

Shuwei Jiang

# **International Coopetitive Business Relationships Between European and Chinese Firms**

Opportunities and Challenges



ACTA WASAENSIA 566



University of Vaasa  
VAASAN YLIOPISTO

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## Tiivistelmä

Coopetition – yritysten välinen samanaikainen yhteistyö ja kilpailu – on tunnistettu strategiseksi lähestymistavaksi, joka voi vahvistaa yritysten kilpailukykyä ja parantaa liiketoiminnan tuloksellisuutta nykyisissä verkottuneissa ja resurssirajoitteisissa liiketoimintaympäristöissä. Vaikka samanaikainen yhteistyö ja kilpailu yritysten välillä tarjoaa ainutlaatuisia mahdollisuuksia, siihen sisältyy myös jännitteitä ja riskejä. Nämä ovat erityisen merkityksellisiä kansainvälisesti toimiville pienille ja keskisuurille yrityksille.

Tämä väitöskirja tutkii coopetitionin moniulotteisuutta tarkastelemalla sen sekä positiivisia että negatiivisia ulottuvuuksia. Tämä tutkimus havainnollistaa selkeästi, kuinka kilpailu-yhteistyösuhteet kehittyvät ja vaikuttavat kohdeyrityksiin sekä niiden verkostoihin eurooppalaisissa yrityksissä, jotka hakeutuvat Kiinan markkinoille ja toimivat siellä. Tutkimus nojaa neljään toisiaan täydentävään tarkastelukulmaan: verkostonäkökulmaan, dynaamiseen näkökulmaan, kansainvälistymiseen ja resurssien vuorovaikutukseen. Empiirinen osuus perustuu laadulliseen monitapaustutkimukseen, jossa analysoidaan, miten coopetition vaikuttaa yrityksiin ja niiden verkostoihin. Aineisto koostuu puolistrukturoiduista haastatteluista, kyselyistä ja muista dokumenteista, mikä vahvistaa analyysin johdonmukaisuutta suhteessa tutkimustavoitteisiin ja parantaa tutkimuksen luotettavuutta.

Tulokset osoittavat, että coopetition sekä organisaatioiden että verkostojen tasolla hyödyttää kohdeyrityksiä ja niiden verkostokumppaneita. Hyötyjä ovat muun muassa teknologinen kehitys, markkinoille pääsy, verkostojen laajentuminen, resurssien jakaminen ja resilienssin vahvistuminen. Lisäksi tämä tutkimus korostaa, ettei coopetition ole staattista, vaan se kehittyy jatkuvasti kontekstuaalisten tekijöiden, kuten suhteiden ja muiden muutosten myötä, mikä johtaa dynaamisiin ja kontekstisidonnaisiin vaikutuksiin. Tutkimus nostaa esiin myös coopetitionin strategisen arvon yritysten suorituskyvyn ja resilienssin vahvistamisessa sekä siihen liittyvät jännitteet ja riskit. Lisäksi tutkimus paljastaa mekanismeja, joiden avulla yritykset voivat hyödyntää saman aikaisen yhteistyön ja kilpailun tarjoamia mahdollisuuksia samalla kun hallitsevat ja lieventävät tilanteeseen liittyviä sisäisiä haasteita.

Avainsanat: coopetition, kansainvälistyminen, verkosto, resurssien vuorovaikutus, yritysten resilienssi, pk-yritykset, Kiinan markkinat.

## Abstract

Coopetition—simultaneous cooperation and competition between firms—has been recognized as a strategic approach that can enhance firms' competitiveness and improve business performance in today's interconnected and resource-constrained business environments. While coopetition offers unique opportunities, it also entails inherent tensions and risks. These issues are particularly relevant for small and medium-sized enterprises operating across international boundaries.

This thesis investigates the multifaceted nature of coopetition by examining both its positive and negative dimensions. It clearly illustrates how cooperative relationships evolve and impact focal firms and their surrounding networks, with a focus on European firms entering and operating in the Chinese market. To do so, it draws upon four distinct but interconnected lenses: the network perspective, the dynamic perspective, internationalization, and resource interaction. The empirical part of the thesis adopts a qualitative multiple-case study approach to examine how coopetition impacts firms and their networks. Data were collected through semi-structured interviews, questionnaires, and company documents, ensuring that the analysis of coopetition aligns with the research objective and the trustworthiness of the study.

The findings reveal that coopetition at inter-organizational and network levels benefits focal firms and their associated network actors. The advantages to be gleaned include technological advancements, market access, network expansion, resource sharing, and improved resilience. Furthermore, the thesis underscores that coopetition is not static but instead continuously evolving under contextual conditions, such as relational changes and emerging disruptions, resulting in dynamic and context-dependent effects. The thesis also highlights the strategic value of coopetition in enhancing firm performance and resilience, as well as the potential tensions and risks it introduces. More importantly, it reveals mechanisms through which firms can harness the opportunities of coopetition while effectively managing and mitigating its inherent challenges.

**Keywords:** coopetition, internationalization, network, resource interaction, firm resilience, SMEs, Chinese market.

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Vaasa, September 2025

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## Abbreviations

EU	European Union
EV	Electric Vehicle
IJV	International Joint Venture
SME	Small and Medium-sized Enterprise

## Publications

- [1] Jiang, S. & Tidström, A. (2024). Coopetitive IJVs – A strategy of managing the internationalisation challenges in China. *European Journal of International Management*, 22(2), 309-336. <https://doi.org/10.1504/EJIM.2024.10061240>. © 2024 Inderscience Publishers. Reprinted with permission.
- [2] Jiang, S. & Laine-Kronberg, A. (2025). The impact of international coopetitive relationships on surrounding vertical networks during Covid-19. *International Journal of Business Environment*, 16(3), 276-305. <https://doi.org/10.1504/IJBE.2024.10063675>. © 2025 Inderscience Publishers. Reprinted with permission.
- [3] Jiang, S. & Laine-Kronberg, A. (2025). Exploring the dynamics of resource interaction in international coopetitive relationships during global crises: A case study between European SMEs and Chinese larger firms of the automotive industry. *International Journal of Globalisation and Small Business*, 15(1), 75-100. <https://doi.org/10.1504/IJGSB.2025.10072763>. © 2025 Inderscience Publishers. Reprinted with permission.



# 1 INTRODUCTION

Firms do not operate in isolation but are embedded in complex business relationships that range from dyadic connections to multidimensional networks (Möller et al., 2020; Siemieniako, 2025). These relational structures are increasingly challenged by a disruptive and turbulent business environment shaped by factors such as resource scarcity, regulatory pressures, technological shifts, and global crises (Prasad, 2023; Siemieniako, 2025; Xia et al., 2024). The impact of these challenges varies depending on firm size (Murphy & Seriki, 2021) and geographic location (Pardo et al., 2022), highlighting the critical and growing strategic importance of managing business relationships effectively for firms to ensure survival and foster growth (Zafari et al., 2023; Prasad, 2023). In this context, it is essential to understand the various forms and strategic implications of inter-organizational relationships, particularly those situated in complex settings where cooperation and competition coexist.

Coopetition, a type of business relationship involving simultaneous cooperation and competition between firms (Bengtsson & Kock, 2000, 2014), has recently attracted increasing interest from both theoretical and practical perspectives (Crick et al., 2024; Czakon et al., 2020; Hani & Dagnino, 2021; McGrath et al., 2025; Ngowi et al., 2025; Zulu-Chisanga et al., 2025). Existing coopetition research has predominantly concentrated on two distinct aspects of this phenomenon: its opportunities and the associated challenges. Studies emphasize the opportunities including strategic advantages and operational benefits coopetition offers firms to enhance their internal capabilities and external market positioning. Prior studies have found several advantages of coopetition, for example its association with improved performance (Amata et al., 2022; Gnyawali & Park, 2011; Meena et al., 2023; Mwesiumo et al., 2023; Ritala, 2012; Sanou et al., 2016; Veiga et al., 2024), access to critical resources (Czakon et al., 2014; Czakon & Czernek, 2016; Prokop & Thompson, 2023; Ritala et al., 2008; Zhang & Li, 2025) and market expansion (Crick & Crick, 2025; Mahdi et al., 2025) as well as. For under-resourced firms, particularly small and medium-sized enterprises (SMEs), coopetition can provide access to otherwise inaccessible resources possessed by competitors (Crick et al., 2023a; Crick & Crick, 2021b; Crick & Crick, 2025; Garri, 2021; Klimas et al., 2021). Operationally, coopetitive relationships enable firms to interact through resource sharing and joint activities that foster innovation (Klimas et al., 2025; Kumar & Dutta, 2017; Le Roy et al., 2022; Liu et al., 2021; Lv et al., 2025; Mirabent et al., 2021), reduce costs and promote competitiveness (Felzensztein et al., 2019; Granata et al., 2018; Han et al., 2024; Kylänen & Rusko, 2011; Mariani & Belitski, 2023) while also providing adaptability and resilience to crises (Chen et al., 2023; Crick & Crick, 2020).

In contrast to the above findings, research also highlights the inherent challenges of coopetition, including tensions, relational conflicts, opportunistic behavior, and competitive imbalances (Bengtsson & Kock, 2014; Chiambaretto et al., 2019; Czakon et al., 2020; Fernandez et al., 2018; Katsaliaki et al., 2024; Tidström, 2014). Coopetition can lead to partner dissatisfaction (Deitz et al., 2010; Park & Ungson, 1997) if competitors exploit the value created (Alvarez & Barney, 2004; McCarter & Northcraft, 2007; Wu et al., 2025). Potential intellectual property leaks to rivals (Bouncken et al., 2018; Chen et al., 2023; Huo et al., 2024) threaten firms' core competitiveness (Liu & Yang, 2022) and prompt companies to over-use protection mechanisms (Bouncken et al., 2018; Chen et al., 2023), which may lead to the breakdown of coopetitive partnerships if not managed carefully (Rajala & Tidström, 2021). Tensions and conflicts between coopetitive partners are also common (Bengtsson et al., 2016; Fernandez & Chiambaretto, 2016; Gernsheimer et al., 2024b; Le Roy et al., 2021; Ólafsdóttir et al., 2024; Rajala & Tidström, 2021) due to geographical and cultural distances (Barrales-Molina et al., 2023; Garraffo & Siregar, 2022; Vanyushyn et al., 2018). An SME is particularly likely to face challenges due to asymmetrical relationships with larger competitors that usually possess greater resources and legitimacy (Gernsheimer et al., 2024a; Lechner et al., 2016; McCarter & Northcraft, 2007). The situation described above can lead an SME to lose control over its resources and jeopardize its survival (Lechner et al., 2016). If these tensions are not addressed, coopetition can result in adverse outcomes for all parties involved (Bouncken et al., 2018; Crick et al., 2025; Gernsheimer et al., 2024b; Tidström, 2014).

Despite the inherent challenges, the opportunities of coopetition do often outweigh the challenges, particularly for firms seeking to leverage external resources, foster innovation, and adapt to rapidly changing environments. Most studies focus on one of these dimensions, but because coopetition is a paradox (Bengtsson & Raza-Ullah, 2016; Brandenburger & Nalebuff, 1996; Ólafsdóttir et al., 2024; Raza-Ullah et al., 2020), both dimensions must be studied simultaneously to provide a holistic understanding of the paradoxical interplay. Accordingly, this dissertation investigates both the positive and negative dimensions of coopetition to provide a comprehensive picture of the nature and mechanisms through which coopetitive relationships generate opportunities and challenges for firms.

Coopetition can occur both horizontally and vertically between dyadic firms or within networks (Bengtsson & Raza-Ullah, 2016; Chai et al., 2020; Chiao et al., 2021; Huo et al., 2024; Peng & Bourne, 2009; Tidström & Rajala, 2016; Zhu et al., 2021). Horizontal coopetition occurs between competitors (Dahl et al., 2016; Gnyawali & Park, 2011; Massari & Giannoccaro, 2021; Wilhelm & Sydow, 2018; Zhou et al., 2024), and vertical coopetition characterizes relationships between buyers and suppliers (Chai et al., 2020; Durach et al., 2020; Huo et al., 2024; Rajala & Tidström, 2021; Soppe et al.,

2014). This dissertation investigates horizontal cooperative relationships (between competing firms) and vertical forms (including suppliers and distributors). Furthermore, the vertical cooperation investigated in this study establishes a network context for cooperation, enriching existing cooperation research that has primarily focused on dyadic relationships (Hani & Dagnino, 2021; Lascaux, 2020; Park et al., 2014; Tang et al., 2024).

Additionally, most studies on cooperation focus on large firms (Bengtsson & Kock, 2000; Crick & Crick, 2021b; Gernsheimer et al., 2024b; Lechner et al., 2016) in domestic markets (Hannah & Eisenhardt, 2018), leaving a gap in understanding cooperation for smaller firms in international contexts, particularly in emerging markets (Chiao et al., 2021; Crick, 2021; Crick & Crick, 2021b; Markovic et al., 2021; Monticelli et al., 2022). The dissertation explores the intersection between cooperation and internationalization (Bouncken et al., 2015; Chiambaretto et al., 2020; Crick & Crick, 2021b; Kallmünzer et al., 2022; Monticelli et al., 2022). Its focus is on how cooperation facilitates the entry of foreign SMEs into the Chinese market. Firms interact within cooperative relationships under varying contexts to access resources to enhance business performance (Bengtsson & Kock, 2000; Crick & Crick, 2021a; Guo et al., 2022; Lee et al., 2023). However, these interactions are not static, and the need to study the dynamics of cooperation has been addressed (Burström et al., 2022; Czakon & Czernek-Marszałek, 2021; Tidström & Rajala, 2016), particularly concerning extreme conditions such as global crisis (Chen et al., 2023; Crick & Crick, 2020; Czakon & Czernek-Marszałek, 2025).

This dissertation focuses on examining the opportunities and challenges of cooperation through four key perspectives: networks, dynamics, internationalization, and resource interactions. These lenses form a multi-dimensional view that captures the complexities of cooperation, thus advancing prior knowledge beyond isolated or dyadic perspectives. Furthermore, combining these lenses is particularly well-suited for analyzing how the paradoxical nature of cooperation—the simultaneous pursuit of cooperation and competition—engenders both opportunities and challenges, thereby fostering a comprehensive understanding of cooperation. The first chosen lens, the network perspective, has attracted an increasing amount of attention in cooperation research (Blanka & Traunmüller, 2020; Monticelli et al., 2022), although it remains underdeveloped (Chou & Zolkiewski, 2018; Crick & Crick, 2021a; Hani & Dagnino, 2021). Existing studies primarily focus on focal firms—those directly engaged in cooperative relationships—while actors within the broader networks, particularly in vertical structures, have received limited attention (Czakon et al., 2014; Golnam et al., 2014; Rajala & Tidström, 2021; Tang et al., 2024). Furthermore, extant research has predominantly examined cooperation among firms operating in the same geographical markets or industries (Basterretxea et al., 2019; Crick & Crick,

2021b; Manzhynski et al., 2025), with limited exploration of networked competition in an international context, especially in emerging markets (Crick & Crick, 2021b; Hani & Dagnino, 2021; Monticelli et al., 2022). Therefore, this study seeks to address this gap by investigating the impact of international cooperative relationships on actors within supply and distribution networks.

