. I think it benefits our country
especially. No end, I do.” (Service partner)

Before stepping into the actual research questions and the findings regarding horizontal activities in the partner network, the next two chapters will provide background understanding to the studied net.

4.1.1 Motives for the strategic partnership

In order to evaluate how horizontal collaboration creates value, it is considered important to understand the motives behind the strategic partnership. The empirical findings indicate that the drivers are slightly different from the perspective of the core company, a partner or an individual employee. That is also typical in collaborative arrangements (Czakon & Czernek, 2016; Huxham & Vangen 2005:62).

The service partner network is an intentionally established strategic net that has been gradually built along with the manufacturer's installed base and sales strategy. Having competent aftermarket services provided close to the market has always been of high importance and proximity to the customers is clearly one of the reasons behind the network coverage. Relying on external partners increases flexibility and agility in terms of resources and capabilities to adapt to changing market situations. It is also seen valuable that the partners take care of smaller customers, and the manufacturer can instead focus its resources on larger accounts and projects. Obviously, the partner network is the manufacturer's footprint to the world.

“Well, it's the location and that you have more resources. The flexibility that it takes, that's very hard thing for a big company to facilitate, because we see service is going up and down. - - A smaller company can easily change direction. They can more easily upskill and higher more people than we can. So, it gives us much more flexibility to help the customer in different ways.” (Manufacturer)

Both the manufacturer and the partners perceive service as a key enabler but also as a pre-requisite for new sales. A service visit at a customer site might open doors for further product sales, and the capability to support the customer throughout the product life cycle might close a deal. Hence, most of the partners have a parallel role of a sales and

service partner, which is seen beneficial both from the perspective of the manufacturer and the partners.

“My thinking is that service is the best way to meet the customer. You give him help and he understands the way you think. That you know the product from all the angles, not only from sales, you have spares, you help them, and then there is trust. Most of the times, the big companies we enter, we enter through service.” (Service partner)

The network consists of partner companies with diverse sizes, backgrounds and focus. Many partners add on value to the products through comprehensive project solutions beyond the manufacturer’s offering. In addition to the partnership with the case company, the partners might also have other complementary brands and products in their portfolio. However, the manufacturer’s brand is regarded as one of the key motivators for the strategic partnership. Moreover, the importance of a functioning support structure and a possibility to develop sustainable business with the manufacturer is emphasized.

“I also believe that partnership means that you are challenging each other. And by challenging each other you are developing further.” (Manufacturer)

“I believe that they are seeing that there’s a new bar, and the bar is on higher level, and they understand that they reach that bar by having a proper workshop, or taking care of that all the people are being trained well, and all of that. Reaching that bar, they basically also secure that they’re ready for the next five years of doing good service and getting higher customer satisfaction. And being just successful in the market.” (Manufacturer)

On individual level, the challenge of continuously learning new and having a high knowledge level to solve the customers’ problems motivates the partners. The service partners recognize being part of a global network with other partners, and it is not rare that the partners either have their background as manufacturer’s formal employees, or that they grow in their career path and get hired by the manufacturer. From the value system perspective, the most important thing is to keep the knowledgeable and trained people within the network. Challenging and developing oneself and being “the first class”

is identified as one of the key objectives for the service partners to join the privileged partner program that the manufacturer has recently launched.

“For me personally, I think my knowledge is what makes me champion. And I’m always at the courses with the manufacturer, you know, so if they’re bringing anything on the market, I want to be the first one to hear about it.”
(Service partner)

4.1.2 Expectations towards the service partners

The service partners are positioned in the value system between the end customers and the manufacturer. Hence, the partners need to both exceed the customers’ expectations and fulfill the manufacturer’s requirements on the strategic partnership. To provide background to the horizontal practices introduced shortly, this chapter discusses the resource and capability requirements that the service partners need to attain and are challenged with.

Product life cycle services on AC drives market can be divided into reactive and proactive life cycle services. *Reactive services* relate to product field failures, where service is needed to solve an already existing problem. *Proactive services* relate to services that are provided preventively before a potential failure with the goal to prevent costly downtime on customer’s processes. Whereas reactive service is characterized by urgency and emergency, proactive service is prescheduled and, hence, offers room for optimized planning and peace of mind, not only at the customer’s but also the at the service provider’s end. The on-going servitization process aims to shift the focus from reactive firefighting to pre-planned proactive services. Yet, the resource and capability requirements still today considerably relate to reactive service needs.

No matter, whether discussing the customer expectations towards the partners, the factors that the service partners name important in their daily performance, or the

requirements that the manufacturer sets on the partners, two main objectives arise; (1) *high level of technical knowledge* and (2) *on-time delivery*.

“What I see is valued the most by the end users is that they can get service when they need it. To have people available, right competence, spare parts, exchange drives available when they need it.” (Manufacturer)

“To be professional. Time-sensitive. If you don’t respect that, the customers don’t trust you.” (Service partner)

Figure 11 illustrates the identified key resource and capability requirements and the issues that the service partners are challenged with.

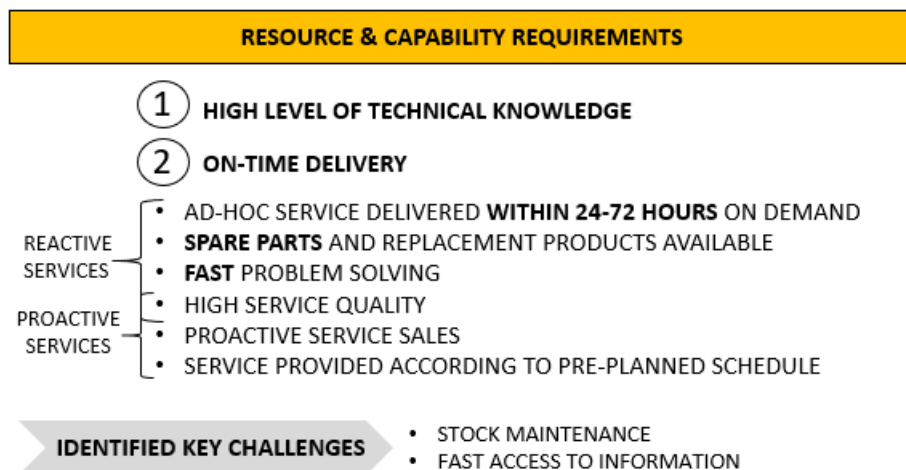


Figure 11. Service partners' resource and capability requirements.

In reactive service business, the service partners are expected to provide *fast problem solving* of the customer’s issue, have *resources* to provide service within 24-72 hours and ensure quick *availability for spare parts* and replacement drives. In other words, the partners need to master high level of technical knowledge, have competent resources available, and be close enough to the customer to react fast and with reasonable cost. They need to be able to deliver spare parts with short lead-times, which most often means having an own stock. In proactive service business, the urgency shifts to capabilities to sell and provide knowledgeable services.

“It’s difficult to come across a customer, because in the end the customer does not know how the drive works. We do, and we need to come across as well educated, comfortable in the product and customer focused, as well. I think that becoming a drive partner, knowledge is the main thing. You have to have knowledge on the product. To sell it, to repair it.” (Service partner)

To join the privileged service partner program, the partners need to meet specific standards in terms of their resources and capabilities. The service partners are challenged but aligned with the objectives.

“If you then read the contract and you need to do all the demands, you need to have a good company to meet that. It’s OK, then you have to work with the same conditions. We have a really big service stock and we have to do service in 72 hours, and the customers are used to, and we will say we’ll come tomorrow... so yeah... and you also need to have 24/7 service. That’s also part of the game.” (Service partner)

Maintaining the expected stock levels is experienced challenging and requires high investments, especially for products that are more expensive and highly customized, or where the selection of components is wide.