Prior competition research incorporating the second lens, dynamics, is limited. While competition is recognized as a dynamic strategy (Devece et al., 2019; Nalebuff et al., 1996; Yoo et al., 2024) that develops progressively over time (Fernandez et al., 2018; Kostis et al., 2024a; Kylänen & Rusko, 2011; Mariani, 2016; Taubeneder et al., 2024), existing studies primarily focus on the evolution of inter-organizational relationships transitioning from either competition (Burström et al., 2022) or cooperation (Tidström & Rajala, 2016) to competition. In other words, these studies examine cooperative relationships between focal firms where the relationships were previously competitive (Burström et al., 2022) or cooperation (Tidström & Rajala, 2016). However, there is relatively little research on the evolution of existing cooperative relationships. Furthermore, these studies predominantly emphasize internal factors, such as joint activities between cooperative actors, while neglecting the external influences on the evolution of cooperative relationships. In particular, firms have been prompted to adjust their business models of collaboration to address extreme and uncertain environments since the COVID-19 pandemic (Chapman, 2020; Chen et al., 2023; The Guardian, 2020; Xia et al., 2024). Accordingly, through the lens of dynamics, this thesis addresses these gaps by adopting a longitudinal approach to investigate how established cooperative relationships evolve and the impact of such developments on both the cooperative firms and their broader networks, particularly within the context of the global crises.

The third lens, internationalization, is extensively studied in marketing and management literature, which primarily focuses on large firms, often neglecting the increasing significance of SMEs. For many SMEs, resource constraints, limited expertise, and challenges in navigating foreign trade practices complicate the internationalization process (Lobo et al., 2020). Forming an international joint venture (IJV) is a key entry strategy for SMEs and offers access to local markets and resources; however, cultural and economic differences complicate managing these partnerships (Jin et al., 2016; Konara & Yang, 2022; Rotsios et al., 2022). While the literature on IJVs predominantly emphasizes firm performance and governance, the cooperative dynamics between partners, where cooperation and competition co-occur, remain underexplored (Jin et al., 2025; Niu et al., 2024; Shu et al., 2017). Research on the cooperative dimensions of IJVs, particularly in the context of SMEs, is limited, highlighting a significant gap in understanding how SMEs can leverage competition to address internationalization challenges and succeed in global markets

(Crick & Crick, 2024b; Nippa & Reuer, 2019). Therefore, through the lens of internationalization, this study examines the impact of coopetition on mitigating internationalization challenges for SMEs.

The fourth lens, resource interaction, is a fundamental aspect of business relationships (Håkansson & Gadde, 2018). Numerous studies suggest that under-resourced firms cooperate to access resources from competitors that would otherwise be inaccessible under individualistic business models (Basterretxea et al., 2019; Kraus et al., 2021). Integrating resources acquired from competitors with a firm's resources is likely to enhance company performance (Crick et al., 2023a; Crick & Crick, 2021b), create customer value, reduce costs (Ekeskär et al., 2022; Massari & Giannoccaro, 2021), and foster innovation (Felzensztein et al., 2019; Granata et al., 2018). Therefore, it is crucial to understand how resources are exchanged and utilized within business relationships (Baraldi et al., 2024; Baraldi & Strömsten, 2006) to strengthen performance and competitive advantage (Baraldi et al., 2024; Penrose, 1959). Despite this, the majority of existing research focuses on the causal relationship between resource access from competitors and the improvement of organizational performance (Bengtsson & Kock, 2000; Crick & Crick, 2021a; Lee et al., 2023), while less attention has been directed toward how firms, particularly SMEs, leverage and combine resources in diverse contextual and empirical settings (Baraldi et al., 2024; Bocconcelli et al., 2020; La Rocca et al., 2019; Prenkert et al., 2019; Ratajczak- Mrozek & Herbec, 2016). This study addresses that research gap by examining the relationship between resources and coopetitive firms and assessing the positive and negative impacts of such interactions.

The selection of the four theoretical lenses of network, dynamics, internationalization, and resource interaction was based on their strong interconnections. The lenses were combined to generate a comprehensive understanding of the complex and paradoxical nature of coopetition. Each lens provides distinct insights, but their integration offers a more nuanced view that no single lens could deliver on its own. Coopetition does not occur in isolation. The network perspective situates coopetition within a broader structure, moving beyond dyadic relationships to consider how coopetition unfolds across vertical and horizontal ties (Bengtsson et al., 2010; Monticelli et al., 2022). These networks form a structural environment in which resources are accessed, exchanged, and recombined, making resource interaction a critical operational mechanism with synergistic opportunities and relational tensions within networked coopetition (Baraldi et al., 2024; Bocconcelli et al., 2020). However, these interactions are not static; coopetitive relationships evolve in reaction to internal changes and external disruptions. The dynamic lens captures this temporal dimension by addressing how coopetitive relationships evolve over time and in response to external disruptions

such as global crises (Crick & Crick, 2020; Katsaliaki et al., 2024; Tidström & Rajala, 2016). The internationalization lens binds these perspectives together within the specific context of cross-border business where firms, especially resource-constrained SMEs, must navigate entry into complex foreign markets like China, with their pronounced cultural, institutional, and operational challenges (Crick & Crick, 2021b; Monticelli et al., 2022). Accordingly, these lenses offer an integrated framework that reflects the structural (network), temporal (dynamic), contextual (internationalization), and operational (resource interaction) aspects of coopetition. The multi-lens approach is essential for capturing the multifaceted and paradoxical nature of coopetition, enabling a holistic exploration of both its opportunities and inherent tensions.

The contribution of this dissertation is threefold. First, it advances coopetition research by comprehensively analyzing the positive and negative dimensions of this paradoxical business relationship. Second, it enriches the study of coopetition by incorporating multiple theoretical perspectives and diverse practical contexts. Third, it provides novel insights into how firms can manage the challenges inherent in cooperative relationships. Overall, this dissertation offers insights to enhance the understanding of coopetition by exploring its opportunities and challenges for firms and network actors engaged in resource interactions, as well as the strategies for managing coopetition within dynamic and emerging market contexts (Baraldi et al., 2024; Bocconcelli et al., 2020; La Rocca et al., 2019; Prenkert et al., 2019; Ratajczak-Mrozek & Herbeć, 2016).

## 1.1 Research questions and study objectives

This dissertation examines the dual effects of coopetition on firms operating internationally, encompassing both opportunities and challenges. Specifically, the thesis examines how coopetition dynamics affect firms by balancing benefits and risks across various contexts. Four sub-questions were devised to investigate the issue comprehensively, with each targeting a distinct aspect of coopetition's impact:

RQ1: How does dyadic coopetition affect the surrounding international networks?

RQ2: How does the evolution of international cooperative relationships shape firms' responses to global crises?

RQ3: How does coopetition impact the internationalization of SMEs?

RQ4: How do resources interact in facilitating the development of firms' cooperative relationships?

This dissertation examines the phenomenon of coopetition through four theoretical lenses to achieve the research objectives and answer the research questions. Those lenses are networks, dynamics, internationalization, and resource interaction. The study integrates multiple cases and diverse data sources to enrich the analysis and deepen the understanding of these dimensions. The multiple-case study approach, widely used in studying business relationships (Easton, 2010), facilitates the discovery of common patterns across selected cases within the same context (Cooper & Schindler, 2006; Eriksson & Kovalainen, 2016; Saunders et al., 2016). Drawing on qualitative data primarily from interviews, supplemented by written documents, this study offers an in-depth exploration of how the dynamics of international coopetition influence focal firms and their surrounding networks. Table 1 summarizes the three articles, illustrating how each article addresses the research questions and contributes to the study's objectives.

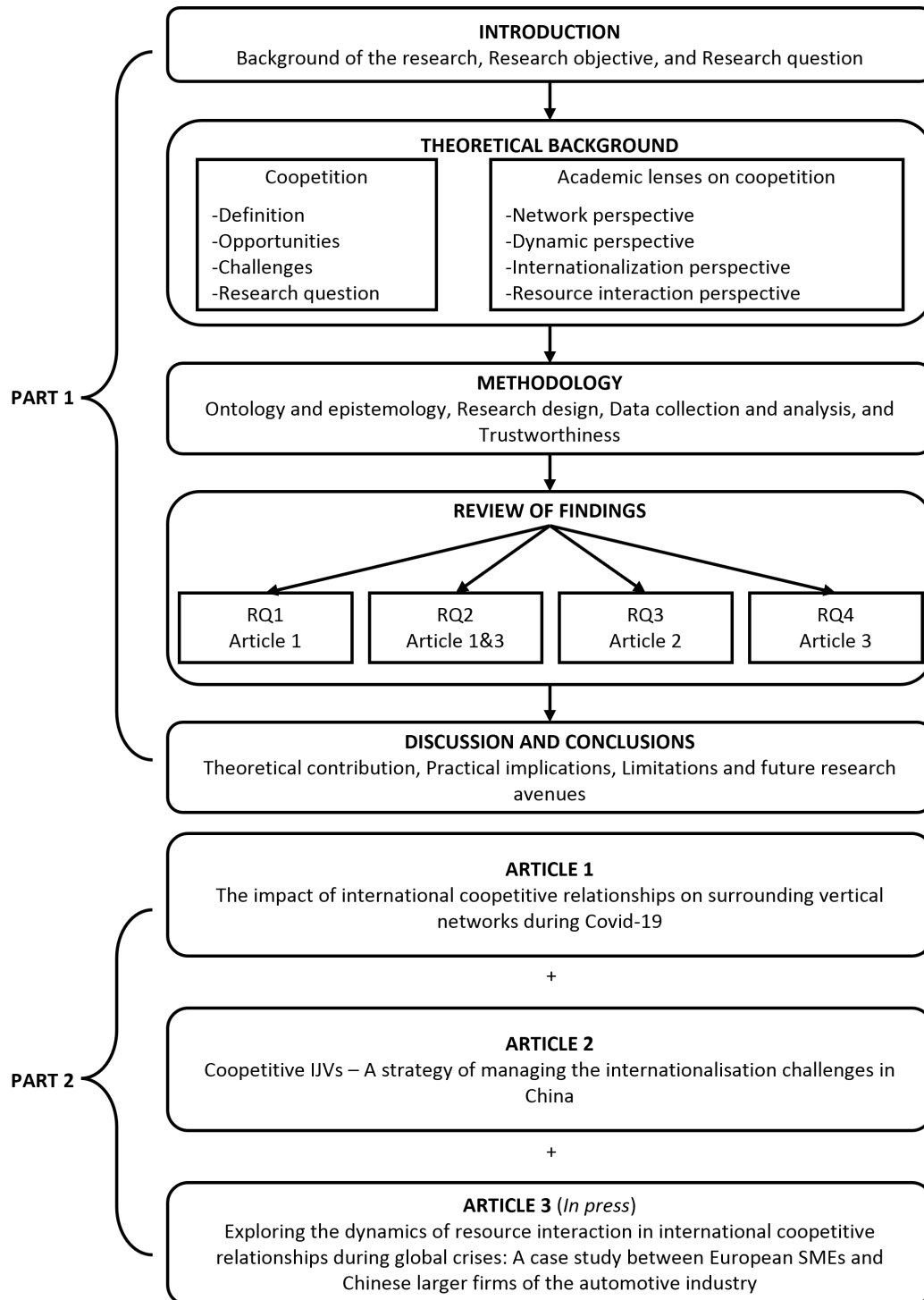
**Table 1.** Summary of the articles

	Perspective	Method	Material	Research question
<b>Article 1</b>	Network & Dynamics	Multiple- case study	31 Interviews	RQ1 & RQ2
			3 Responses to an open- ended questionnaire	
			Written document	
<b>Article 2</b>	Internationalization	Multiple- case study	21 Interviews	RQ3
			Written document	
			34 interviews	
<b>Article 3</b>	Resource Interaction & Dynamics	Multiple- case study	3 Responses to an open- ended questionnaire	RQ2 & RQ4
			Written document	

## 1.2 Structure of the dissertation

This dissertation is divided into two main parts, as shown in Figure 1. The first comprises five sections, while the second comprises reprints of three articles. The first section introduces the background and objectives of the dissertation. The second section outlines the theoretical framework of the study, followed by the third section, which details the methodological choices. The fourth section provides summaries of the articles, and the final section discusses the individual and overall academic and managerial contributions of the articles to coopetition research. Additionally, it

addresses the study's limitations and offers suggestions for future research. The second part consists of the three articles on which this dissertation is based.



**Figure 1.** Structure of the dissertation

## 2 THE THEORETICAL BACKGROUND OF COOPETITION

This chapter presents the theoretical background of the thesis. It begins with a review of coopetition and then considers four perspectives to enrich the research on coopetition.

### 2.1 Concept of coopetition

The term *coopetition*, a neologism coined toward the end of the twentieth century, emerges from the fusion of *cooperation* and *competition*. Although this paradoxical interplay of simultaneous cooperation and competition has long been observed, attempts to formally conceptualize it are more recent (Fernandez et al., 2018). The notion of coopetition first emerged in the business domain during the 1990s, notably within the information technology sector (Brandenburger & Nalebuff, 1996). Subsequently, it evolved into an academic concept and garnered significant interest from the academic community in the early 2000s (Fernandez et al., 2018). Various definitions have been proposed to describe this phenomenon from different perspectives and scopes (see Table 2).

**Table 2.** Definition of coopetition

Research work	Definition
Bengtsson and Kock (1996)	A relationship between competitors that consists of two visible elements: cooperation and competition.
Bengtsson and Kock (2000)	A situation where a firm is simultaneously involved in both cooperative and competitive interactions with the same competitor in the same product area.
Bengtsson et al. (2010: 200)	<i>"... a process based upon simultaneous and mutual cooperative and competitive interactions between two or more actors at any level of analysis (whether individual, organizational, or other entities)."</i>
Ritala et al. (2014)	Collaboration between competing firms.
Bengtsson and Kock (2014: 182)	<i>"... a paradoxical relationship between two or more actors simultaneously involved in cooperative and competitive interactions, regardless of whether their relationship is horizontal or vertical."</i>
Gnyawali and Charleton (2018: 2513)	<i>"... simultaneous competition and cooperation among firms with value creation intent."</i>

Despite the diversity among these academic definitions, a common thread is the acknowledgment of concurrent cooperation and competition within the same business relationships. Nevertheless, notable differences persist. Bengtsson and Kock (1996, 2000) and Ritala et al. (2014) emphasize cooperative dynamics among competing firms. In contrast, Bengtsson et al. (2010) and Bengtsson and Kock (2014) expand this scope, moving beyond a narrow focus on competing entities to encompass actors across multiple levels of analysis. Bengtsson and Kock (2014) propose a broader view of defining cooperation within business relationship networks, including horizontal and vertical dimensions. Gnyawali and Charleton (2018) expand the definition by including firms' motivation to establish relationships. This dissertation adopts the definition advanced by Bengtsson and Kock (2014), as it encompasses a wider array of actors interacting with focal firms, including competing firms at the horizontal level, serving as the focal cooperative entities, alongside suppliers and distributors at the vertical level. This comprehensive framework aligns more closely with the objectives of this study.

Research on cooperation reveals the multifaceted presence of cooperation on a range of levels (Raza-Ullah et al., 2014), including intra-organizational (An et al., 2020; Enberg, 2012; Homburg et al., 2024; Luo et al., 2006; Tsai, 2002; Zheng et al., 2024), inter-organizational (Devece et al., 2019; Fernandez et al., 2014; Letcher et al., 2022; Peng et al., 2018; Raza-Ullah, 2020), and network dimensions (Bengtsson & Kock, 2000; Cheah, 2019; Manzhynski et al., 2025; Peng & Bourne, 2009; Peng et al., 2012; Tang et al., 2024; Zhu et al., 2021). Within that framework, cooperation manifests in distinct forms, that is, horizontal cooperation occurs between competitors (Dahl et al., 2016; Gnyawali & Park, 2011; Massari & Giannoccaro, 2021; Wilhelm & Sydow, 2018; Wu et al., 2025; Zhou et al., 2024) and vertical cooperation characterizes relationships between buyers and suppliers (Chai et al., 2020; Durach et al., 2020; Rajala & Tidström, 2021; Soppe et al., 2014; Tang et al., 2024; Yang, 2024). Prior cooperation literature has predominantly focused on the inter-organizational level, particularly emphasizing firms competing horizontally, underscoring the complexity of cooperative interactions within a broader landscape (Rajala & Tidström, 2021; Yang, 2024).

Building upon this foundation permits the further examination of cooperation by adopting dyadic and network perspectives (Bengtsson & Raza-Ullah, 2016; Choi & Wu, 2009; Dorn et al., 2016; Monticelli et al., 2022; Tang et al., 2024; Tidström, 2008; Yang, 2024), which situate focal cooperative actors within a broader relational context (McGrath et al., 2019). Firms operate within a value net (Brandenburger & Nalebuff, 1996), interacting with other actors along the same value chain (Chim-Miki et al., 2024; Ritala et al., 2014) or across an expansive value network (Brandenburger & Nalebuff, 1996). These cooperative and competitive dynamics frequently involve

multiple actors embedded in a complex networked environment (Czakon & Czernek, 2016; Damayanti et al., 2017; Durach et al., 2020; Rusko, 2014), thereby extending the inter-organizational focus to embrace a more holistic understanding of relational interplay across diverse structural levels.

Moreover, the study of coopetition has been approached from various academic perspectives, notably game theory and the resource-based view (Meena et al., 2023). Brandenburger and Nalebuff (1995, 1996) use game theory (Devece et al., 2019; Ritala & Hurmelinna-Laukkanen, 2009) as a launch point from which to conceptualize coopetition as a strategic interaction where competing firms collaborate to expand the market (*“create a bigger pie”*) and subsequently compete to divide the market (*“share the pie”*), also known as value creation (the positive-sum logic) and value appropriation (the zero-sum logic) (Bouncken et al., 2020c; Chim-Miki et al., 2024; Luo, 2008; Ritala & Tidström, 2014; Rodríguez et al., 2024). Essentially, coopetition allows firms to concurrently cooperate and compete by adhering to the principles of value creation and value capture (Lavie, 2007; MacDonald & Ryall, 2004). In a coopetitive arrangement, firms amalgamate similar and/or complementary resources to generate collective value for all partners and/or specific firm-level value (Bouncken et al., 2020a, 2020c; Chim-Miki et al., 2024; da Silva & Cardoso, 2025); subsequently capturing a portion of this value as returns on their contributions (Bouncken et al., 2020b, 2020c; Chim-Miki et al., 2024; Ritala & Tidström, 2014; Rodríguez et al., 2024).

Another influential theory in the realm of coopetition is the resource-based view (RBV), which posits that a firm's performance is shaped by its distinct resources and capabilities. According to this framework, a firm's success hinges on its capacity to recognize and cultivate resources and capabilities (Barney, 1991; Penrose, 1959). Barney (1991) characterizes such distinct resources as valuable, rare, imperfectly imitable, and nonsubstitutable. These qualities enable firms to achieve and maintain competitive advantages. For SMEs, they signal a well-developed ability to learn and to reallocate resources more rapidly than larger organizations (Maiti et al., 2022). However, despite this agility, SMEs are constrained by the availability of resources, and they cannot leverage what they do not possess (Gernsheimer et al., 2024a; Rynarzewska et al., 2024). Coopetition allows SMEs to engage in cooperative arrangements with competitors as a strategy to access scarce resources while simultaneously sharing their own (Beckmann et al., 2021). This interplay between competition and collaboration underscores the adaptive strategies available to SMEs to navigate resource limitations within the RBV framework (Gernsheimer et al., 2024a; Rynarzewska et al., 2024).

### 2.1.1 Opportunites of coopetition

Competing firms often share analogous knowledge, market vision, and complementary resources, facilitating collaborative value creation that surpasses individual efforts (Bengtsson & Kock, 2000; Chim-Miki et al., 2024; Gnyawali & Park, 2009; Quintana-García & Benavides-Velasco, 2004; Ritala & Hurmelinna-Laukkanen, 2009; da Silva & Cardoso, 2025). This collaboration can enhance learning (Katsaliaki et al., 2024b; Ritala & Hurmelinna-Laukkanen, 2009; Tran, 2025; Tsai, 2002), foster innovation (Bengtsson & Kock, 2014; Bouncken et al., 2018; He et al., 2024; Le Roy et al., 2022; Mirabent et al., 2021; Quintana-García & Benavides-Velasco, 2004; Santos et al., 2021; Vătămănescu et al., 2022; Zheng et al., 2024), and improve firm performance (Berbegal-Mirabent et al., 2021; Bouncken et al., 2024; Crick & Crick, 2024a; Gnyawali & Park, 2011; Manzhynski et al., 2025; Pellegrin-Boucher et al., 2013; Ritala, 2012; Sanou et al., 2016).

Research indicates that under-resourced firms engage in coopetition to access rivals' resources (Czakov et al., 2014; Czakov & Czernek, 2016; Gernsheimer et al., 2024a; Luo, 2007; Prokop & Thompson, 2023; Ritala et al., 2008; Zhang & Li, 2025), which would be otherwise unattainable under individualistic business models (Basterretxea et al., 2019; Kraus et al., 2021), or difficult to secure (Ritala et al., 2014). A firm that can integrate resources acquired from rivals with its own can reduce costs (Massari & Giannoccaro, 2021), create customer value (Felzensztein et al., 2019; Granata et al., 2018) and advance market expansion (Crick & Crick, 2025; Mahdi et al., 2025) that spurs organizational success (Crick & Crick, 2021b; Crick et al., 2023a). The resource utilization process can be either a scale type aiming to achieve economies of scale through similar resource inputs or a link type targeting creating synergies from combining complementary resources (Hennart, 1988). Furthermore, coopetition also equips firms with the adaptability to navigate crises, such as the COVID-19 pandemic, thus ensuring resilience in an uncertain environment (Crick and Crick, 2020; Czakov & Czernek-Marszałek, 2025; Zhang & Li, 2025).

### 2.1.2 Challenges of coopetition

While coopetition offers numerous opportunities to firms, it can also encourage opportunistic behavior, tensions, and conflicts (Bengtsson et al., 2016; Fernandez & Chiambaretto, 2016; Gernsheimer et al., 2024b; Gnyawali & Park, 2009; Rajala & Tidström, 2021; Tidström, 2014; Tidström et al., 2018), and challenges related to geographical and cultural distance (Barrales-Molina et al., 2023; Garraffo & Siregar, 2022; Vanyushyn et al., 2018). A significant concern is value appropriation, where firms seek to capture more value, often leading to tensions (Fernandez & Chiambaretto, 2016; Fernandez et al., 2014; Tidström, 2014), dependence (Afuah,

2000), and opportunistic behavior (Bouncken & Fredrich, 2012; Gernsheimer et al., 2024b; Gnyawali & Park, 2009). Such competitive actions (Fernandez et al., 2014; Gnyawali & Park, 2009; Gnyawali et al., 2006; Ritala & Hurmelinna-Laukkanen, 2009) frequently revolve around customers, whereas collaborative value creation behaviors are often situated at a distance from customer interfaces (Bengtsson & Kock, 2000; Bouncken et al., 2015; Rajala & Tidström, 2021; Ricciardi et al., 2022; Ryu et al., 2020; Xu & Hao, 2021). In this context, competitors may also exploit created value (Alvarez & Barney, 2004; McCarter & Northcraft, 2007; Wu et al., 2025), benefiting disproportionately from joint efforts and diminishing overall cooperation dissatisfaction (Deitz et al., 2010; Park & Ungson, 1997).

Another critical challenge is the issue of knowledge leaking and being misused (Huo et al., 2024; Ilvonen & Vuori, 2013; Mirabent et al., 2021), which can be particularly significant when it concerns intellectual property flowing to competitors (Bouncken et al., 2018; Chen et al., 2023). Such knowledge leaks can compromise a firm's core competitiveness (Liu & Yang, 2022) and prompt organizations to restrict resource sharing or implement protective measures, both legal and informal, to safeguard their interests (Bouncken et al., 2018; Chen et al., 2023). However, overly restrictive measures can disrupt cooperation (Rajala & Tidström, 2021). An SME, in particular, will often have to navigate an asymmetric scenario where larger competitors possess significantly greater legitimacy, reputation, experience, and resources (Lechner et al., 2016; McCarter & Northcraft, 2007). This imbalance can force SMEs to relinquish control over their resources, which endangers their performance and survival prospects (Lechner et al., 2016). If left unaddressed, these paradoxical forces have adverse outcomes (Bouncken et al., 2018; Crick et al., 2025; Crick & Crick, 2020; Gernsheimer et al., 2024b; Tidström, 2014).

In summary, coopetitive firms are required to engage in close interactions both with each other and with surrounding networks to access essential resources, thereby enhancing their competitiveness in the international arena (Crick & Crick, 2024b; Guo et al., 2022; Hagedoorn & Schakenraad, 1994; Kafi & Fatemi Ghomi, 2014; Lee et al., 2023; Nair et al., 2011; Rusko, 2014; Sanou et al., 2016). It is crucial to examine resource interactions within coopetitive relationships, as well as between focal coopetitors and their broader networks (Bengtsson et al., 2010; Chiao et al., 2021; Crick & Crick, 2021b; Lascaux, 2020; Markovic et al., 2021; Monticelli et al., 2022; Park et al., 2014; Tang et al., 2024; Yang, 2024). Moreover, given that coopetition is dynamic rather than static, it is crucial to investigate the evolving nature of cooperative relationships and how these developments impact firms and their networks, both positively and negatively (Baraldi et al., 2024; Bocconcelli et al., 2020; Chen et al., 2023; Crick & Crick, 2020; Elgazzar, 2021; Huo et al., 2024; La Rocca et al., 2019; Prektert et al., 2019; Sodhi & Tang, 2021). Accordingly, the conceptual

framework of this dissertation centers on the phenomenon of coopetition among international competitors, examining its opportunities and challenges for focal firms and various actors within vertical networks over time.

## 2.2 The network perspective on coopetition

From a business network perspective, research on coopetition can be divided into two primary categories. The first category, inter-network coopetition, refers to interactions between two or more networks of firms involved in coopetition (Cheah, 2019; Czakon & Czernek, 2016; Mariani, 2016; Peng & Bourne, 2009; Zhu et al., 2021). The second category focuses on coopetition among multiple parties within the same network, which can be vertical, involving supply-chain relationships (Chai et al., 2020; Durach et al., 2020; Huo et al., 2024; Tang et al., 2024; Tidström & Rajala, 2016; Yang, 2024), or horizontal, involving competitors within the same industry (Chiao et al., 2021; Monticelli et al., 2022; Ritala et al., 2008; Sanou et al., 2016; Song & Lee, 2012; Wu et al., 2025; Zhou et al., 2024).

Both vertical and horizontal coopetition involve firms with diverse resource profiles, facilitating access to varied information, knowledge, and resources (Crick & Crick, 2024b; Gnyawali & Madhavan, 2001; Guo et al., 2022; Lee et al., 2023; Sanou et al., 2016). That factor enables firms to share knowledge, expand markets, and develop technologically (Bengtsson et al., 2010; Crick & Crick, 2025; Dahl, 2014; Mahdi et al., 2025). While dyadic coopetition is suited for incremental improvements, collaboration with multiple partners can foster radical technological advancements (Yami & Nemeh, 2014). Della Corte and Sciarelli (2012) also emphasize a chain-reaction mechanism where firms leverage the relational network of cooperative partners to form new business connections.

Engaging with multiple actors within the same industry allows firms to benchmark strategic actions, market positions, and technological developments against their competitors and partners (Sanou et al., 2016). This benchmarking can provide a competitive edge in environments characterized by technological and environmental disruptions (Hagedoorn & Schakenraad, 1994; Zaheer & Zaheer, 1997). Coopetition can generate collective value for the parties, including competitors (Rusko, 2014), and particularly within supply chains (Kafi & Fatemi Ghomi, 2014; Klein et al., 2007; Nair et al., 2011; Rusko, 2011). For instance, a buyer facilitating coopetition between two suppliers can enhance the supply chain through joint technology or product development, with competition driving down costs and improving quality (Wu et al., 2010). Expanding the network to include other competing buyers and suppliers can

further dynamize coopetition (Peng & Bourne, 2009; Rajala & Tidström, 2021; Taubeneder et al., 2024).

Despite its significance, research on coopetition from a network perspective has mainly focused on focal firms in cooperative relationships (Hani & Dagnino, 2021; Rajala & Tidström, 2021; Tang et al., 2024), with less attention paid to closely connected actors. Scholars advocate for a more comprehensive exploration of coopetition from a network perspective, particularly in international contexts and emerging markets (Bengtsson et al., 2010; Chiao et al., 2021; Crick & Crick, 2021b; Lascaux, 2020; Markovic et al., 2021; Monticelli et al., 2022; Park et al., 2014).

### 2.3 The dynamic perspective on coopetition

Coopetition research has evolved significantly in recent years, particularly in its understanding of the dynamic nature of the subject (Kostis et al., 2024). Scholars have begun to abandon static views of coopetition and instead embrace its evolution (Bengtsson & Raza-Ullah, 2025; Efrat et al., 2022; Hoffmann et al., 2018; Monticelli et al., 2023). Some studies have focused on the balance of dynamic interplay between cooperation and competition within various organizational contexts, enabling firms to achieve beneficial outcomes (Katsaliaki et al., 2024; Taubeneder et al., 2024; Yu et al., 2023). A key area of inquiry has been coopetition within supply-chain structures. Studies have examined how coopetition operates in buyer-supplier relationships to enhance efficiency and innovation (Bakshi & Kleindorfer, 2009; Dyer & Nobeoka, 2000) and optimize logistics operations and supply-chain interactions (Choi & Hong, 2002; Wilhelm & Sydow, 2018). While prior studies have recognized the important role of dynamics within cooperative relationships, there is limited empirical evidence on how these relationships evolve, particularly in highly competitive markets (Bengtsson & Raza-Ullah, 2016; Katsaliaki et al., 2024; Meng et al., 2023). Lin and He (2019) called for a longitudinal approach to trace the evolution of coopetition, particularly during the critical phases of formation and operation (Czakoń et al., 2020). Recent studies have also linked different organizational aspects, such as financial and structural governance, to the stability of coopetition and resilience capabilities against external disruptions and environmental uncertainties (Katsaliaki et al., 2024; Li et al., 2021; Wang et al., 2022).