“Because we are becoming a privileged service partner, they expect us to have spare parts. But there’s a limit on what we can have on stock. And also, it’s a massive investment to have spare parts for every drive. It’s not gonna happen. - - We are going to invest on high-power drives, so we can at least provide medium service on offshore and marine sites. That’s one thing, the marine and offshore response time.” (Service partner)

Another identified struggle relates to the easiness to access needed information. The needed information varies from basic information, such as service manuals, to more advanced information, like global visibility to similar field failures or expert support on more demanding technical question. The manufacturer’s support structure is based on the vertical relationship between the partner and the manufacturer’s local office. In case a technical question is escalated to manufacturer’s global support level, response time is considered slow.

“The manufacturer locally seems to be above it. If I would raise a concern, there would be action very quickly. Globally, I don’t know. If there’s a technical question and the manufacturer locally cannot answer that, if it goes to global support, that takes a long time to get an answer. - - By that time, we have taken the drive and replaced it by a complete replacement. If we cannot get a reply within two days a max, we will just replace the drive.” (Service partner)

“At the end of the whole case, customer pays. He expects a solution right then and that’s it. But it doesn’t work like Send me an email, I will forward it, He’s not in the office, I will come back later and... So, you have to be fast.” (Service partner)

Enhanced access to information was also mentioned as a motivator to become a privileged partner, and the partners are also expectant regarding further digital solutions between the manufacturer and the service partner. The partners are eager on maintaining high level of technical knowledge. Yet, the current service training approach that expects travelling to the manufacturer’s factories, is experienced costly and time-consuming. However, as will be shortly discussed, some local countries have already initiated local service trainings to solve this challenge.

In the future, the need for the comprehensive network is perceived to increase with the aging installed base. Moreover, the drive for sustainability is likely to increase demand for repair and maintenance services. Even if digital solutions such as big data, remote monitoring and advanced data analysis are recognized to be the standard of tomorrow, the importance of the local presence and customer service in local language is not estimated to decrease. However, on top of mastering the technical knowledge and customer service, the service partners will be challenged to have good digital presence.

4.2 Horizontal collaboration in the case network

With the background understanding gained, this chapter aims to answer the first research objective.

RO1. *How horizontal collaboration is applied in the service partner network?*

Exploring horizontal collaboration in the studied context without pre-assumptions was a very interesting journey. The findings reveal that there are various stages and perceptions in the network regarding partner-to-partner collaboration. The empirical findings also indicate significant differences when it comes to the interest, motivation and experience among the service partners on horizontal collaboration practices. Hence, instead of collaboration, networking and cooperation could be more appropriate words to characterize the state of horizontal relationships in the partner network.

As the network is built on the installed base, there is a dependency between the population of the country and the number of service partners: In smaller countries, the customers are served by one or few dedicated service partners and manufacturer's internal resources. Whereas, in countries with higher installed base density, the number increases to tens of partners. The level of collaboration seems to go hand in hand with the amount of service partners in the country. Until today, partner-to-partner practices have been local.

The identified active and potential horizontal collaboration practices and their value propositions are demonstrated in Figure 12. The order in the figure indicates slightly the appearance of the practices. Local service partner meetings, stock sharing arrangements, knowledge sharing, sharing of human resources and social networking are identified active practices. Global partner meetings are discussed as a future opportunity to strengthen the partner network.

Reflecting on networks as coordinated social systems, knowledge-creating platforms, and value generating entities (Vesalainen et al. 2017:7), the active practices nurture all three cornerstones of social capital, knowledge and resources. The practices where the partners learn to know each other, interact and build trust relate to the social capital in the network. In their interactions and in training and knowledge sharing events, the

partners learn from each other and together, and hence these practices build on knowledge. The practices, where the partners share stock or human resources, rest on the resources.

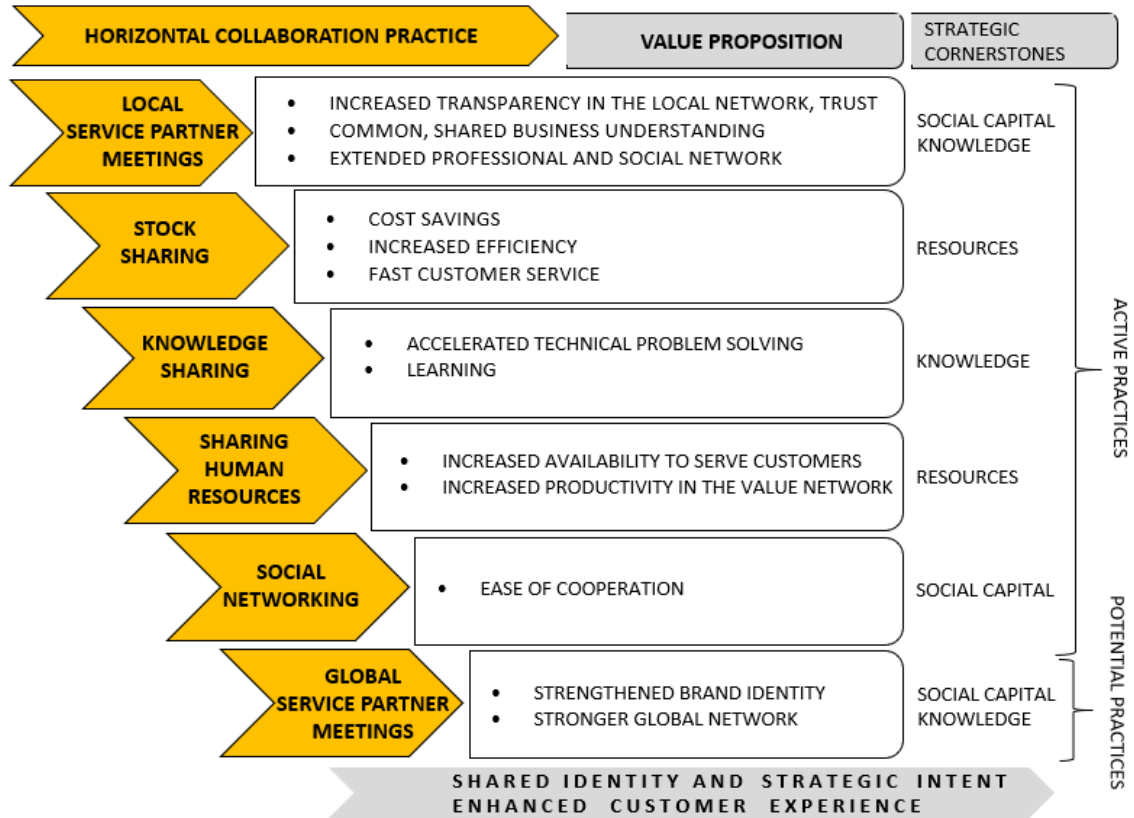


Figure 12. Horizontal collaboration practices in the case network.

The practices of stock sharing, knowledge sharing and sharing of human resources relate strongly to reactive services and to the requirements and challenges discussed in the previous chapter. These practices often emerge among the partners. The common driver is an urge to solve an urgent service request and ensure customer satisfaction. This supports the existing studies that indicate that typically a driver for cooperation is an external factor, like the customer (Czakon & Czernek 2016). Thereafter, service partner meetings and social events are typically driven by the manufacturer and have rather a long-term target to develop the network.

The practices are discussed further in the next chapters accompanied by the interviewees' quotes.

4.2.1 No shared activities: Opportunities

Some of the interviewed partners did not have any experience on contacting other service partners. Naturally, everyone acknowledged being part of a global service partner network. Yet, their interaction with other partners was limited to participation in manufacturer's service trainings or perhaps meeting in a sales partner conference.

Whereas a partner did not see advantages in partner-to-partner cooperation, another one had been thinking about the potential of sharing experiences on selling and providing service, efficiency on arranging common trainings, or sharing human resources to balance workload during busy or more quiet times.