Despite these advances, research on the broader relational context, including complex value networks beyond dyadic relationships, remains scarce (Andrevski & Miller, 2022; Hoffmann et al., 2018; Huo et al., 2024). Additionally, the effects of organizational structures on the long-term stability of coopetition and firm resilience warrant deeper investigation (Durach et al., 2020; Li et al., 2021). A key focus is now

on how cooperative relationships are effectively managed and evolved to mitigate the challenges of global disruption, especially since the COVID-19 crisis (Crick & Crick, 2020; Durach et al., 2020; Li et al., 2021; Meng et al., 2023). Environmental disruptions, such as the COVID-19 pandemic, alter the market landscape, yet the literature offers little insight into how such shocks reshape cooperative relationships and how cooperation adjusts to them (Katsaliaki et al., 2024; Kostis et al., 2024; Zang et al., 2022).

The COVID-19 pandemic spurred firms to adapt their business models by fostering deeper collaboration with competitors, a trend driven by the significant economic impacts of the crisis (Chapman, 2020; The Guardian, 2020) and the long-term challenges of survival and development (Xia et al., 2024, 2022). However, knowledge regarding how firms can strengthen their resilience through resource interaction in cooperative relationships under global crises remains limited (Chen et al., 2023; Crick & Crick, 2020). Given that the COVID-19 pandemic catalyzed cooperation strategies, it is essential to explore the dynamics of cooperation in extreme contexts (Crick & Crick, 2020), especially concerning B2B relationships between firms in emerging and developed markets (Markovic et al., 2021).

## 2.4 The internationalization perspective on cooperation

Emerging markets, such as China, present unique opportunities and challenges for firms venturing beyond their home country. The challenges of internationalization can be broadly classified into macro- and micro-level issues (Brouthers et al., 2003, 2008; Hu et al., 2024; Kogut, 1988a; Konara et al., 2020; Larimo et al., 2016; Liu et al., 2020a; Nippa & Reuer, 2019; Rana & Elo, 2017). These challenges span economic, political, industrial, financial, sociocultural, and individual dimensions (Chi & McGuire, 1996; Hu et al., 2024; Krishnan et al., 2006; Lu & Hébert, 2005; Mendy & Rahman, 2019; Ochieng et al., 2024; Puck et al., 2013). Certain country-level risks, such as economic and political instability, are beyond the control of firms and tend not to influence entry-mode decisions or ongoing operations heavily (Benito, 1997; Brouthers, 2013; Meschi, 2005; Meschi & Riccio, 2008; Pla-Barber et al., 2011; Ramírez-Hurtado et al., 2018), whereas other factors exert a substantial impact on the success of internationalization efforts.

Institutions within emerging markets often court cooperation, which can drive increased internationalization (Monticelli et al., 2018). This phenomenon, typically observed within the same industry, is pivotal for market entry (Bengtsson & Kock, 2014; Gnyawali & Park, 2009; Luo & Rui, 2009). Cooperation enhances internationalization by expanding market size, improving competitive positioning,

capturing additional market share, sharing costs, and facilitating access to new customers (Crick & Crick, 2025; Epede & Wang, 2023; Felzensztein et al., 2019; Jankowska, 2011; Kallmünzer et al., 2022; Mahdi et al., 2025; Ritala & Hurmelinna-Laukkanen, 2009; Ritala et al., 2014). Coopetition can also streamline entry into foreign markets by pooling resources for joint sales, aftersales services, and distribution networks (Basterretxea et al., 2019; Devece et al., 2019; Kock et al., 2010). For SMEs, coopetition becomes an attractive strategic alternative because they often face substantial resource constraints in foreign markets, such as China (Bengtsson & Johansson, 2014; Devece et al., 2019; Epede & Wang, 2023; Gnyawali & Charleton, 2018; Gnyawali & Park, 2011; Monticelli et al., 2025).

However, SMEs must also contend with the challenges of competitive foreign environments and internal resource and capabilities limitations (Kraus et al., 2017; Lobo et al., 2020). These factors influence firms' decisions regarding how and whether to pursue internationalization (Brouthers et al., 2003). When exploring international opportunities, firms typically choose between creating wholly owned subsidiaries, mergers and acquisitions (M&As), contractual agreements (CAs), or international joint ventures (IJVs) (Pla-Barber et al., 2011; Yiu & Makino, 2002). The selection of an entry mode typically depends on striking a balance between control and resource commitment (Anderson & Gatignon, 1986; Cespedes, 1988). Scholars have been particularly drawn to studying IJVs owing to their ability to mitigate control conflicts and address partner interests (Luo et al., 2008; Shu et al., 2017). Coopetition within those ventures offers firms greater flexibility in managing environmental uncertainties and enhancing performance (Shu et al., 2017). A deeper understanding of the intersection between coopetition, IJVs, and the internationalization challenges facing SMEs in China is essential for assessing how these firms address the challenges of foreign markets (Crick & Crick, 2024b; Nippa & Reuer, 2019).

In conclusion, while firms seek internationalization to capitalize on growth opportunities in foreign markets, they face numerous challenges, particularly in dynamic and competitive environments such as China. Coopetition, especially in the context of IJVs, offers a strategic solution by leveraging shared resources and capabilities. Further research is warranted to elucidate the mechanisms and advantages of coopetition, particularly in supporting the internationalization of SMEs through IJVs in emerging markets.

## 2.5 The resource interaction perspective on coopetition

Resource interaction is “the processes of combination, recombination, and co-development of resources that happen through the interaction among organizations” (Baraldi et al., 2012, p. 266). This perspective emphasizes that resources are heterogeneous (Penrose, 1959), inherently dynamic (Håkansson & Snehota, 1995), and context-dependent (Baraldi et al., 2012). Business network research posits that valuable resources for one firm are often controlled by another, necessitating the establishment of inter-firm relationships to access such resources (Lenney & Easton, 2009; Zaefarian et al., 2011). The utility and exchangeability of resources within these relationships determine their value (Ford, 2011; Prenkert et al., 2019), with network context influencing this value (Prenkert et al., 2019). Accordingly, examining how resources are combined over time aids in understanding longitudinal changes in resource interaction (Baraldi et al., 2012, 2024; Bocconcelli et al., 2020).

Resource interaction has garnered attention across various fields, including entrepreneurship (Drummond et al., 2022; Glinka et al., 2023), innovation (Håkansson & Waluszewski, 2002; Nhu Laursen & Houman Andersen, 2023; Silvestri et al., 2022), supply-chain management (Araujo et al., 2016; Tunisini et al., 2023), and sustainability (Wagrell et al., 2022). Scholars advocate for further research across diverse contexts to deepen understanding (Baraldi et al., 2024; Bocconcelli et al., 2020). The business network approach recognizes the heterogeneous nature of resources, asserting that their value depends on their combination with other resources within external relationships (dos Santos et al., 2020). Early research categorized resources as physical, financial, or human (Håkansson, 1987), evolving into the comprehensive four-resource (4R) model (Håkansson & Waluszewski, 2002). Other relationships influence these elements, encompassing past experiences and future expectations (Ford et al., 2003). The 4R model provides a framework for categorizing, mapping, and analyzing resource interactions through inter-organizational development processes (Silvestri et al., 2022), making it a suitable approach for this study.

Under-resourced firms often engage in coopetition to access rivals’ resources, thereby improving performance, creating customer value, and conserving costs (Massari & Giannoccaro, 2021) while also boosting innovation (Basterretxea et al., 2019; Kraus et al., 2021; Ritala et al., 2014). However, coopetition brings challenges, including partner dissatisfaction (Deitz et al., 2010; Park & Ungson, 1997), exploitation by competitors (Alvarez & Barney, 2004; McCarter & Northcraft, 2007; Wu et al., 2025), and threats to intellectual property (Bouncken et al., 2018; Chen et al., 2023; Huo et al., 2024). Firms may limit resource sharing or employ protection

mechanisms, risking the cessation of cooperation if it is not managed carefully (Rajala & Tidström, 2021). An SME will often be in an asymmetric relationship with a larger rival, which jeopardizes its performance and survival (Lechner et al., 2016). These paradoxical forces can have adverse outcomes (Bouncken et al., 2018; Crick et al., 2025; Gernsheimer et al., 2024b).

These issues highlight the complex nature of resource interaction in coopetition, where opportunities coexist with risks. As such, a nuanced understanding of how resources are shared, utilized, and protected within cooperative relationships is essential.

## 2.6 Summary: Viewing coopetition through four lenses

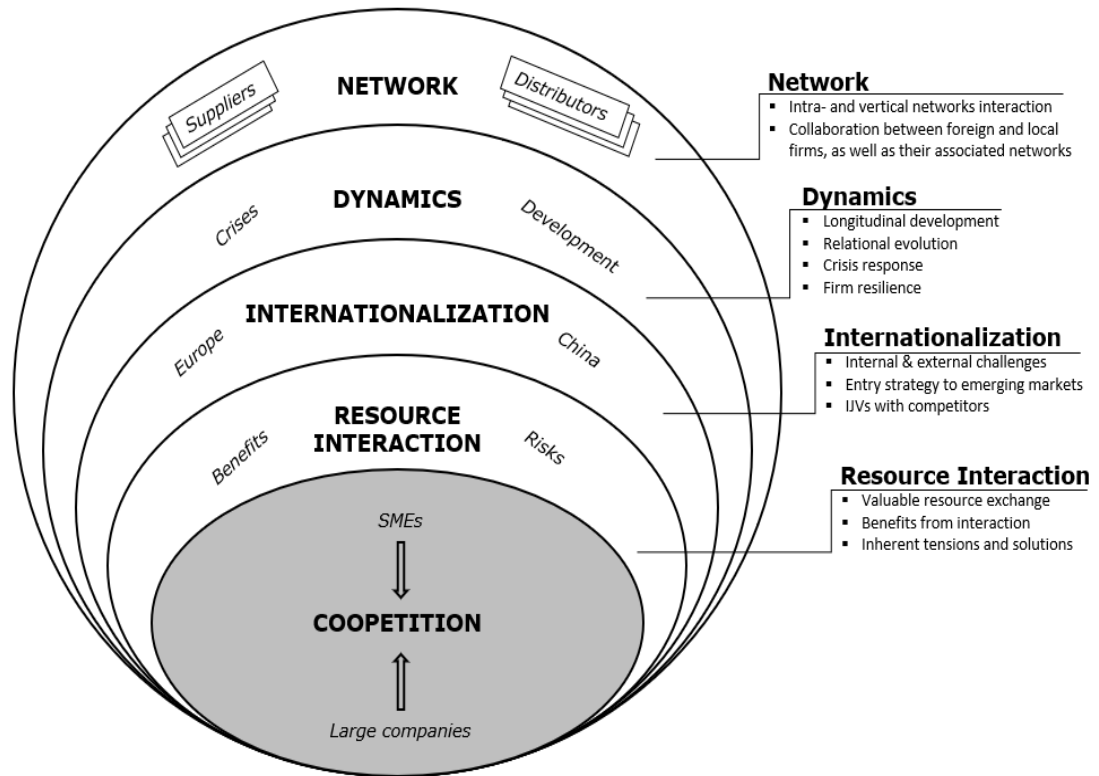
This thesis enriches coopetition research by studying it through four lenses: the network perspective, the dynamic perspective, internationalization, and resource interaction. The method makes it possible to investigate the impact of coopetition on both focal firms and extended networks of actors via a longitudinal view. The first lens examines coopetition from a network perspective. While network perspectives vary, such as inter-network versus intra-network and vertical versus horizontal networks, cooperative relationships in networks bring together a larger group of actors to optimize collaboration between focal firms and their associated networks. This thesis mainly focuses on intra- and vertical networks in international contexts, which remains an underexplored area in extant coopetition research.

The second lens explores the impact of cooperative relationships from a dynamic perspective. Existing research emphasizes that coopetition evolves rather than emerging instantaneously, particularly during global crises. Participation in cooperative relationships affects the focal firms and their broader networks, especially in response to global crises. Firms are compelled to adopt innovative and growth-oriented strategies to manage the development of these relationships, thereby enhancing organizational resilience in the face of significant disruptions.

The third lens is based on the internationalization perspective, emphasizing that coopetition is pivotal in navigating the complexities of emerging markets, such as China. Coopetition enables companies to overcome entry barriers by expanding market size and enhancing competitive positioning. This approach is particularly beneficial in IJVs, where firms can pool resources to establish joint sales and distribution networks to manage the challenges associated with foreign market entry. For SMEs, coopetition offers a strategic alternative to address internationalization challenges by fostering flexibility, enhancing market access, and mitigating environmental uncertainties.

The fourth lens investigates resource interaction within cooperative relationships, where firms exchange valuable resources controlled by competitors. The relevant resources are often unavailable through other forms of inter-organizational relationships; however, these interactions inherently involve challenges specific to cooperation. Research on cooperation emphasizes the importance of effectively managing those relationships by maximizing the benefits while reducing the associated challenges. The approach is particularly crucial in interactions between SMEs and their larger competitors, where power asymmetries can exacerbate potential challenges.

In short, this dissertation investigates cooperation through a multi-level framework, progressing from broad to detailed dimensions. First, at the network level, it explores how dyadic cooperation affects surrounding network actors, highlighting the impact of cooperation beyond focal firms. Then, from a dynamic perspective, it examines the longitudinal development of cooperative relationships, especially in response to global crises, and how firms adapt to enhance organizational resilience. Next, at the firm level, the study analyzes how cooperation facilitates internationalization, focusing on SMEs that utilize cooperation as a strategy to navigate the complexities of foreign markets. Finally, at the detail level, it investigates resource interaction within cooperative relationships, exploring how resources are exchanged under asymmetric power and the implications of these interactions for the development of cooperative relationships. Figure 2 below illustrates the overall research framework of this thesis, highlighting the four lenses through which cooperation is examined.



**Figure 2.** Overall research framework under theoretical lenses

### 3 METHODOLOGY

This chapter presents the methodological framework employed in this dissertation. It begins by outlining the ontological and epistemological foundations that inform the study. The research design is discussed in detail, along with a description of the data collection and analysis procedures. The chapter concludes with a discussion of how the trustworthiness of the research was ensured.