“No, we have not met any service partners. The only partner that we have met was a sales partner. But it is a totally different business than our business, because their main focus was on selling drives, so it was a little bit difficult to have this discussion with them about service. - - We'd really like to take contact with other partners... to share technician, to share knowledge.” (Service partner)

In the countries with few partners only, the daily service operations do not connect the partners to each other the same way than in dense markets, which partly explains the missing cooperation.

4.2.2 Local service partner meetings: Building trust

The first events, where service partners meet other partners, are often technical service trainings in factories. However, those seem to seldom lead to any further cooperation. In some countries, the manufacturer has started organizing regular service partner meetings and local trainings that gather the local partners into a shared event. Hence,

the meetings are a key activity to initiate relationship and trust building between the partners.

“Two times a year they have a partner conference, where everyone is invited. They gain information, get training in the products, in service products, also they have one-on-one meetings on these conferences, so they [manufacturer] discuss with each company [partner].” (Manufacturer)

Local service partner meetings relate to both social capital and knowledge. The purpose of the partner meetings is to share and gain information between the manufacturer and the partners by highlighting on-going activities, and to arrange training on products and service processes. Moreover, the meetings facilitate networking among partners and function as an important method to build collaborative culture. Partners have an active role, too, on sharing case stories, for instance. Usually, the partner meetings include social events, or the partners are else invited to social events outside business. Sometimes, the manufacturer sets also a healthy competition between the partners to challenge themselves among the network.

“We are also having these service trainings, where different service partners are coming together, let’s say 5-6 times a year, where they are trained on new products, or existing products... These are also meetings, where they come very close together and share their experiences, thoughts and pains and whatever.” (Manufacturer)

From manufacturer’s perspective one important reason for the meetings has been also to increase transparency and, thereby, balance competitive tensions and increase the level of trust in the national network, which again enablers the network to focus on productive operations. The feedback and outcomes from the service partner meetings have been positive and rewarding for both the manufacturer and the partners.

“Getting the partners together is very important. Not just highlighting the problems, it’s also to highlight the good things. And I think, getting together at least once a year has been beneficial, definitely.” (Service partner)

4.2.3 Stock sharing: Access to resource

Stock sharing as a collaboration practice aims to tackle the common challenge of maintaining spare parts stocks. There are examples in a few countries, where service partners have made an agreement to divide the required list of stored spare parts between each other. Through such collaborative agreements they have been able to together meet the requirements to become privileged partners with reasonable investments. Hence, the partners clearly share the same goal, and through collaborative arrangement get access to resource and cost savings (Huxham & Vangen 2005:5-7).

Even without literal stock sharing agreements on contractual level, relying on other partners' warehouses is a common practice in urgent cases. The urgent need for a spare part or a spare drive is a very tangible situation that every service partner can relate to. It is also distant enough in a sense that the partners do not need to reveal any confidential data, such as the customer or the location, to solve the problem.

“We all buy from each other. So, what we don't want, is to get a long lead time from the factory. It's very important for our customer database that we can provide a drive next week.” (Service partner)

“There was a break down and I did not have the part in stock. It was just one of those times, when I just did not have it in. So, I called the manufacturer and asked for advice... and I sent out an email to the network, and to be fair, the network came together and sorted this guy within twelve hours. I think it was 690kW unit, so it was not a small thing. And this unit was back up with running. -
- It was a testimony to the partner network, and I know we did talk about it definitely in the next meeting afterwards. That we worked together. And we got the customer sorted.” (Service partner)

Asking for support in spare parts availability seems to be one among the first concrete collaborative activities that the service partners independently initiate, and it is clearly a win-win situation that helps to solve customer's problem efficiently. However, the stock sharing is still mostly a domestic activity, and due to possible exporting and compliance limitations, it most likely will stay like that.

4.2.4 Knowledge sharing: Learning

Having high level of technical knowledge is a key pre-requisite for the service partners to perform their work. Knowledge sharing as a practice is divided into two parts: Ad-hoc problem solving, where technical advice is needed urgently, and learning. As discussed, knowledge sharing is claimed to often be the first level of collaboration (Saint-Onge & Wallace 2003:29). Yet, in the studied context, competition between the partners seems to restrict this activity.

For technical support the standard process is to contact the manufacturer first. As discussed earlier, following the standard process has at times been perceived slow or bureaucratic. In some countries, for the afore-mentioned reasons, the service partners have reached out to the partner network for a technical question or in search for previous service history on the same matter.

“If there’s a technical question that we cannot solve inside the company, we, first of all, try the manufacturer. If the manufacturer struggles to get an answer within a time that we expect, we will also make contact to a partner who we know has knowledge in that field.” (Service partner)

Knowledge sharing naturally does not only refer to sharing information on specific products or technical questions, but also extends to sharing experience on how to run business, provide service, win customers, or manage projects, or simply exchanging experiences on a product. The shift from reactive to proactive services is also an area where the service partners welcome support not only from the manufacturer but from other service partners who have succeeded in the transitions or are likely to have some learnings to share.

“I believe the partner network gives me experience. It gives me the knowledge to contact people that are high on the field, if you will. That if I got any problems, I should be able to get it sorted relatively quickly”. (Service partner)

The practice of learning relates naturally also to the partner meetings that function as a medium to share knowledge. Möller & Rajala (2007) emphasize that learning in networks happen on multiple levels: Organizations and individuals learn, partners learn from each other, but also together through collaborative learning. Learning facilitates common routines and shared practices.

4.2.5 Sharing human resources: Access to resource

Sharing human resources as a collaborative practice refers to supporting the partner network by utilizing each other's human resources. Local partner meetings are an activity that gathers the partners together, yet without demanding further collaboration between the partners. Sharing stock and knowledge are concrete collaborative activities, yet still allow certain distance, if wished. Sharing human resources, instead, calls for a higher level of trust, as it requires the service partners to share confidential information regarding their installed base. That is, details of a specific product and application, as well as the customer's name and location.

The idea of sharing a service technician divides opinions: Some partners also mentioned that they, fortunately, never have had a resource challenge, where they would have needed external support. A need for help in terms of human resources seems to make the partners somewhat vulnerable, too.

“Well, I think that sharing resources would be rather utopian thinking, because they are in the first place still competitors.” (Manufacturer)

From the perspective of network capabilities, having a global resource buffer through the service partner network is considered a relevant approach. Yet, sharing resources especially cross-borders, is also seen potentially challenging from the customer experience perspective due to language issues: The end customers mainly expect service in their local language. In some regions, there is not yet a practice, but interest exists, and resource sharing is seen as a business opportunity.

“Sometimes we hear about countries that do not have the capacity to sell proactive service, but often we have a technician that we could hire to someone else. Or we get into situation, where we got a big job, we could call another partner and rent someone for a few weeks.” (Service partner)

Whereas, some partners already lean on other service partners to accomplish a service job on their behalf with good experiences, despite of the competitive relationship.

“We have used engineers from our partner that have gone in on our behalf, because we did not have the availability. So, we have trusted that partner to go in on our behalf. And we’ve still got that customer.” (Service partner)

4.2.6 Social networking: Social capital

Where the partners already have a more regular practice of meeting each other, the network has not only become a professional but also a social network to its members. Eventually, the service partner network is a growing, continuously developing network of businesses and individuals that share the same interests and ambitions and require similar kind of knowledge and capabilities. The size of the partner companies varies, but the majority are small companies and the smallest might be run by a few people only. Hence, the other service partners might not only offer a professional peer support but become a social network for the individual service technicians.