#### 3.1 Ontological and epistemological approaches

Ontology concerns the nature of reality in the social world (Eriksson & Kovalainen, 2016; Saunders et al., 2016). The central issue in ontology is whether reality exists independently of social actors or is constructed by them (Bryman & Bell, 2015). In this context, ontology examines the relationship between reality and people and often poses the question, “What is there in the world?” (Eriksson & Kovalainen, 2016:15). Epistemology, on the other hand, deals with the nature of human knowledge and its relationship to reality (Saunders et al., 2016). It explores how reality can be understood by human knowledge and addresses the questions “What is knowledge, and what are the sources and limits of knowledge?” (Eriksson & Kovalainen, 2016, p. 15). From an ontological perspective, subjectivism (or constructivism) views reality as dependent on people and their activities, whereas objectivism claims that reality exists independently of human activities and can be studied objectively (Burrell & Morgan, 1979; Eriksson & Kovalainen, 2016). Within epistemology, positivism aligns with objectivism and views knowledge as a collection of empirical facts derived from experiences and observation; conversely, interpretivism, linked to subjectivism, considers knowledge as emerging from the shared meanings and interpretations of reality by people (Bryman & Bell, 2015; Eriksson & Kovalainen, 2016). Saunders et al. (2016) classified ontology and epistemology along a subjective–objective continuum: within the subjective dimension, nominalistic ontology pairs with interpretive epistemology and emphasizes constructed reality and subjective understanding; in contrast, the objectivism dimension aligns with positivist epistemology focuses on the independence of reality measured through social facts (Burrell & Morgan, 1979).

The research approach of this thesis aligns with the subjectivism dimension of ontology and epistemology (Saunders et al., 2016). Following nominalistic ontology, which posits that reality is shaped by the activities and interactions of social actors, this thesis investigates the relationships and processes of inter-organizational interaction between cooperative firms. Furthermore, this thesis adopts an interpretive epistemology, emphasizing the crucial role of social actors’

interpretation and shared understandings in shaping reality. The method aligns with the interactionist framework of the dissertation, as the interpretive epistemology approach facilitates the use of qualitative methods to examine business relationships through informants' varying interpretations and understandings.

Moreover, scientific reasoning can be categorized into two primary approaches: inductive and deductive. The inductive approach begins with specific observations or empirical data, which are then used to identify patterns, formulate generalizations, and develop theoretical assumptions. This bottom-up method is often exploratory and allows researchers to build evidence-based theories. The inductive approach is particularly valuable in qualitative research, as it aims to generate insights from data rather than confirm pre-existing ideas (Eriksson & Kovalainen, 2016). In contrast, the deductive approach operates top-down, beginning with a general theory or hypothesis that is tested against empirical findings. The deduction relies on logical reasoning to derive specific predictions from established principles, which are subsequently validated through experimentation or observation. The deductive approach is often associated with quantitative research as it seeks to establish causality or verify specific theoretical frameworks (Saunders et al., 2016).

In addition to the two foundational approaches, a third approach, abduction, integrates elements of both the inductive and deductive approaches to foster creative and iterative theory-building (Farquhar, 2012). The abductive approach involves moving back and forth between theoretical concepts and empirical data to explain puzzling observations or develop novel ideas (Farquhar, 2012; Saunders et al., 2016). Unlike induction, which generalizes from data, or deduction, which tests theories, abduction seeks explanations by hypothesizing connections that may not yet be fully supported (Dubois & Gadde, 2022). This abductive approach suits fields where complexity or uncertainty obstructs inductive or deductive reasoning (Farquhar, 2012).

While this thesis adopts a partially theory-driven stance, it does not adhere exclusively to a deductive or an inductive approach, instead, it incorporates elements that intersect both forms. It may draw on existing theories to frame the research while refining those theories based on empirical findings. The process is close to abduction but not fully aligned with its exploratory intent (Crick, 2021; Saunders et al., 2016). Moreover, this thesis does not aim to rigorously test an existing theory as deduction-oriented research would typically do, nor does it seek to construct a new theory from findings as inductive studies would. Instead, it employs a semi-deductive approach, which leverages foundations to guide its inquiry while remaining open to emergent insights from the data. The semi-deductive approach aligns with practical research needs where neither a theory-driven deductive nor a data-driven inductive

approach alone will suffice. This semi-deductive approach balances structure with adaptability, especially when addressing complex phenomena (Bryman, 2016), such as paradoxical coepetitive relationships.

## 3.2 Research strategy and design

This thesis examines coepetitive relationships from four perspectives: internationalization, the networked perspective, resource interaction, and dynamics. A research strategy is a set of decisions that guides empirical data collection and analysis throughout the research process (Saunders et al., 2016). The research design is based on three related studies on international coepetitive relationships.

This thesis employs a qualitative research strategy, which is well-suited to its objectives, as qualitative data provide well-grounded and detailed descriptions and explanations (Miles & Huberman, 1994). Moreover, qualitative research aims to explore and understand a complex phenomenon in depth and in its context (Farquhar, 2012). Qualitative data, with their richness and contextual influences, often have the potential to generate new theoretical insights (Miles & Huberman, 1994). The qualitative research strategy of this thesis relies on a case study approach (Yin, 2015). A case study is defined as “an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (Yin, 2009: 18). The basis of a case study can be single or multiple cases and varying levels of analysis (Eisenhardt, 1989; Saunders et al., 2016). A single case study draws on a single person, organization, situation, or process (Cooper & Schindler, 2006; Eriksson & Kovalainen, 2016). A multiple-case study is a cross-study that explores similar results and common patterns across multiple cases in the same context (Cooper & Schindler, 2006; Eriksson & Kovalainen, 2016; Saunders et al., 2016). The case study method is widely used to scrutinize business relationships (Easton, 2010). In this thesis, a multiple-case study approach is employed as the research strategy to explore how international coepetition impacts the focal firms (Articles 2 and 3) and their surrounding networks (Article 1).

The cases were selected from the automotive industry. That choice was based on its pivotal role in the economies of Europe and China, where it is a key driver of trade, investment, and employment. Motor vehicles represent one of the European Union (EU)’s most significant exports to China, while the automotive sector remains a primary target of foreign direct investment flows between the two regions (European Commission, 2024). Moreover, since the 1990s, the automotive industry has been shaped by coepetitive dynamics, particularly in the form of IJVs, due to the

institutional regulation in China that required foreign automotive firms wishing to produce vehicles to establish JVs with Chinese manufacturers (NDRC, 2018). Although these regulations have been gradually eased, cooperative IJVs remain strategically significant for foreign firms operating in the Chinese automotive industry. This study focuses explicitly on European SMEs within the automotive sector due to their essential role in the industry's supply chain and innovation ecosystem (Ragonnaud, 2024). By examining how European SMEs navigate competition with Chinese companies, this research aims to provide insights into firm-level strategies and the broader implications for economic relations between the EU and China.

Consequently, the cases were purposefully selected based on specific criteria (Patton, 1990, 2014). Firstly, all cases involved European SMEs operating in the automotive industry in the Chinese market. Since internationalization into China is often a prolonged process for European firms, this study focused on European firms with significant experience in the Chinese market. Specifically, it focused on firms that had exported to China for at least ten years. That timeframe was considered sufficient to identify key patterns related to cooperative strategy and activities. Another selection criterion was the presence of local cooperation in China through the formation of JVs, which has been recognized as an effective mechanism for international technological cooperation (Hung & Chang, 2012). Moreover, the focus on cooperation in the form of IJVs ensured that the case studies examined formal cooperative arrangements alongside competitive interactions.

The data collection and analysis are presented in the following section, followed by a discussion on the study's trustworthiness. Detailed descriptions of methodological issues are presented in each article attached to this thesis.

### 3.3 Data collection

The empirical material for this study is built on both primary and secondary data collected through interviews, questionnaires, and written documents. Thirty-four semi-structured interviews were conducted and questionnaires administered between 2019 and 2022 using 23 informants. These informants, presented in Table 3, were directly involved in the five cases of international dyadic cooperative relationships, particularly in the initiation and execution of the cooperative strategy. The use of semi-structured interviews was advantageous in maintaining a balance between flexibility and order, allowing for contextual adaptation within the scope of research while ensuring systematic data collection (Bryman & Bell, 2015; Farquhar, 2012). The interviews, which ranged from 35 minutes to 2 hours duration, provided

a suitable timeframe for collecting in-depth and rich data (Cooper & Schindler, 2006). All interviews were recorded, transcribed, and subsequently reviewed and confirmed by the informants.

In addition to interviews, a questionnaire was used because some informants were unavailable for interviews. The questions were carefully designed to align with the research objectives and simultaneously open enough to allow informants to reflect on their experiences and perspectives. The key question categories included the dynamic evolution of cooperative relationships in various respects, including product (supply chains and R&D), production (logistic, manufacturing, and IJV operations), organization (resources, communication, and collaboration), and networks (customers, marketing, and distributors); as well as an overall assessment on the impact from the evolution of cooperative relationships. Moreover, supplementary company-specific data were collected from informants when available. The data included internal project reports, analyses, business plans, and company presentations. The integration of these supplementary materials corroborated the interview findings and enriched the analysis by providing additional context and nuance, enhancing the study's trustworthiness (Tidström & Rajala, 2016).

**Table 3.** Data of informants

Dyadic firms	Interviewees	No. of Interview	Year of Interview	Type of Interviews
<b>Dyad 1</b>				
European firm	CEO	2	2019	Online interview
			2021	Questionnaire
Chinese firm	Managing Director	1	2019	Online interview
	Financial Director	2	2019	In-person interview
			2022	Online interview
	HR Director	2	2019	Online interview
			2021	Questionnaire
<b>Dyad 2</b>				
European firm	CEO	1	2019	Online interview
	Sales Director	1	2019	Online interview
	Head of Business Development	2	2020	Online interview
	2021		Online interview	
Chinese firm	Strategy Analyst	1	2020	Online interview
	General Manager	2	2020	Online interview
			2021	Online interview
	Project Director	1	2019	Online interview
<b>Dyad 3</b>				
European firm	EVP	2	2019	Online interview
			2022	Online interview
Chinese firm	Deputy GM	2	2019	In-person interview

Dyadic firms	Interviewees	No. of Interview	Year of Interview	Type of Interviews
			2021	Online interview
	Head of Purchasing	1	2019	In-person interview
<b>Dyad 4</b>				
European firm	CEO	2	2019	Online interview
			2021	Online interview
	Sales Director	1	2019	Online interview
	Representative, China	1	2019	In-person interview
	Country Manager	2	2020	Online interview
			2021	Online interview
Chinese firm	General Manager	1	2020	Online interview
	Head of Sales	2	2020	Online interview
			2021	Online interview
<b>Dyad 5</b>				
European firm	CEO	1	2019	In-person interview
Chinese firm	General Manager	1	2020	Online interview
	Deputy GM	1	2020	Online interview
	Sales Director	2	2020	Online interview
			2022	Questionnaire

The three articles of this thesis all center on the coopetition theme and rely on the same multiple-case study. The empirical material was collected progressively from 2019 to 2022. As a result, each article exploits different portions of the dataset. Article 1 incorporates 31 interviews in two rounds and three responses to an open-ended questionnaire with 21 informants. Article 2 draws on the 21 interviews in the first round with the same 21 informants representing both sides of five dyadic cooperative relationships. Article 3 includes three further interviews, introducing two additional informants from cooperative relationships. The longitudinal data collection, primarily consisting of repeated interviews with the same informants, underpins the examination of the dynamic evolution of these cooperative relationships in Articles 1 and 3.

A summary of the data collection exercise is provided in Table 4. Detailed information on the informants and the timing and types of interviews is presented within each of the articles included in this thesis.

**Table 4.** Summary of the data collection

Article	Data collection method	Sample size
1	Semi-structured interviews, questionnaires, and company documents	31 interviews and three responses to an open-ended questionnaire from 21 informants
2	Semi-structured interviews, and company documents	21 interviews from 21 informants
3	Semi-structured interviews, questionnaires, and company documents	34 interviews and three responses to an open-ended questionnaire from 23 informants

### 3.4 Data analysis

This thesis employs qualitative content analysis (Hsieh & Shannon, 2005; Miles & Huberman, 1994), which begins with the coding and categorization of data to progressively develop a more conceptual understanding. The analytical process involved moving back and forth between concept development and data analysis, facilitating a thorough examination of the research questions. A cross-case analysis is also conducted to identify and interpret common patterns across similar cases (Miles & Huberman, 1994). Therefore, these analytic approaches are particularly valuable in analyzing qualitative data by standardizing the analysis procedure from raw textual data (e.g., quotes) to specific categories aligned to research objectives and, ultimately, higher abstraction levels that reveal broader conceptual insights.

More specifically, the analysis of primary data comprising interview transcripts and questionnaires begins with a diligent reading of the text to capture its manifest (explicit) and latent (underlying) meanings (Hsieh & Shannon, 2005). Once the meaningful quotes are identified, the texts will be coded and labeled based on the connection with the research objectives. This step segments raw data into manageable units (Miles & Huberman, 1994). The analysis of Articles 1 and 2 were inspired by the approach proposed by Gioia, Corley, and Hamilton (2013), where the meaningful data is coded into first-order concepts that are close to the informants' language and then refined into second-order themes, which are consolidated codes in researcher-driven categories. Next, second-order themes are synthesized into aggregated dimensions. Article 3 utilized the 4R analysis model (Baraldi et al., 2012), a widely used framework for analyzing resource interaction, to categorize and scrutinize the data.

Furthermore, the role of time is a significant factor in the analysis of Articles 1 and 3; therefore, coded data were further categorized by considering time. The third step involves transitioning from categories to higher levels of abstraction, which entails synthesizing findings into aggregating dimensions that provide deeper theoretical insights (Gioia et al., 2013). This step enables the visualization of patterns across categories to reveal the implications of the study's findings (Miles & Huberman, 1994).

In addition to primary data, this research also collected secondary data as a complementary data source in the form of documents such as company records, meeting minutes, and project plans. Such documents enrich the data analysis process by offering textual material that cross-references primary data (Miles & Huberman, 1994; Shannon, 2005). Written documents are first analyzed by categorizing the data in relation to the primary data codes; then, a cross-data comparison is conducted to enable pattern recognition with the primary data (Miles & Huberman, 1994). The alignment between primary and secondary data ensures that interpretations are not solely dependent on informants' narratives but are substantiated by company document records.

### 3.5 The trustworthiness of the study

In qualitative research, the quality of a study is often evaluated based on its trustworthiness, which can be assessed through four criteria: credibility, transferability, dependability, and confirmability (Lincoln & Guba, 1985). The four dimensions form a framework for assessing the quality and integrity of qualitative findings, particularly when analyzing primary data, such as interviews and questionnaires, alongside secondary written documents, such as company records.

Credibility, which relates to internal validity, concerns whether the study measures what it intends to measure (Shenton, 2004). It is arguably one of the crucial factors in establishing the trustworthiness of a qualitative study (Lincoln & Guba, 1985). As a cornerstone of trustworthiness, credibility hinges on the authenticity of findings derived from primary data, such as interviews with different types of informant, and their alignment with the research objectives. To ensure credibility, the articles of this thesis provide details of the procedures involved in the case study methods, data collection, and data analysis (Lincoln & Guba, 1985; Shenton, 2004). The informants were also carefully selected based on their involvement in the cooperative strategy and activities to generate relevant and sufficient knowledge on the research objectives (Aguinis et al., 2021; Crick, 2021). Additionally, secondary data from cases

are incorporated to ensure the findings reflect organizational reality, which enhances the study's internal coherence (Shenton, 2004).