“We are serving the same job. We all have the same job to do. So, globally the partners are there for reason: To service the community, to serve the area they’re based on, and to offer support to other partners.” (Service partner)

“We are colleagues in the business”. (Service partner)

Personal relationships are likely to ease cooperation and strengthen the sense of community (Czakoń, & Czernek 2016). In some countries, the manufacturer has also invited the service partners to non-business-related, social events, with the purpose to strengthen the community. The partners might also share posts or follow each other’s on social media, which boost the social relationships between individuals.

“We have very good relationship with definitely the privileged partners. You know, we speak to these people quite regularly, some of these people we call friends, as well. So, it does become a bit of a social partner network. - - Most definitely, I feel, a partner network is not just a network, but a social thing as well, in discussions like what’s happening in the world and things like that.”

(Service partner)

4.2.7 Global service partner meetings: Towards shared identity

The privileged partner service program is quite new, and hence the networking activities driven by the manufacturer are still mainly local. The global activities from manufacturer’s side have so far focused on the launch of the program and onboarding and developing the partners. However, there has been an initiative on the manufacturer’s side to arrange a global service meeting, which would be dedicated for the privileged service partners. The manufacturer’s interest lies on strengthening the community and the shared identity between the partners. Such event would be also warmly welcomed by the service partners.

“We want to have a meeting, just with the privileged partners, to generate this ‘We are something special’. And of course, then we want to share some details maybe that we don’t share with all partners.” (Manufacturer)

The partners are also in terms of business development interested in looking beyond their own national market and to have professional network outside own company or market as inspiration.

“It would be good to see their reflection on the manufacturer [service partners on regional or global level]. - - To see how they are facing business. - - And, for instance, maybe a couple of months back we had a quiet spot like all other partners in our country, but how is it globally? Are we all having a quiet period?”

(Service partner)

In overall, horizontal networking is considered beneficial, yet a functioning relationship with the manufacturer is the priority. As discussed, there is also difference in the

ambition level of partners, and for instance, service partners and sales partners have different perspectives.

“I think we can get a stronger network, if we work together. - - We would also like to be really close to the manufacturer, because then we can develop together.”
(Service partner)

However, even if in general the manufacturer sees potential in horizontal networking, there is also hesitation in terms of why the partners should be encouraged to further collaboration, and most importantly, how would that benefit the end customers.

4.3 Building blocks of horizontal collaboration in the case network

After achieving an overview to horizontal collaboration practices in the studied network, this chapters aims to answer the second research objective.

RO2. What are the enablers and barriers to horizontal collaboration in the service partner network?

This chapter introduces and discusses the identified pre-requisites, barriers and enablers, as well as limitations to horizontal collaboration in the case network. The identified building blocks are visualized in Figure 13. The literature emphasizes *trust* as a key element for any relationships, and this case study confirms the importance of trust. A key pre-requisite for collaboration between the partners seems to be a healthy vertical relationship. *Competition* between partners emerges as a key barrier, whereas the *manufacturer's role* to facilitate collaborative culture within the network is identified as a key enabler.

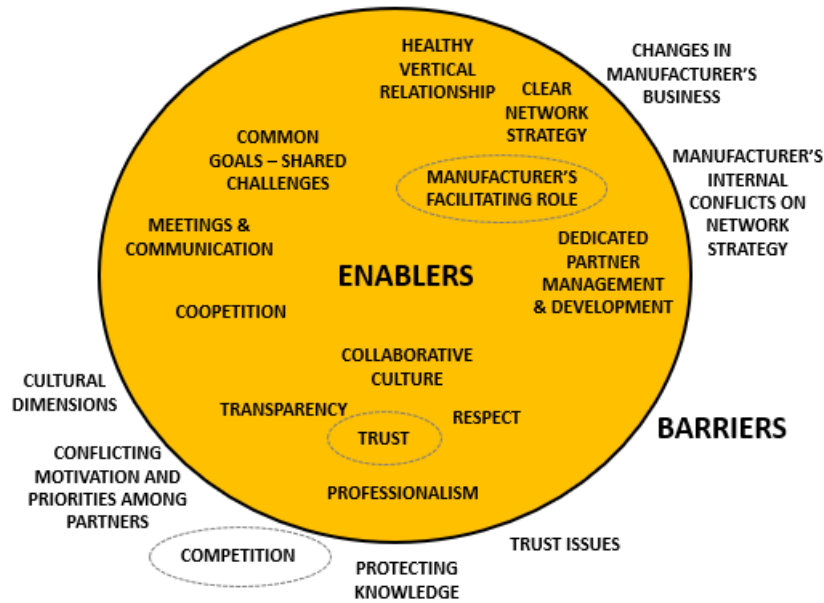


Figure 13. Building blocks of horizontal collaboration in the case network.

4.3.1 Pre-requisites

Along the empirical research, it became evident that one of the key pre-requisites for any cooperative activities between the service partners is a strong and functioning vertical relationship between the partner and the manufacturer. Other pre-requisites, until today, have been a healthy market and reasonable amount of service partners in the country or region. The trigger for cooperation between the partners seems to relate to daily business operations. Therefore, both a healthy market (enough business) and the partners close by relate to solving challenges in daily business. This, thereafter, leads to a conclusion that a shared goal – or a shared challenge – guides the collaboration.

A good vertical relationship manifests in a clear service partner strategy, functioning support structure, and transparency between the service partners and the manufacturer. In a motivating and rewarding manufacturer-partner relationship, it is important that the parties know each other and base the relationship on openness, trust and respect. The same demands fall consequently also on horizontal relationships but having a functioning and respectful vertical collaboration seems to be the starting point.

“[Manufacturer’s] support and communication are very important. Knowledge, support and availability.” (Service partner)

Despite the actions taken on the privileged service partner program, it is acknowledged that even the manufacturer’s internal brand building around the lately launched service concept is in progress. The recent changes in the manufacturer’s organization are still fresh in memory. The changes have impacted both internal and external roles, and the service partner strategy is not always fully acknowledged even internally, which naturally causes some cautiousness on service partners’ behavior.

”There is still a lot internal debate on the purpose and value of a service partner, so the internal organization should first be ready with accepting the operational model and competence building on the service partner side. There’s no risk that the knowledge or competence would somehow disappear from us.”
(Manufacturer)

Organizational changes in the manufacturer’s functions challenge also the partners. One of the interviewed partners has experienced a dissatisfying change in the relationship after a change in the support structure on the manufacturer’s side. For some partners, the relationship quality has improved, as the manufacturer has appointed dedicated account managers to support the partner relationships.

As the existing academic research has not explicitly addressed cross-dimensional relationships in vertically dominated nets, it is challenging to reflect on, if this finding resonates with the theories. However, trust, respect and collaborative organizational culture are elements that are emphasized as key enablers for relationships and network building. For instance, Batt & Purchase (2004) emphasize the importance of balanced power relationships. Moreover, high level of commitment, satisfaction and trust indicate high relationship quality (Barac et al. 2017). Hence, it seems explicable that dissatisfaction with the vertical relationship has limited the partner from extending network to other partners. In the case context, partner-to-partner cooperation seems to be always somehow initiated by the manufacturer and is not emerged among the partners alone. To conclude, in order to create a welcoming atmosphere to cooperation

between the partners in the studied context, it seems important to first solve the challenges on vertical dimension.

4.3.2 Barriers

Even if this study does not primarily approach the research question from the perspective of coopetition, the empirical findings indicate that the relationship between the partners is in the first place perceived competitive. Hence, competition between the partners is considered as the major barrier to horizontal collaboration. Consequently, the barriers and capabilities to overcome the competition related barriers are related to coopetition capabilities, and hence managing the tensions in the network (Czakon & Czernek 2016; Lindström & Polska 2016).

As horizontal collaboration is a new perspective, there is some hesitation from a few manufacturer's representatives due to competition in the network in the first place.

“When it comes to partner-to-partner collaboration, I have to say that in this country they are all too proud to go to their next located partner. Sometimes it happens, but usually they don't want to generate the impression to their customer that they are not able to perform a service job, but the neighbor partner could do. As all the partners in this country are also sales partners, they fear that a customer then wants to be handled by the other partner.”
(Manufacturer)

It is also acknowledged that not only horizontal, but also vertical relationships between the manufacturer might be competitive, either due to conflicting sales and service strategy or earlier experience of mistrust.

“Many partners are also still protecting their knowledge and their customer base and so on and so on, so they are still kind of first of all competitors among themselves, but also to the certain extent competitors with us.” (Manufacturer)

The partners who have experience with cooperating with other partners, have experienced tensions in the relationships. It is emphasized that alone different behavior and approach to win business in the market has caused conflicts. Weak experiences and mistrust have resulted to protecting information when communicating with other partners, and consequently, sharing only the critical information. In the cooperation research, the dilemma of simultaneously sharing information to achieve common goals and protecting certain information is recognized as a typical tension in cooperation. One tool to manage such an information sharing related tension is exactly to evaluate what information is critical, and then only share what is truly needed (Fernandez & Chiambaretto 2016).

“There’s always a risk. Because you could be giving information to a partner that you could lose that customer. - - It has happened twice. - - We need to be as open as we can, but we also need to watch what we say. - - It’s a trust thing. Even instead of whisky distillery or brewery, we’ll just mention it’s a food and beverage customer... So, we just leave the names out.” (Service partner)

The competitive mindset is so natural for the partners that it requires active and intentional work and time to see beyond the competition and transfer the competition into cooperation. The partners, who have experience on cooperating with other partners locally, also recognize a change in the culture in terms of opening and seeing the competitors more as partners. The change has taken time, required a process of building trust, and in addition also involvement and direction-giving from the manufacturer.

“I must admit, if you go back around five years ago, we were definitely not on the same level with partners. We were seeing them as competitors, even though we were under the same umbrella. We would definitely see them as competitor, and we would say we don’t need the things that we are now discussing between each other. We certainly wouldn’t be friends either. It was definitely more on competitive stage. But they’ve [manufacturer’s contact persons] definitely championed to get us together, bringing the competitors together to understand that they are not competitors, that they are partners. And the partners should work together if we can.” (Service partner)

The experiences and methods to overcome the barriers are discussed in the next chapter as enablers to the collaboration.

4.3.3 Enablers

The manufacturer's role, the capability to build collaborative culture in the network and trust between the partners are the identified key enablers for horizontal collaboration in the studied network and are discussed further in this chapter.

Manufacturer's role

The manufacturer's role in horizontal collaboration in the partner network is evident, as the empirical findings indicate that all cooperation activities between the partners have somehow been facilitated by the manufacturer. It seems that the partners have not independently taken action to contact other partners but respect the manufacturer's guidance on that matter. The manufacturer, thereafter, wants to be clear on the goals before encouraging for horizontal collaboration.

“I think it would be very, very interesting. I have thought about networking, but if the manufacturer thinks it's a good idea and we are allowed, I think it would be a good idea to make a connection between a lot of service partners and they go and help each other.” (Service partner)

In the past few years, the manufacturer has invested on improving partner management by launching partner programs for sales and service partners. The dedicated partner programs, that have clear benefits structure and clear standards, aim to increase transparency in the partner management and operations, and through transparency, build trust. The strategic intention behind transparency is not primarily to initiate partner-to-partner collaboration but direct the network's operations towards a common goal of extending the market. In other words, to clarify the strategic intent of the network (Valkokari 2015). Hence, the key is to direct the behavior to win new sales and customers instead of competing on each other's customers. Moreover, the approach

supports the partner network to win sales with other elements than price only, which benefits the whole value chain. In the markets, where the partner program is implemented, the results have been extremely good.

“It’s first of all that you have some kind of program with clear demands, and clear benefits, and that actually the partners know that okay if I’m on this level, these are my benefits, and if I get one lever higher, then I will have another benefit. - - So, I think this kind of transparency makes a lot of – it’s very important for the partners, their collaboration, and also accepting their place.” (Manufacturer)

It is noted that the manufacturer has the tools to define the standards and requirements so that they leave room for possible collaborative arrangements among the partners. For instance, instead of listing the products that a partner must store, the standard can define a target lead time for delivery, and hence give more flexibility.

“The manufacturer has a really important role to motivate the network and then also to do a good atmosphere in the network, you know, and then to encourage the behaviour, supporting the collaboration, and then also discouraging the one that is not... But here we need to be careful that we can’t too much manipulate. So, we cannot divide the market per postal codes.” (Manufacturer)

“Without him [manufacturer’s contact], I think we would have a lot different set. I don’t know how friendly we would be with each other. I definitely don’t think that we would be working together. I really don’t.” (Service partner)

A manufacturer’s interviewee sums up the three key elements for a successful network as (1) trust, (2) growth that is built on new business, and (3) knowledge in terms of product knowledge but also knowledge on sales and service processes. The manufacturer’s activities relate to network competence, which represents the capabilities to develop and sustain specialist and social qualifications (Ritter & Gemünden 2003). Moreover, Raman & Bharadwaj (2017), in relation to dynamic service capabilities, describe a firm’s ability to enable collaborative work environment, and define standard procedures for service design, execution and delivery, as service governance.

Collaborative culture

The collaborative culture, in the end, is the key enabler for collaboration to any dimension. As for partner-to-partner collaboration, characterizations such as trust, respect and openness are repeated. An encouraging organizational culture that is based on professionalism and honesty is the foundation for the network members to get the feeling of belonging in the same community and being as a part of “the same family”. That is the shared identity (Valkokari 2015). If the atmosphere between partners is aggressive, the partners tend to be protective towards their business. Naturally, there are also cultural differences that influence the collaborative mindset: As highlighted by the manufacturer, all cultures do not share the same way of thinking on partnership or service business, and therefore the same approach does not apply everywhere.

“It’s the knowhow you protect. But, if you see that the environment is friendly and promising, yes, of course you can open the door. But when everybody is chasing the other guys work, then you have to protect your work.” (Service partner)

One of the partners located in a market with an intense partner network, describes changes in the atmosphere as follows.

“I think lately we’ve been more open on what we have. Before it was quite... nobody would speak to any partners, but now in the last years I can see that it opened up a little bit. Partners are speaking to partners. Earlier it was all like he’s a competitor, but not really.” (Service partner)

The service partners that have managed to overcome the barriers to open and share business information to other partners in their country, and, hence, have succeeded to build trust among the network, seem clearly relieved and satisfied with the predominant situation.

“One of the hardest things, and I’m sure I’m speaking for all of us now, is definitely the open book mentality. We had to tell people who our customers were. So that they would not then go near our customers. - - We were competitors a few years from now, so... yeah... I can see that being difficult. I can see that not wanting to tell people, where you’re working, so that they don’t

then go and try to steal that business, but you're just gonna get over that. Because the benefits that you will get by working together are far out where the negatives, if you will. - - That is probably the hardest thing, to disclose information about who you're dealing with. And after that... there's kind of a sense of relief, in a sense that you have told them now, so they should stay away."
(Service partner)

4.3.4 Limitations

Even if there are good experiences on building transparency, collaborative culture and gaining benefits over horizontal collaboration, the empirical findings indicate that partner-to-partner collaboration is not only seen as a value-adding activity, but some limitations are also identified. As acknowledged in the literature, value creation might also be negative and hence lead to unfavourable outcomes (Grönroos & Voima 2013).

Whereas the partners experience a fear of losing their business to competitors, the manufacturer's concerns are different. One concern is that the partners become a "problem sharing community" that unites against the manufacturer. Moreover, losing natural competition on the market would also be value destructive for the end users, and even uncompliant from the perspective of legal elements.