Transferability, in contrast, pertains to external validity about whether the findings of a study can be applied to other contexts (Lincoln & Guba, 1985; Shenton, 2004). Unlike generalizability in quantitative research, transferability requires rich contextual details to enable others to judge the relevance of the findings to their own contexts (Shenton, 2004). This study contextualizes primary data with written documents to provide a comprehensive backdrop. This research facilitates an informed comparison across settings, enhancing transferability by presenting detailed descriptions of the cases (Lincoln & Guba, 1985).

Dependability addresses the reliability of the study, focusing on the consistency and replicability of a research process (Lincoln & Guba, 1985). A study transparently outlines the incorporated methods to allow others to follow the same steps, even if contextual differences produce varied outcomes (Shenton, 2004). The research processes are reported in detail during data collection and analysis to ensure dependability, including integrating primary data and written documents. The method ensures the process is systematic and traceable (Miles & Huberman, 1994). Although exact replication may be impractical due to the dynamic nature of qualitative contexts, the documented interplay between primary and secondary data remains reliable to a certain extent and can support replication in future studies (Shenton, 2004).

Lastly, confirmability concerns the objectivity of the research. It ensures the findings reflect the experiences and perspectives of the informants rather than the biases or preferences of the researchers (Lincoln & Guba, 1985). Primary data, such as interview transcripts, were verified by informants to confirm accuracy and enhance confirmability, while secondary documents were analyzed to interpret organizational contexts (Shenton, 2004). Using direct quotes from interviews anchors findings in raw data and minimizes subjective distortion of researchers (Bryman, 2016; Crick, 2021). In addition, analysis of secondary documents supplements qualitative insights with objective patterns (Hsieh & Shannon, 2005). The multi-sourced data ensures that the findings and conclusions of the article reflect the data's inherent narratives rather than preconceived assumptions (Crick, 2021).

To conclude, the trustworthiness of this qualitative research is significantly strengthened by the integration of primary and secondary data. This approach ensures that the research findings are robust, contextually grounded, and reflect both the informants' perspectives and organizational reality, which underscores the value of combining diverse data sources to uphold the trustworthiness of the adopted qualitative method.

## 4 REVIEW OF THE FINDINGS

The dissertation consists of three articles, each of which explores cooperation from a distinct perspective. This chapter summarizes the key findings from these articles and discusses their overall contribution to the dissertation.

### 4.1 International cooperation exposes business opportunities and relational tensions among network actors

Article 1, *The impact of international cooperative relationships on surrounding vertical networks during COVID-19*, investigates the evolution of international cooperative relationships and their impact on vertical networks during the global COVID-19 pandemic. Despite the increasing academic attention on cooperation (Blanka & Traunmüller, 2020; Hani & Dagnino, 2021; Leite et al., 2018; Monticelli et al., 2022; Ritala et al., 2008; Rusko, 2014), research on cooperation on a network level is scarce (Chou & Zolkiewski, 2018; Crick & Crick, 2021a; Hani & Dagnino, 2021), especially from an international perspective (Crick & Crick, 2021b; Monticelli et al., 2022). Moreover, business relationships and networks have had to address the effects of the COVID-19 pandemic, including cooperative relationships and activities (Crick & Crick, 2020). The article aims to fill the gaps by examining the impact of focal cooperative relationships on vertical networks in an international context from a dynamic perspective.

The empirical part of this study is based on qualitative case study research (Yin, 2015) exploring the highly complex nature of cooperation (Basterretxea et al., 2019; Bouncken et al., 2015; McGrath et al., 2019; Wilhelm, 2011). The primary data were collected through 31 semi-structured interviews and questionnaires with 21 informants from both sides of cooperative relationships in 2019–2022. Secondary data were also collected in the form of business plans and internal reports to support analysis. The data were analyzed using cross-case analysis (Miles & Huberman, 1984) under two contextual groups: (1) from inception to the mature stages, and (2) during the COVID-19 pandemic, to analyze how international cooperative relationships impacted surrounding networks prior to and during the COVID-19 pandemic. The findings show that forming international cooperative relationships can both positively and negatively affect the business performance of parties within vertical networks. Such impacts are not static but evolve. In particular, the heterogeneity of international markets and emerging global crises play important roles in forming and evolving cooperative relationships, as well as affecting their impact on surrounding networks.

This research contributes to existing theory on coopetition by extending the unit of study from focal cooperative firms to surrounding networks, a context that has scarcely been researched (Chai et al., 2020; Czakon et al., 2014; Tidström & Rajala, 2016). The article also embeds coopetition into an international context of developed (Europe) and emerging markets (China) (Crick & Crick, 2021b; Hani & Dagnino, 2021; Monticelli et al., 2022; Shu et al., 2017). In addition, a dynamic temporal perspective (Burström et al., 2022; Czakon & Czernek-Marszałek, 2021; Tidström & Rajala, 2016) illustrates the evolution of cooperative relationships and their implications, particularly during the COVID-19 pandemic (Crick & Crick, 2020; Dussauge et al., 2000; Elgazzar, 2021; Filimonau, 2021; Markovic et al., 2021; Sodhi & Tang, 2021; Zeng et al., 2022).

## 4.2 Coopetition facilitates SMEs' internationalization into distant markets

Article 2, *Cooperative IJVs – A strategy of managing the internationalisation challenges in China*, examines the impact of coopetition on SMEs' internationalization into distant markets. Prior research on the challenges of internationalization focuses on large enterprises, despite the important role and increasing presence of SMEs in the international economy (Calabrò & Mussolino, 2013; Zhou et al., 2020). Studies on the mode of internationalization often focus on the cooperative aspect (Nippa & Reuer, 2019), and only a few studies (e.g., Luo et al., 2008; Shu et al., 2017) emphasize a cooperative perspective. There is a research gap related to inter-firm coopetition from a global perspective (Kallmünzer et al., 2022), and more particularly, we lack knowledge about coopetition related to IJVs at the inter-organizational level (Nippa & Reuer, 2019). Therefore, this article explores how cooperative IJVs can manage challenges related to SMEs' internationalization into distant markets.

The article employs qualitative case study research, including 21 semi-structured interviews from five cases of cooperative IJVs between European and Chinese firms in the automotive industry. The findings show that competition facilitates foreign SMEs in strengthening their capabilities and firm-specific advantages to overcome internationalization challenges at both macro and micro levels in distant markets. Moreover, the findings indicate that focal firms benefit from a positive-sum effect when cooperative relationships are formed.

The article's findings contribute to coopetition research by focusing on how cooperative relationships are implemented, specifically in the form of IJVs with local competitors. The findings demonstrate that venturing with local competing firms that have similar processes but distinct market knowledge enables firms to overcome

partner selection challenges (Larimo & Rumpunen, 2007; Mba & Agumba, 2018), reduce information asymmetry (Welcher, 2019) and offsets task conflicts tied to divergent business models (Owens et al., 2018). The research highlights how cooperative IJVs facilitate SMEs' internationalization by offering macro-level benefits related to market access, competitive force, and institutional barriers alongside micro-level firm-specific advantages (Dunning, 1980; Granata et al., 2018; Tsai, 2002; Yami & Nemeh, 2014). To differentiate its purview from traditional approaches that separate value creation (distant from customers) and value capture (near customers) in cooperation (Bengtsson & Kock, 2000; Bouncken et al., 2015), this study highlights cooperative activities that are proximate to customers. The findings challenge prior assumptions (e.g., Fernandez et al., 2014; Gnyawali & Park, 2009; Rajala & Tidström, 2021; Ricciardi et al., 2022; Ryu et al., 2020; Xu & Hao, 2021) by illustrating that cooperative firms can share relational resources, which enable joint offerings to expand market value without direct competition. Additionally, the findings extend internationalization research by showing how cooperative dynamics within IJVs spur engineering development and enhance customer orientation (Park et al., 2017; Wang et al., 2020), influencing preferences through local relational support. Moreover, the study bridges cooperation and firm capability, an underexplored area (Bouncken et al., 2015). Building on Quintana-García and Benavides-Velasco (2004), the research demonstrates that cooperation bolsters manufacturing and engineering capabilities via resource integration (Teece et al., 1997), benefiting both cooperative firms in terms of dynamic capabilities and competitive positioning in international markets.

### 4.3 International cooperation enhances resource interaction and firm resilience for SMEs

Article 3, *Exploring the dynamics of resource interaction in international cooperative relationships during global crises: A case study between European SMEs and Chinese larger firms of the automotive industry*, investigates the dynamic nature of resource interaction within international cooperative relationships with a specific focus on IJVs partnering European SMEs with larger counterparts in China. It is essential for firms, especially SMEs, to engage in business relationships, including cooperative relationships with competitors, to acquire resources necessary for business development (Baraldi et al., 2024; Bocconcelli et al., 2020; Garri, 2021; Håkansson & Gadde, 2018; La Rocca et al., 2019; Lenney & Easton, 2009; Prekert et al., 2019; Ratajczak-Mrozek & Herbec, 2016; Ricciardi et al., 2022; Zaefarian et al., 2011). However, most cooperation research focuses on large firms (Bengtsson & Kock, 2000; Crick & Crick, 2021b; Lechner et al., 2016) in domestic markets (Hannah & Eisenhardt, 2018). The article fills a gap by focusing on smaller firms in international

settings (Crick, 2021) operating during global crises (Chen et al., 2023; Crick & Crick, 2020).

The article employs a qualitative case study research approach to investigate the longitudinal dynamics of resource interaction from a business network perspective (Baraldi et al., 2024; Drummond et al., 2022). The primary data were predominantly gathered through semi-structured interviews and questionnaires (Bryman & Bell, 2011) using 23 informants. Supplementary company-specific data, such as internal project reports and analyses, business plans, and company presentations, enriched the analysis with additional context and nuance. The empirical data were analyzed through an analytical procedure (Langley et al., 2013) by following a cross-case analysis methodology (Miles & Huberman, 1984) and the 4R model (Baraldi et al., 2012) to enable a nuanced examination of how resource interactions evolved and adapted in response to changing contextual dynamics. The findings reveal how firms leverage cooperative relationships to navigate global crises such as the COVID-19 pandemic. Moreover, the findings highlight the importance of effectively managing asymmetric cooperative dynamics concerning resource interactions in global crises for smaller firms.

This study offers novel insights into resource interactions embedded within cooperative relationships and business networks. It responds to recent calls (e.g., Baraldi et al., 2024) to explore resource dynamics among international cooperative firms entering new markets. Specifically, it builds on prior work (e.g., Baraldi et al., 2024; Chaochotechuan & Mariano, 2016; La Rocca et al., 2019; Ratajczak-Mrozek & Herbeć, 2016) and enriches the cooperative literature by examining the resource leverage derived from collaborations between SMEs and larger firms. The findings extend theoretical propositions on resource complementarity (e.g., Granata et al., 2018; Yami & Nemeh, 2014) by demonstrating how synergies arise from similar resources of differing quality, enhancing firms' resource development. Moreover, a distinguishing feature of this research is the adoption of a longitudinal approach inspired by Crick and Crick (2020) and Sodhi and Tang (2021), which illuminates the evolving dynamic nature of cooperative interactions. The findings align with others recognizing the dynamics of cooperation (e.g., Burström et al., 2022; Czakon & Czernek-Marszałek, 2021) and reveal how international cooperative relationships bolster firm resilience (Chen et al., 2023; Crick & Crick, 2020) through resource interplay. More importantly, the study identifies mechanisms that safeguard SMEs against technology and knowledge leaks, addressing vulnerabilities tied to cooperation tensions and opportunistic behaviors (Rajala & Tidström, 2021; Raza-Ullah & Kostis, 2020). These contributions deepen understanding of resource interactions and dynamics in cooperative contexts, offering a robust foundation for future inquiry.

## 5 DISCUSSION AND CONCLUSIONS

This chapter presents the overall conclusions and contributions derived from the results of the three articles appended to this dissertation. Additionally, it discusses practical implications, identifies limitations, and offers suggestions for further research.

### 5.1 Theoretical contribution

The theoretical contribution of this dissertation is multidimensional, with each of the three articles addressing different theoretical dimensions: networks, dynamics, internationalization, and resource interaction. These specific contributions are detailed within the appended articles. However, collectively, the articles aim to advance the discourse on coopetition research. This chapter begins by presenting the overall contribution of the articles, followed by a review of the distinct contributions each makes.

#### 5.1.1 The overall contribution

This dissertation aims to enhance understanding of coopetition by examining its opportunities and challenges. The objective was achieved by scrutinizing coopetition through four different theoretical lenses. Those lenses collectively offer valuable insights into the nature of coopetition and underscore the importance of viewing it from multiple perspectives. Given the complexity of the inter-organizational relationships behind instances of coopetition, employing various perspectives is essential to deliver a comprehensive understanding.

Four research questions were addressed. The first question concerns the influence of coopetition on surrounding networks. The findings illuminate coopetition by extending the investigation domain from cooperative firms to their supply and distribution networks. They show that forming international cooperative relationships presents both opportunities and challenges for suppliers and distributors within the surrounding vertical networks. Such impacts also evolve alongside the development of cooperative relationships, which means that opportunities may turn into challenges and vice versa in different contexts and timescales.

Furthermore, the international cooperative relationships studied spawned new business relationships, including competition-oriented relationships between suppliers and cooperative relationships between distributors. The findings

complement research on coopetition from a business network perspective by adopting a dynamic perspective over time to demonstrate that the impact of international cooperative relationships on networks is dynamic rather than static. Furthermore, such an impact is deeply embedded within the international environment due to the heterogeneity between distant regions.

The second research question addresses how cooperative relationships evolve to shape firms' responses to global crises. The dissertation shows that cooperative relationships evolve during global crises such as the COVID-19 pandemic. The interruptions spurred by global crises affect cooperative firms, and particularly their supply and distribution networks. A firm's resilience is improved through international cooperative relationships, which can maintain resource interaction and mitigate challenges arising from global crises. Furthermore, the impact on supply and distribution networks flows in different directions depending on the capabilities and competitive advantages of the relevant suppliers and distributors. The dissertation enriches the resource interaction and coopetition literature by incorporating the dynamic time perspective prior studies call for (e.g., Burström et al., 2022; Czakon & Czernek-Marszałek, 2021; Tidström & Rajala, 2016).

The third question addresses the impact of coopetition on SME internationalization. The findings of this dissertation demonstrate the positive impacts of coopetition on internationalization from different angles. International coopetition facilitates SMEs' tackling dynamic challenges affecting various business activities and macro factors during internationalization. The main contribution lies in enriching the coopetition literature, which often focuses on the benefits of coopetition from a sales perspective (e.g., Basterretxea et al., 2019; Kock et al., 2010; Vanyushyn et al., 2009). Besides the cooperation upstream, which is far from the customer side, SMEs may also capture the value of competition from downstream, nearer their international customers, through cooperative behavior. The finding offers a different insight into existing coopetition literature, which emphasizes competition in value appropriation in the proximity of customers (e.g., Bengtsson & Kock, 2000; Fernandez et al., 2014; Gnyawali & Park, 2009; Ritala & Hurmelinna-Laukkanen, 2009). Moreover, the findings reveal the positive impact of coopetition in improving SMEs' dynamic capabilities in an international context, which is under-researched in extant coopetition research (Bouncken et al., 2015). Therefore, the dissertation's findings shed new light on the value of coopetition, demonstrating how it can enhance SME internationalization.