"If they are very much in this collaborative mode, then customer will not get a better price. Because then you have kind of these kind of "good friends" and they will not interfere with the business, and the customer cannot then just ask three partners for an offer."
(Manufacturer)

The strategic network is predominantly vertically oriented, and the manufacturer has the key position and responsibility for product and service design. The manufacturer's perspective on sharing so-called best practices among the partners is also slightly careful. Sharing case and success stories to motivate and inspire other service partners is highly encouraged. However, as for sharing best practices, the manufacturer's preference is to have the best practices coordinated by the manufacturer and then approved, developed

and implemented through dedicated service business drivers to ensure qualified operations.

“I think we have much more opportunities in best practice sharing, but we need to be very selective on what kind of best practice we are choosing, and how we are bringing it to our own organization and the partners.”
(Manufacturer)

Even if horizontal collaboration practices are already widely implemented in the network, the empirical findings confirm that the focus is firstly on developing the vertical collaboration. Hence, for instance, despite of some initiatives on enabling partner-to-partner connectivity, the realized digitalization projects so far have been limited on increasing efficiency in vertical relationships.

4.4 Summary of the empirical findings

This chapter summarizes the empirical findings discussed above. As typical to qualitative research, the sample size of this study has some limitations for generalization and the goal is not to establish cause and effect relationships. Nevertheless, the findings indicate that high level of horizontal collaboration requires a functioning vertical relationship. Consequently, collaboration requires enough service partners in the market to cooperate with and the manufacturer’s facilitation.

To conclude the empirical findings on the horizontal collaboration practices in the network and the building blocks of collaboration, Figure 14 illustrates an overview to the levels of collaboration in the case study context by simultaneously demonstrating the relationship between vertical and horizontal collaboration. Collaboration is classified to three levels; *low*, *medium* and *high*, which are illustrated in the figure as circles. The identified enablers and barriers characterizing the level are listed above each circle. The identified horizontal value co-creation practices and value propositions are visualized below as a process that evolves as the level of horizontal collaboration increases.

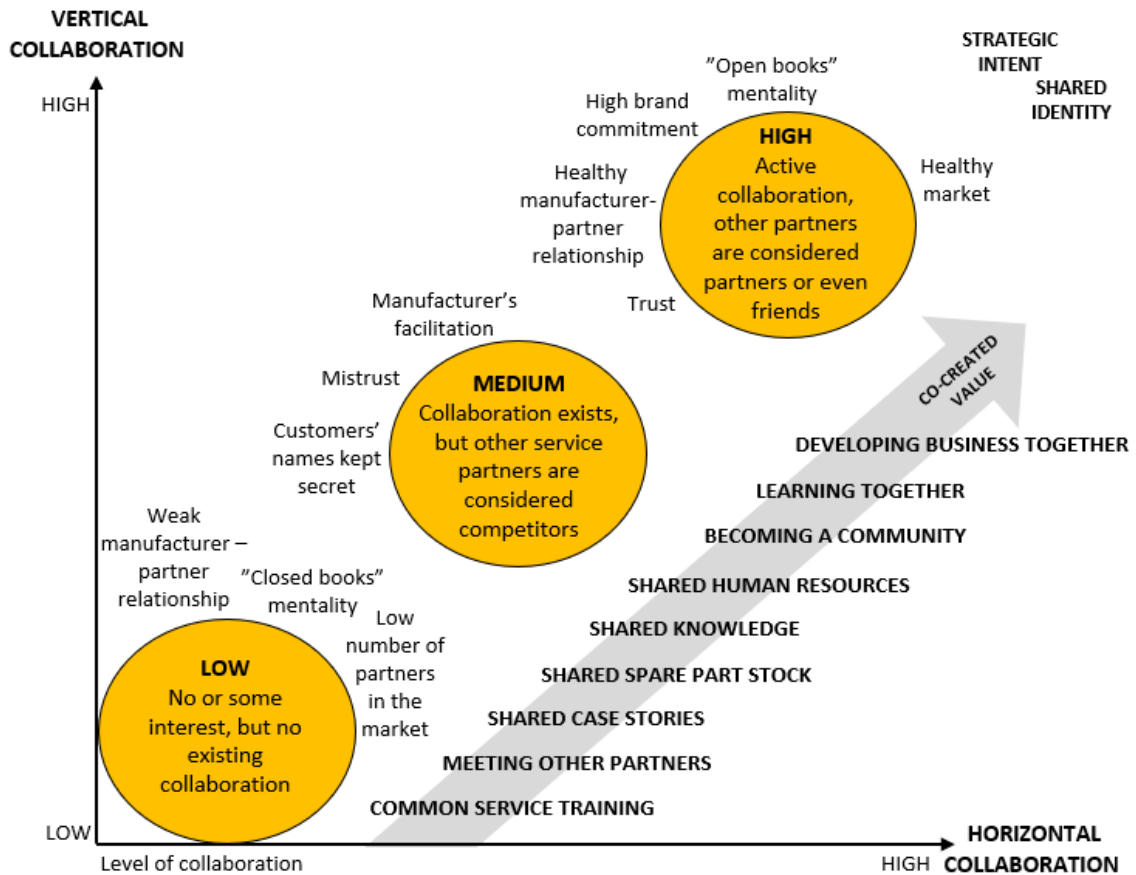


Figure 14. The level of collaboration and value activities in the case network.

The empirical findings show that the levels of collaborative maturity in the network are different. The service partners that are not interested in partner-to-partner collaboration have clearly struggles in their collaboration with the manufacturer, and their expectations on manufacturer's support are not met: They experience long response times and lack of information. On the other side, the manufacturer might not consider such partners as their priority partner, and hence does not direct their focus on relationship management with the partner. Interestingly, the partners have not independently initiated contact to other partners. Instead, they have set to closed mode to protect their business. Such partners typically have met other service partners in mandatory service trainings, but the trainings have not resulted to any further connection between the partners.

In the medium level of collaboration, the service partners have a regular practice of meeting in domestic partner meetings. They have also shared practicalities such as combined warehouses to ensure efficient support for customers. Despite the already established collaboration practices, there is some level of suspiciousness. Other partners are mainly seen as competitors, and further activities such as sharing human resources, is not seen likely. Partners know each other, but still work with “closed books” in order to protect their own businesses. From manufacturer side it is seen a bit risky that partners partner-up too much, and for instance agree on price levels and hence limit customers’ freedom to bid.

On the highest level of collaboration, the partners are working with “open books”. The network members earlier regarded as competitors, become colleagues or even friends with each other. In such markets the vertical collaboration with the manufacturer is on extremely high level. Strong leadership skills from the manufacturer are needed: The manufacturer is actively facilitating and encouraging the partners to become partners also with each other, directs the work towards common goals, and solves possible partner conflicts. There is high level of trust between the partners. Ideally, the end customer benefits from the faster knowledge sharing and clever utilization of network capabilities.

The empirical findings emphasize the vertical domination of the network, as the network management activities today primarily focus on the vertical partner relationship. In overall, strengthening horizontal collaboration between partners is still in its early phase, and hence there are different perceptions on the value creation potential of horizontal collaboration. The identified practices today center around daily business in national networks, and hence evidence of the power of horizontal networking on global level is still missing. However, the gathered experience today shows that collaboration between partners inspires and motivates towards professionalism, directs the behavior towards the strategic intent of the network and strengthens the shared identity. Moreover, local

cooperation activities, for instance in urgent service requests, directly co-create value to the end customers and enhance the customer experience.

Whereas the local networks are reasonably competitive, perhaps on global level the competition would not be similarly present as the partners do not compete on the same local market. The currently identified collaboration practices relate reasonably to the challenges in reactive service business. As the focus of service business is anticipated to shift towards more proactive business models supported by digital intelligence, it is likely that the demands for partner-to-partner collaboration will change. Horizontal collaboration could offer a solution to some of the identified challenges, such as enhance access to information and shared problem-solving by support of digital platforms. However, it is too early to conclude based on this study, whether a service partner network in this context could become a global community of practice or an innovation net, for instance. Even if the study approached the phenomenon with acknowledging the high level of knowledge among the partners, the perspective of new knowledge creation was not specifically emphasized in the empirical findings.

While conducting the last interview for the study, the COVID-19 pandemic had just caused the first lockdowns in European countries. It is difficult to identify any stronger moral imperative (Huxham & Vangen 2005:5-7) that unexpectedly would challenge businesses to rearrange their resource base and stretch to innovate collaborative arrangements. This kind of radical changes literally test the dynamic capabilities of firms and networks (Teece 2018). In the country of the interviewee, the manufacturer and the service partners had that morning had a common, virtual meeting to align that the partner network will support and help each other over their regular boundaries. With having the collaborative foundation in place, the network was able to dynamically agree and adjust to the sudden changes, and perhaps some of the new working models will even be taken to the future.

In the following section, an answer to the main research question of the study will be concluded by integrating the above discussed empirical findings and the theoretical framework of this study.

5 Conclusions

Firms operate in increasingly complex value systems, where the way how strategic value nets configure and coordinate their resources, capabilities and value activities is essential. Strategic networks need dynamic capabilities to renew and reconfigure their resource base to adjust to changing business environments (Lütjen et. al 2019; Teece 2018). With this motivation, the purpose of this study is to provide understanding on how horizontal collaboration in a predominantly vertically structured strategic value net creates value to the network.

The research was conducted as an explorative, single case study of a global service partner network in manufacturing industry. The researched phenomenon was approached through two research objectives of *(RO1) how horizontal collaboration is applied in the service partner network*, and *(RO2) what are the enablers and barriers to horizontal collaboration in the service partner network*.

In this section, the main research question of *how horizontal collaboration between service partners creates value to the network* will be answered. Furthermore, the theoretical and managerial implications are evaluated. The section is concluded with limitations of this study and proposals for future research.

5.1 Main findings of the study

To answer the research question of *how horizontal collaboration between service partners creates value to the network*, it needs to be first concluded that there are different perceptions in the network on the value co-creation potential over horizontal collaboration. The perception of value is subjective and depends on subjective experiences. Therefore, collaboration between service partners is perceived either unnecessary, as an interesting opportunity, or beneficial through already existing collaborative activities.

Among the existing horizontal collaboration practices, two main motivation streams for value co-creation are identified. The motives for horizontal collaboration seem to arise either from the daily operations and an urge to serve the customer urgently on that moment, or from an ambition to enhance the service network's operations and performance in the long term. The motivation to solve the daily challenges emerges mainly from the service partners, whereas both the manufacturer and the partners show interest towards long-term development.

The value activities that support the daily challenges directly are identified as co-exploiting activities that rely on the service partners' resource base (Vesalainen et al. 2017:7). Co-exploiting collaboration practices are arrangements on sharing stock or supporting another partner with urgently required spare parts, fast knowledge sharing and support on solving technical questions, and resource sharing in terms of utilizing each other's service technicians. These ad-hoc practices mostly relate to reactive product life cycle services. Through collaboration the service partners gain access to resource and efficiency. The practices enable fast problem solving and service within an expected lead-time, and hence, also directly contribute to the end customer experience. Moreover, long-term collaborative agreements on shared warehousing benefit the parties by shared risk and reduced cost. These benefits are identified as common basis for collaboration also in the literature (Huxham & Vangen 2005:5-7).

The value activities that aim at enhancing the network operations and base on social capital and knowledge, are identified as co-exploring activities (Vesalainen et al. 2017:7). Local service partner meetings and common partner trainings that gather service partners together for networking, sharing knowledge and learning together, co-create value to the network in the long term. Moreover, social events are applied to strengthen the shared identity in the network.

This study indicates that a good vertical relationship between the manufacturer and the service partner is a pre-requisite for horizontal collaboration. Enhancing the partner

management on vertical dimension is currently also the focus. This emphasizes the predominant value-creation logic of the strategic network. Moreover, horizontal value activities vary between countries and, until today, are likely only if there are many partners in the same market. Global activities that would engage service partners cross-borders have not yet been implemented in the case network.

The strongest identified barrier to horizontal collaboration is competition between the partners. Even if the service partners often have slightly different profiles in terms of their industrial specialization, they are primarily regarded as each other's competitors. Competitive relationship is characterized by suspicion, mistrust and protection of knowledge. This study confirms the existing research by indicating that the capability to build and sustain trust in cooperative relationships is of the highest importance (Czakon & Czernek, 2016). True benefits from collaboration are gained first after trust, and thereby open communication between the parties, is established. Over open communication enabled by trust, a competitor can turn into a colleague in business, or even become a friend.

Based on the empirical findings, horizontal collaboration has not self-emerged among the partners, but the manufacturer's role in facilitating collaboration is essential. This finding somewhat aligns with the prior research on strategic nets concerning networks with high level of determination and centralization (Alves et al. 2012; Möller & Rajala 2007). Moreover, the managerial power of the core company seems to be quite strong, which, based on the literature, relates to the stable value creation logic of the net. In the case network, the manufacturer's motivation on increasing collaboration between the partners rests on an interest to direct the network's behavior to win new business and provide professional services instead of wasting energy on competing on each other's customers. Hence, horizontal collaboration helps clarify the strategic intent of the network.

Dedicated partner management programs with clear, openly communicated targets and benefits have been essential in increasing transparency in the network. In the literature, transparency is identified as one of the key building blocks for value co-creation (Prahalad & Ramaswamy 2004b:33), and this study strongly supports transparency as a key enabler for collaboration. Transparency is needed to balance competitive tensions and to build trust and respect, firstly between the manufacturer and the partners and then between the partners, to finally create collaborative culture in the network. Nevertheless, reasonably channeled, healthy competition among network members is a beneficial necessity.

This study indicates that horizontal collaboration mostly benefits the actors that actively participate in the value co-creation process. However, the benefits achieved on one region indirectly influence the network also in other regions, and hence create value also to the passive actors (Ekman et al. 2016). In the case network, horizontal collaboration is still on an early phase and the activities on value creation and capture predominantly rely on vertical collaboration.

The role of proactive product life cycle services is estimated to grow in the future. In parallel, as the installed base ages, also the need for reactive services is estimated to increase. Therefore, elements like efficient knowledge sharing, fast problem-solving and flexible logistics will further on be important. Collaboration between the service partners already today co-create value on these areas. Even if local presence and physical proximity to the end customers will further on be of high importance, also remote solutions become more common. Hence, the future business models will require new resources and capabilities that partner-to-partner collaboration cross-borders or globally could enable. Based on this study, it is yet too early to conclude what kind of role horizontal collaboration will have.

However, the empirical findings show that once the collaborative foundation for horizontal collaboration is established, it helps the network dynamically reconfigure the

resource base and capabilities to adapt to changes in the business environment. Horizontal collaboration will, for sure, not challenge the importance of vertical collaboration. Nevertheless, it is reasonable to estimate that the capability to collaborate horizontally will become an important capability for the service network in the future.

5.2 Theoretical implications

The theoretical implications of this study are discussed in this chapter. This study both supports and contributes to previous research by offering a few new perspectives.

Firstly, this study contributes to the research on strategic value nets by underlining the intentionality of the network structure and operations and the importance of common, shared goal in the net. The study indicates that in well-defined strategic nets, the managerial power of the core company is reasonably high in terms of value activities in the network. The findings of this study emphasize strategic partner management practices as key tools for intentionally guiding the behavior in the network, and thereby strengthen shared identity and clarify the strategic intent, as proposed by Valkokari (2015). Hence, the findings of this study indicate that strategic nets are manageable.