The fourth research question asked how resources interact, facilitating the development of international cooperative relationships. The dissertation's findings reveal that complementary and homogeneous resources interact within cooperative

relationships to enable firms to address societal and capability-related challenges during internationalization. Furthermore, the dissertation research adopts the 4R model to examine the resource interactions within cooperative IJVs between international firms. The findings underscore the importance of international cooperative relationships, especially IJVs, in enabling resource interaction between firms and enhancing firms' competitive capabilities from technical, economic, and social perspectives. Nevertheless, the findings also reveal the negative impacts of competition and the positive outcomes on resource interaction. The negative impacts particularly flow from opportunistic behaviors among cooperative firms, which supports some existing competition research (e.g., Bengtsson et al., 2016; Fernandez & Chiambaretto, 2016; Gnyawali & Park, 2009; Rajala & Tidström, 2021; Tidström, 2014). To address adverse impacts, the dissertation suggests that focal firms embed their resources in deeper mechanisms to manage the challenges associated with opportunistic behavior.

Overall, the findings of the dissertation indicate that cooperative relationships impact focal firms and their surrounding networks positively and negatively from different theoretical perspectives. The thesis adopts a business network perspective to extend the unit of study of competition from focal firms to their surrounding vertical networks. The findings demonstrate cooperative relationships exerting dynamic impacts, both positive and negative on vertical networks. The dissertation also applies a longitudinal perspective (Burström et al., 2022; Czakon & Czernek – Marszałek, 2021; Tidström & Rajala, 2016) to investigate the evolution of international cooperative relationships and how firms benefit from it to strengthen their organizational resilience and engagement with networks. The findings add insights into how cooperative relationships can help firms overcome challenges during internationalization. In particular, the findings provide a different insight related to the value appropriation within cooperative relationships close to customers (e.g., Bengtsson & Kock, 2000; Gnyawali & Park, 2009; Ritala & Hurmelinna-Laukkanen, 2009) or through competitive activities (e.g., Fernandez et al., 2014; Rajala & Tidström, 2021; Ricciardi et al., 2022; Ryu et al., 2020; Xu & Hao, 2021). Moreover, the dissertation outlines how resources interact with cooperative firms of different sizes. Notably, the findings illuminate the embedded challenges of competition, enriching the scope of competition research (e.g., Bengtsson et al., 2016; Fernandez & Chiambaretto, 2016; Gnyawali & Park, 2009; Rajala & Tidström, 2021; Tidström, 2014) by suggesting a possible mechanism for managing such challenges.

### 5.1.2 Theoretical contributions of the articles

The first article advances cooperation theory by examining the impact of international cooperative relationships on vertical networks (Chai et al., 2020; Rajala & Tidström,

2021), with a specific focus on supply and distribution chains. The findings reveal that cooperative relationships alter supply priorities and influence purchasing scope and quantities in home and host markets. Additionally, cooperative relationships affect sales scope and business performance within distribution networks. The overall impact on vertical networks depends on the alignment of suppliers' and distributors' dynamic capabilities with the evolving demands of the firms engaging in cooperation. The findings enrich existing vertical cooperation research (e.g., Chai et al., 2020; Rajala & Tidström, 2021) by adding a relational dimension showing that international cooperative relationships impact both upstream (supply) and downstream (distribution) business relationships. It highlights the competitive dynamic among suppliers in developed markets and cooperative relationships among distributors in host markets. The study also addresses the temporal dynamics of international cooperation, recognizing that cooperative relationships evolve rather than appearing instantaneously. Unlike previous studies focused on internal joint activities (e.g., Burström et al., 2022; Tidström & Rajala, 2016), the findings reveal that cooperative relationships are also influenced by external factors like the COVID-19 pandemic. Moreover, this study emphasizes the largely overlooked international context of cooperation (Crick & Crick, 2021b; Hani & Dagnino, 2021; Monticelli et al., 2022; Shu et al., 2017). It demonstrates how differences between developed and emerging markets in terms of cost advantage and market potential affect supply and distribution networks. International cooperative relationships enhance the availability of locally produced foreign products in emerging markets, shift local preferences from imported to locally manufactured goods, and increase demand for aftersales services, strengthening local distributors' positions and necessitating cooperation between traditional importers and local distributors.

The second article explored how cooperative IJVs can effectively manage the challenges associated with internationalization in China. The study provides novel insights into the existing literature on IJVs involving cooperative competitors, highlighting the strategic dynamics of firms with similar operational processes but distinct market knowledge. This setup naturally incentivizes competitors to engage in mutually beneficial partnerships, enabling them to access each other's resources and capabilities. The findings indicate that cooperative IJVs can mitigate challenges related to partner selection (Larimo & Rumpunen, 2007; Mba & Agumba, 2018) and information asymmetry (Welcher, 2019). At the macro level, these partnerships foster learning, resource acquisition, and competitive intelligence, aiding firms in navigating regulatory landscapes and identifying market opportunities. On a micro level, cooperation enhances firms' specific advantages through improved competitive strategies and technological advancements (Dunning, 1980). Moreover, establishing cooperative IJVs with local competitors allows foreign firms to effectively manage competitive pressures from rapidly developing local counterparts (Lee et al., 2011).

Gradual cooperation while maintaining technological leadership proves advantageous for foreign firms, facilitating continuous engineering development within the cooperative framework (Wang et al., 2020). The study also advances understanding of customer orientation within IJVs, revealing how relational support from local partners not only meets customer needs but also shapes customer preferences. Unlike prior studies on direct competition, the findings underscore cooperative activities that enhance joint offerings and value capture in the expansive local market, benefiting both focal firms. Furthermore, the research underscores the link between cooperation and firm capability (Bouncken et al., 2015), showing how cooperation with local competitors enhances manufacturing and engineering capabilities. This collaborative approach enables foreign firms to bolster dynamic capabilities by integrating and reconfiguring assets to meet evolving production demands, strengthening their competitive position in the local market relative to their competitors.

The third article contributes to cooperation research by investigating the dynamic nature of resource interaction within international cooperative relationships, focusing on IJVs formed between foreign SMEs and larger local counterparts. The research demonstrates that establishing cooperative IJVs facilitates resource interaction, alleviates resource constraints, enhances resource synergy, and improves firm resilience when entering distant markets, extending business network research (Baraldi et al., 2024). The findings address the gap in understanding how SMEs benefit from collaborations with larger firms (Bocconcelli et al., 2018; Ratajczak-Mrozek & Herbec, 2016) by revealing that SMEs can access additional resources and mitigate financial strain through shareholding flexibility, internal and external loans, and purchasing aid from larger partners. The article also suggests a deeper integration of interests to reduce power imbalances and build equitable partnerships. Furthermore, the study establishes that parties to cooperative arrangements can possess similar resources of varying quality, which create synergies and foster resource development, product diversification, cost efficiency, and promote brand value. Accordingly, the finding enriches existing research on resource complementarity (Granata et al., 2018; Ritala & Tidström, 2014; Yami & Neme, 2014). The findings acknowledge the tensions and opportunistic behavior inherent in cooperative relationships (Bengtsson et al., 2016; Fernandez et al., 2014; Fernandez & Chiambaretto, 2016; Gnyawali & Park, 2009; Rajala & Tidström, 2021; Tidström, 2014; Tidström et al., 2018) and recommend mechanisms such as the introduction of incremental technology and cross-shareholding to limit such behavior. Finally, the research provides longitudinal insights into the evolution of cooperative relationships and firms' navigation of global crises through resource interaction, which is an understudied area within cooperation research (Crick & Crick, 2020; Filimonau, 2021; Sodhi & Tang, 2021). The article highlights how the COVID-

19 pandemic led to increased resource dependence and financial reliance on local parties, underscoring the importance of an international market presence to safeguard financial returns and the survival of small technology providers.

A summary of the contribution is presented below in Table 5.

**Table 5.** Key contribution to academic perspectives

Academic perspective	Theoretical contribution	Key findings
<i>Network</i>	<ul style="list-style-type: none"> <li>▪ Extended the unit of analysis in coopetition research (<i>Article 1</i>).</li> <li>▪ Added knowledge to supplier – and distributor relationship management related to firms in coopetition (<i>Article 1</i>).</li> <li>▪ Add a new relational dimension in value appropriation close to the customer (<i>Article 1&amp;2</i>).</li> <li>▪ Illustrated tension management between cooperative firms and network actors (<i>Article 1&amp;3</i>).</li> </ul>	<p>Demonstrating competition in vertical networks extends beyond focal dyads to involve suppliers and distributors.</p> <p>Shows that dyadic competition impacts the scope of cooperation and business performance of surrounding suppliers and distributors.</p> <p>Unveils the existence of cooperative relationships among competing downstream actors that improve the market performance of cooperative firms and distributors.</p> <p>Dyadic competition leads to the expansion of vertical networks, which creates tension between new and old network actors over collaboration with cooperative firms.</p>
<i>Dynamics</i>	<ul style="list-style-type: none"> <li>▪ Highlighted the change in supplier – and distributor relationships, particularly during global crises (<i>Article 1</i>).</li> <li>▪ Added knowledge of firm resilience to coopetition (<i>Article 1,2&amp;3</i>).</li> </ul>	<p>Coopetition provides firms with opportunities to dynamically select the best-fit suppliers in terms of price and quality, thereby increasing their bargaining power. Emerging disruptions, such as global crises, limit such opportunities and force firms to consider more balanced supplier relationships. Coopetition and emerging disruptions strengthen the relationships between firms and local distributors, enabling them to better serve local customers.</p> <p>Engaging in cooperative relationships enables firms to enrich resource bases, enhance capabilities, and optimize networks and local ties to strengthen firm resilience against resource</p>

Academic perspective	Theoretical contribution	Key findings
	<ul style="list-style-type: none"> <li>▪ Added insight into the shift of power asymmetry in coopetition (<i>Article 1&amp;3</i>).</li> </ul>	<p>constraints, foreignness in distant markets, uncertain environments, and the emergence of crises.</p> <p>Power asymmetry in coopetition not only depends on the size of firms or the level of resources possessed but also relates to the contribution to the common interest. Mechanisms such as cross-shareholding and technological competition may reduce the power asymmetry.</p>
<i>Internationalization</i>	<ul style="list-style-type: none"> <li>▪ Extended understanding of market entry strategy through coopetition (<i>Article 2</i>).</li> <li>▪ Increased understanding of how heterogeneity between markets facilitates the formation of coopetition (<i>Articles 1 and 2</i>).</li> </ul>	<p>Coopetition not only provides firms with complementary resources for entering and operating in new markets but, more importantly, also brings industrial insights that direct foreign firms to the right path, enable synergy achievement, and improve market positions.</p> <p>Forming coopetitive relationships enables foreign firms to capitalize on business opportunities and benefits in new markets that are not available in their home markets and are difficult to sense and capture through other types of business relationships.</p>
<i>Resource interaction</i>	<ul style="list-style-type: none"> <li>▪ Enrich knowledge of how resources are exchanged between firms of different sizes (<i>Article 3</i>).</li> <li>▪ Increased knowledge of tension management regarding resource sharing in coopetition (<i>Article 3</i>).</li> </ul>	<p>Small foreign firms offer a single asset or a few types of assets but are highly valuable to the cooperation arrangement. More importantly, small firms are required to constantly develop their assets to maintain their value. Large local firms deploy resources to extract the optimal value from the assets of small firms. In addition, large firms can offer similar types but not competing assets to create a versatile portfolio.</p> <p>For technology providers, the introduction of incremental technology and consistent technology development is required to maintain technological advancement and, together with possible deeper binding</p>

Academic perspective	Theoretical contribution	Key findings
	<ul style="list-style-type: none"> <li data-bbox="507 613 874 792">▪ Extended understanding of resource interaction by including network actors in dyadic coepetition (<i>Article 1&amp;3</i>).</li> </ul>	<p data-bbox="874 315 1345 607">mechanisms, to reduce the risk of opportunistic behavior from coepetitive partners. For technology receivers, engaging in technology competition to a certain extent would positively stimulate the motivation of technology providers to frequently upgrade technology.</p> <p data-bbox="874 613 1345 978">Engaging in coepetition creates a large resource pool by not only attracting resources from dyadic firms to interact with but also activating the flow of resources between network actors connected to dyadic firms. Some of the resources from network actors are critical for enhancing the business performance of dyadic firms and optimizing overall resource allocation.</p>

## 5.2 Practical implications

This thesis offers valuable insights for practitioners. The findings contain several key managerial implications for business, particularly those considering an international coepetitive strategy. First, the findings of the thesis underscore the critical role of coepetition in helping SMEs overcome internationalization challenges, particularly when entering highly complex and competitive distant markets such as China. Understanding these challenges in advance is crucial for those developing effective mitigation strategies. A proactive approach enables managers to anticipate and navigate obstacles, thereby reducing uncertainty around market entry. One particularly effective strategy identified by this thesis research is the formation of coepetitive IJVs with local competitors. That type of coepetitive partnership provides a means to counter the resource constraints that often hinder SMEs from independently expanding into foreign, distant markets. By leveraging the local expertise and resources from coepetitive partners, SMEs can ease market entry and enhance their strategic flexibility and adaptability to shift market conditions.

Second, coepetitive relationships offer numerous strategic advantages and operational benefits to firms engaging in international markets. The findings demonstrate that foreign SMEs can gain significant advantages by cooperating with local competitors through IJVs when expanding into new and unfamiliar markets.

These partnerships provide firms access to essential local resources and market-specific insights, thereby reducing entry barriers and expediting integration into the host markets. Additionally, engaging in cooperative relationships in distant markets permits resource-constrained SMEs to enhance their capabilities by enriching their resource bases and establishing strong local ties in distant markets, actions that strengthen firm resilience against the emergence of external crises and help maintain operational continuity despite volatile market conditions.

Third, while the benefits of cooperation are evident, we also highlight several potential drawbacks that firms will have to manage carefully. Cooperation introduces complexities that can strain inter-firm networks, mainly due to the substantial investments required to improve international competitiveness. The findings indicate that these challenges become severe during periods of global crisis, such as the COVID-19 pandemic, which placed additional financial and operational pressure on firms engaged in international expansion. Managers should recognize these challenges and implement strategies to mitigate the adverse effects of cooperation. For example, shortening supply chains, developing localized supplier relationships, and leveraging aftersales services can help alleviate some of the strain associated with global market disruptions. Moreover, one of the most pressing concerns in cooperative arrangements is the risk of knowledge leakage. Close interactions between cooperative firms increase the possibility that proprietary knowledge, trade secrets, or core competencies may be intentionally or opportunistically transferred to competitors, undermining a firm's long-term competitive advantage. Therefore, safeguards are essential to maintain a firm's competitive edge in cooperative relationships.