Secondly, Vesalainen et al. (2017:7) propose to approach networks as coordinated social systems, knowledge creating platforms and value generating entities. The empirical findings of this study identify and confirm that all these three practices are important in network management. The practices that increase social capital are identified essential in creating collaborative culture and building trust. The practices that rely on knowledge, are identified to increase shared learning and guide the behavior in the network. The practices that build on resources are confirmed to co-create value to the network members and the end customers.

Thirdly, this study aligns with the earlier identified common bases for collaborative advantage (Huxham & Vangen 2005:5-7). Access to resource, efficiency, learning, shared

risk and even the moral imperative are identified as motives for horizontal collaboration in the case network. Alone, coordination and seamlessness did not arise as a basis for partner-to-partner collaboration in this study, but obviously could become actual in the future service business models.

Fourthly, the importance of trust in both vertical and horizontal relationships is clearly emphasized in this study, and hence aligns with the existing research on key enablers for collaboration and coopetition. However, this study strongly emphasizes *transparency* as a key element for initiating the process of trust building, creating collaborative culture and balancing competitive tensions between the network members.

Most of the previous research focuses on the main value creation logic or dimension in a strategic net. This study offers a new perspective by researching how a stable network can utilize and adjust its existing resource base to create value through cross-dimensional value activities. The findings of this study give a careful indication that the level of vertical value activities could impact the level of horizontal value activities, yet more studies are needed before further conclusions. Finally, this study contributes to the scholars' call to increase understanding on value co-creation in service networks in B2B context.

5.3 Managerial implications

A few managerial implications arise in this study. As discussed among the theoretical implications, this study confirms that all three cornerstones of social capital, knowledge and resources are important in network management. Especially, in early stages of network activities, nurturing networks as coordinated social systems and knowledge-creating platforms is important in order to build a collaborative culture and gain shared learnings, and hence strengthen the shared identity and clarify the strategic intent of the network.

The findings of this study indicate that the key value creation logic in a strategic network needs to be well-defined before the network is ready for cross-dimensional value activities. Equal and openly communicated partner management programs are key tools to increase transparency in the network. The core company is in a key position to initiate the trust building process and create collaborative culture within the network.

Potentially, horizontal collaboration creates value in multiple ways. Most importantly, it might offer more flexibility and agility in terms of configuration of the network's resources and capabilities. Moreover, horizontal collaboration might enable the network to reach towards mutual strategic intent and decrease unproductive tensions in the network. Once horizontal collaboration is facilitated and the required level of transparency in activities and trust between the actors is found, the management should, in order to enable new knowledge creation and innovation, let the value activities be to some extent self-driven.

5.4 Limitations and suggestions for future research

As this study is a single case study, it has some limitations. The findings base on the single case and represent the sampling within the case. Due to the explorative nature of the study, the researched phenomenon was approached with relatively wide scope without focusing on a specific geographical area, partner profile or value activity. As a result, the study succeeded to gather valuable insight on how horizontal collaboration creates value in a predominantly vertical value net, and to build frames on the researched phenomenon. While some questions were answered, many new questions were raised. The gained overall understanding would offer a good basis to continue researching horizontal collaboration further and deepen understanding by narrowing the scope and focusing on specific areas within the phenomenon.

A value-adding perspective for the further research would be to conduct a longitudinal study that would focus on the service partner network in a specific country or market

and examine how horizontal collaboration influences and changes the network over time. Such longitudinal study would build a natural continuum for this study and could be conducted even in the same case network. While learning more, it would be interesting to extend the research perspective to involve cultural dimensions between countries, or alternatively, focus on specific sizes of enterprises.

Moreover, an important angle for the future research would be to examine more specifically the connection of horizontal collaboration and the customer experience. This perspective was touched also in this study, but not as a primary focus. In order to gain tools for further service business development, it would be useful to approach the phenomenon through service business development and service design methods, and respectively involve also the end customers in the research. The research focus could be narrowed down to a few selected service processes.

Once global activities on horizontal collaboration are implemented, it would be of interest to examine the global collaboration practices from the perspective of new knowledge creation and service innovation.

Finally, as discussed in the motivation of this study, structurally similar value networks exist also in other industries. For instance, horizontal collaboration in franchisee networks could be one perspective. Thus, it would be interesting to study what in general triggers horizontal collaboration and how that is connected to the level of determination and the value creation logic in the value network.

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Appendices

Appendix 1. Interview outline, manufacturer perspective

Introduction

Please introduce yourself, your area of responsibilities and background related to the topic.

Background (This section was repeated only with the first interviewees to gain background understanding.)

1. How many service partners there are today? How many of them are privileged partner program service partners?
2. How has the partner network emerged to its current shape?
3. What kind of different roles the service partners have?

Value of the network: Purpose & choice of operating through external service partners

4. What do you see as the key value for utilizing service partners?
5. What do you see as the key value and motivation for service partners to be service partners / privileged partner program service partners?
6. What is the importance of a network of external service partners?
7. What do you see as the key value of having a network of service partners?

Network collaboration related questions

8. Do you know if there is collaboration between the service partners? On domestic level? Cross-borders?
 - If yes, what kind of?
 - If no, do you know why not? Is it a choice of the service partners not to cooperate with each other?
9. Do you see potential in encouraging service partners to collaborate?

- If yes, why? What kind of collaboration there could be? What kind of benefits could be reached through (increased) collaboration? For the service partner? For you? For the customer?
10. What do you see as pre-requisites to increase collaborative activities? From service partners' side? From your side?
 11. What do you see as barriers for collaboration?
 12. Do you foresee some risks in increased collaboration and interactions between the service partners? If yes, what kind of? If no, why not?

Network management related questions

13. How is the network managed today?
14. What is the typical governance structure between the manufacturer and the service partners?
15. What kind of dialogue there is between the manufacturer and the service partner? Daily/monthly/yearly? Through what methods? Who contacts whom and why?
16. How do you communicate with service partners?
17. How openly can the service partners access the information and tools they need to do their work?
18. Are there some limitations in sharing information & knowledge between you and the service partners? How about between service partners?

Future

19. How has the network been developed in the past years from the manufacturer's perspective? What kind of development plans there are?
20. How do you see the role of the privileged service partners or the service partner network in the future, say 5-10 years?

Appendix 2. Interview outline, service partner perspective

Introduction and background

Please introduce yourself and your area of responsibilities, size of the company, background as a service partner, and operational model with the manufacturer.

Motivation

1. What motivates you to be a service partner? What does it give to you?
2. What does it take to be a service partner? What is expected / required from you?

Service partner network

3. Do you know other service partners? Yes / No
4. If yes, how do you got to know each other? Do you have some collaboration with each other?
5. If yes, what kind of, examples? How did it start? Domestic? International?
6. If no, why not? Do you know the reason, why not?
7. Would you be interested in cooperation with other service partners?
8. Have you ever been to a situation where you would have needed to contact another service partner?
9. If yes, what kind of situation was it and what would you have needed? Have you ever been contacted by another service partner?

Value

10. What does the partner network mean to you?
11. What do you think are the pre-requisites for partner-to-partner collaboration to take place?
12. What kind of benefits could be achieved through partner-to-partner collaboration? To you? The customer? To the case company?
13. Do you see some barriers for collaboration?
14. How about risks?

Communication & Interaction points

15. How do you communicate with the manufacturer? Regularity, methods etc.
16. How do you connect and communicate within the partner network, if you do?

Future

Thinking forward next 5-10 years,

17. How would you anticipate that the service business will change?
18. How about your role as a service partner?
19. How about customer's expectations? What is valued the most by customers today and in the future?
20. What do you think are the main areas to be developed in the service partner network?