Fourth, the findings suggest that effective management of cooperative relationships is a crucial aspect of enhancing competitive advantage in international markets. One of the key managerial challenges is ensuring a well-balanced allocation of resources to cooperative IJVs to maximize their benefits while limiting potential challenges. The study highlights that an optimal balance between similarities and differences in cooperative partnerships can enhance synergy while managing challenges of competitive vulnerability. Managers must also recognize the necessity of adapting their network management strategies to navigate dynamic shifts in bargaining power. Selecting partners with proven track records of reliability and trustworthiness can significantly reduce the likelihood of opportunistic behavior. Additionally, strengthening relationships through firm-level resource interactions can foster mutual dependencies that embed shared interests and increase the economic and social costs of opportunistic behavior by local partners, creating more stable and enduring cooperative relationships.

In conclusion, this study provides valuable and actionable insights for business managers by shedding light on the opportunities and challenges associated with engaging in cooperative relationships for international expansion. Leveraging the opportunities of cooperation while simultaneously implementing measures to manage challenges can help firms navigate the complexities of global markets effectively. In particular, the findings offer practical guidance for foreign SMEs seeking to enter the Chinese market. Those findings highlight the importance of understanding and addressing internationalization challenges, recognizing and capitalizing on advantages derived from cooperation, managing potential challenges, and effectively governing partnerships. As the global business landscape continues to evolve, firms that develop strong cooperative capabilities will be best positioned to achieve growth and maintain their competitive advantage in the increasingly dynamic and competitive global economy.

### 5.3 Limitations and suggestions for future research

The dissertation presents intriguing insights into cooperative relationships; nevertheless, it is important to acknowledge certain limitations. Although the appended articles individually address limitations and avenues for future research, this section provides a broader perspective on limitations and suggests future research opportunities.

First, the thesis aims to examine cooperation from various theoretical perspectives. However, despite adopting different theoretical perspectives, the studies within this thesis are based on similar datasets. This approach cements a deep understanding of the phenomenon but may be considered a limitation in that it lacks variety. Moreover, the data are exclusively collected from firms in the automotive industry within the Chinese market, providing insights specific to that industry and the Chinese business environment. More specifically, the study focuses on the traditional automotive sector without explicitly addressing the rapidly evolving electric vehicle (EV) landscape. This limitation restricts the generalizability of findings. The increasing dominance of China as a hub for EV manufacturing and export across the entire EV value chain has put pressure on European EV automakers to maintain their global position and product competitiveness (Cornet et al., 2023; Ragonnaud, 2024). Future research could address this issue by including the emerging trend of EVs and collecting diverse datasets across multinational contexts to paint a more nuanced picture of the evolving dynamics within the global automotive industry.

Second, the thesis aimed to examine both positive and negative dimensions of cooperative relationships comprehensively. The aim was achieved by collecting and analyzing qualitative data from informants occupying various positions within the studied context. The primary aim of this approach was to generate meaningful

variables to offer deeper insights into the complexities inherent in coopetition. The adoption of qualitative data is well recognized as a valuable choice and recommended for in-depth exploration of the phenomenon of coopetition (e.g., Baraldi et al., 2024; Basterretxea et al., 2019; Drummond et al., 2022; McGrath et al., 2019). However, although the qualitative data collected for the study were supplemented by information obtained through questionnaires and written documents, a notable limitation remains regarding the generalizability of the findings owing to the relatively small number of interviews conducted. Therefore, future research could benefit from addressing this limitation by increasing the diversity of qualitative data collection from more interviews across different organizational contexts. Additionally, incorporating a mixed portfolio of quantitative methods could mitigate the limitations associated with a solely qualitative approach.

Third, the scope of the qualitative data was limited to data from dyadic cooperative firms, representing a significant limitation in capturing the full complexity of cooperative dynamics. While dyadic relationships offer valuable insights into the interactions between two focal firms, coopetition is not solely restricted to such pairwise interactions. Instead, coopetition often manifests across multiple levels within a broader network of actors in both vertical (Chai et al., 2020; Tidström & Rajala, 2016) and horizontal (Chiao et al., 2021; Monticelli et al., 2022; Ritala et al., 2008; Sanou et al., 2016; Song & Lee, 2012) streams. Given that nature of coopetition, future studies could substantially enhance the depth of findings by expanding the scope of data collection beyond dyadic firms. Additional stakeholders, such as suppliers, distributors, complementors, and customers, could be included to offer a more holistic view of the interactions shaping cooperative relationships at both the vertical and horizontal levels. Future studies that incorporate these diverse actors could obtain a more nuanced understanding of how indirect impacts, external market forces, and network-level interactions contribute to the evolution and outcomes of coopetition. Furthermore, such an approach would permit identifying potential moderating or mediating factors that shape the dynamics of cooperative engagement, thereby improving the theoretical and practical implications.

Lastly, this study enriches coopetition research at both the organizational and network levels. One overlooked aspect is coopetition at the individual level. The strategy-as-practice concept (Jarzabkowski, 2005; Whittington, 2006) suggests that strategic decisions regarding coopetition are enacted by senior executives (Mariani, 2007; Gnyawali & Park, 2011) and evolve through everyday interactions shaped by individuals or organizations (Jarzabkowski & Bednarek, 2018; Klimas & Czakon, 2022). As the recognition of coopetition as a dynamic process driven by individual decision-makers grows (Bengtsson & Kock, 2014; Gelei & Dobos, 2024; Gnyawali et al., 2016), future research might focus on understanding how individual mindsets and

choices shape competitive strategies and outcomes. The results should then illuminate the roots of performance variations and relational complexities and thus improve the comprehension of the practical implications of cooptition.

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## Publications

### **Coopetitive IJVs – A strategy of managing the internationalisation challenges in China**

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#### **Abstract**

In order for international joint ventures (IJVs) to succeed, it is essential to manage the challenges related to internationalisation. IJVs can be seen as cooperative, however, there is often a simultaneous cooperative and competitive, i.e. coopetitive relationship between the companies involved. There is scarce research related to how coopetition can facilitate internationalisation, although coopetitive business relationships have been shown to increase value and performance of firms. This paper aims to explore how coopetitive IJVs can be used to manage challenges related to internationalisation into China. The empirical part is based on illustrative qualitative case study research including five cases of coopetitive IJVs in the automotive industry. The study sheds new light on the connectedness of IJVs and coopetition. Our findings show that through coopetitive IJVs, internationalisation challenges are managed by exchanging complementary and homogeneous resources. Moreover, our findings indicate the value of a dynamic and gradually developing competition between firms.

**Keywords** Internationalisation, IJV, Coopetition, Chinese market, Automotive industry, SME.

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## 1 Introduction

Most studies on the challenges of internationalisation focus on large enterprises, despite the important role and increasing presence of SMEs in the international economy (Calabrò and Mussolino, 2013; Zhou *et al.*, 2020). SMEs taking their first steps towards internationalisation need resources and expertise to identify business opportunities abroad, potential partners, foreign trade practices, export procedures, import regulations, standards, and specifications of products (Lobo *et al.*, 2020). In their internationalisation, most SMEs face limitations in terms of resources, skills, information, financial capital, managers' experience, and constraints inherent in the vulnerability of the external environment (Jeong *et al.*, 2019; Lobo *et al.*, 2020). These challenges can be viewed in light of the entry mode, which highly affects the success of the firm in the foreign market (Tse *et al.*, 2021). Existing literature highlights the value of forming international joint ventures (IJVs) with local firms in entering foreign markets as an IJV may improve firm performance, increase understanding of the local market, provide access to complementary resources, and reduce costs and risks, particularly in emerging markets like China (Beladi *et al.*, 2021; Loehde *et al.*, 2020; Tse *et al.*, 2021; Zhao and Castka, 2021). However, IJVs are more critical to manage in comparison with JVs between domestic firms as the IJV partners origin from different political, social, cultural and economic contexts, which may lead to tensions and failure in a different way than in JVs between domestic firms (Jin *et al.*, 2016). Moreover, the foreign firm needs to invest resources into the IJV host market. These investments are often unrecoverable and makes the foreign firm more vulnerable to the activities by the firm in the foreign country that have more control (Pangarkar and Klein, 2004).

Existing research on IJVs is related to firm performance (e.g., Ali *et al.*, 2021; Avny and Anderson, 2008), governance and control (e.g., Beladi *et al.*, 2021; Loehde *et al.*, 2020), and outcomes of IJVs (e.g., Kim *et al.*, 2021; Tse *et al.*, 2021) from the perspective of focal firms, i.e., the IJVs or the parent firms. Prior studies on IJVs tend to focus on market- and firm-level issues, whereas the relationship between the partners has received less attention (Jin *et al.*, 2016; Nippa and Reuer, 2019; Zhao and Castka, 2021). In IJVs the relationship between the partners can be considered as cooperative (Nippa and Reuer, 2019; Shu *et al.*, 2017), as they cooperate by sharing

complementary resources, simultaneously as they tend to pursue individual interests and engage in competitive activities (Shu *et al.*, 2017). Coopetition can be considered as “*more silent in IJVs than in other inter-firm relationships*” (Shu *et al.*, 2017, p. 43).

Bengtsson and Kock (2014: p.182) define coopetition as ‘*a paradoxical relationship between two or more actors simultaneously involved in cooperative and competitive interactions, regardless of whether their relationship is horizontal or vertical*’. Horizontal coopetition, or cooperation between competitors (Bengtsson and Kock, 1999; Fernandez *et al.*, 2018; Kock *et al.*, 2010), has recently attracted a great deal of research attention from various industries (Basterretxea *et al.*, 2019; McGrath *et al.*, 2019).

Research has shown that coopetition improves the performance and success of firms (Bengtsson and Kock, 2014; Berbegal-Mirabent *et al.*, 2020; Fernandez *et al.*, 2014), particularly in an international context (Ritala *et al.*, 2014). Collaborating with competitors provides access to new resources and facilitates the realisation of capabilities (Granata *et al.*, 2018; Yami and Nemeh, 2014). From a business network perspective, establishing foreign relationships improves the capacity of internationalisation for small- and medium-sized enterprises (SMEs) (Jeong *et al.*, 2019) and speed of internationalisation into emerging markets (Falahat *et al.*, 2020); in particular, there are studies (e.g., Bengtsson and Kock, 1999) showing that collaborating with competitors can enable exploration of new business opportunities and strengthen value chains (Crick, 2019). However, only a few studies (e.g., Basterretxea *et al.*, 2019; Kock *et al.*, 2010; Ritala *et al.*, 2014; Vanyushyn *et al.*, 2009) focus on the positive impact of coopetition on the internationalisation of firms.

Moreover, the studies focusing on internationalisation challenges mainly investigate large companies (Bengtsson and Johansson, 2014; McGrath *et al.*, 2019); and research on SMEs is scarce (Amal and Rocha Freitag Filho, 2010; Prater and Ghosh, 2006). IJVs can be considered as a good opportunity for SMEs aiming at expanding on an international market. However, much of the attention in prior literature on IJVs is on the motivations and strategies of foreign firms to form IJVs (Zhao and Castka, 2021) and on large foreign firms (Loehde *et al.*, 2020). Less attention has been paid to SMEs, and on the nature of the relationship between the partners (Zhao and Castka, 2021). IJVs are often viewed from a cooperative perspective (Nippa and Reuer, 2019) and

only a few studies (e.g., Luo *et al.*, 2008; Shu *et al.*, 2017) focus on a cooperative perspective of IJVs. Overall, there is a research gap related to inter-firm cooperation from a global perspective (Kallmünzer *et al.*, 2019) and more particularly, we lack knowledge about cooperation related to IJVs at the inter-organisational level (Nippa and Reuer, 2019).

The aim of this paper is to explore how cooperative IJVs can be used to manage challenges related to internationalisation into China. The empirical part is based on qualitative case study research including five cases of cooperative IJVs between European and Chinese firms within the automotive industry. There are several reasons why we focus on the Chinese market. First, it is considered to be an economically important market for foreign firms in order to secure global competitiveness (Loehde *et al.*, 2020). Second, IJV is a common entry mode for foreign firms expanding to China (Konara *et al.*, 2020; Loehde *et al.*, 2020). Moreover, in China there are both state- and industrial regulations that require or encourage the establishment of cooperative IJVs between foreign and Chinese firms (Cai and Karasawa-Ohtashiro, 2021; Konara *et al.*, 2020; Shu *et al.*, 2017). For example, the steadily increasing demand in China for automotive products has attracted all major international automotive firms and made China the largest automotive market in the world (Loehde *et al.*, 2020; Cai and Karasawa-Ohtashiro, 2021). However, there are foreign investment restrictions in China, which encourages IJVs between foreign and Chinese firms (Cai and Karasawa-Ohtashiro, 2021).

By combining literature on IJVs and cooperation, the contribution of our study is as follows:

1. Our findings complement studies on cooperative IJVs (Nippa and Reuer, 2019; Shu *et al.*, 2017; Zhao and Castka, 2021) by showing that cooperation within an IJV strengthens firm's industrial competitive position.
2. Our findings shed new light on the management of internationalisation challenges by showing that the exchange of complementary and homogeneous resources through cooperative IJVs facilitates the handling of internationalisation challenges.

3. Our study extends the knowledge on the benefits of coopetition from a sales perspective (Basterretxea *et al.*, 2019; Kock *et al.*, 2010; Vanyushyn *et al.*, 2009) to a broader scope of business activities.
4. Our findings indicate that value capturing occurs near to customers, which is in contrast with many existing coopetition studies (e.g., Bengtsson and Kock, 2000; Fernandez *et al.*, 2014; Gnyawali and Park, 2009; Ritala and Hurmelinna-Laukkanen, 2009).
5. Furthermore, our findings add knowledge to coopetition research on dynamic capabilities (Bouncken *et al.*, 2015) by showing that coopetition improves firms' dynamic capabilities through the integration and reconfiguration of asset positions (Teece *et al.*, 1997).

The paper is structured as follows. First, a theoretical review on internationalisation, IJVs and coopetition is presented. Second, the methodology, involving a qualitative case study of five coopetitive relationships in China, is described and followed by a presentation of key findings. Third, a discussion on the empirical findings is presented in relation to the extant literature. Finally, the paper is concluded with theoretical and managerial implications. Limitations and avenues for future research are also elaborated on.

## **2 Literature review**

### *2.1 Internationalisation challenges related to the Chinese market*

Scholars have put forward internationalisation challenges on both macro- and micro-levels (Brouthers *et al.*, 2003, 2008; Kogut, 1988a; Konara *et al.*, 2020; Larimo *et al.*, 2016; Liu *et al.*, 2020a; Nippa and Reuer, 2019; Rana and Elo, 2017). The challenges maybe related to economic, political, industrial, financial, sociocultural, and individual aspects (Chi and McGuire, 1996; Krishnan *et al.*, 2006; Lu and Hébert, 2005; Mendy and Rahman, 2019; Puck *et al.*, 2013). Economic and political challenges, or country-level risk (Agarwal and Ramaswami, 1992), do not seem to be highly influential for the choice of entry mode (Brouthers, 2013; Pla-Barber *et al.*, 2011; Ramírez-Hurtado *et al.*, 2018), or for the continuing of firms' activities after entering foreign markets (Benito, 1997; Meschi, 2005; Meschi and Riccio, 2008). In addition, country-level risk is beyond firms' control and management (Konara *et al.*,

2020; Stocker and Abib, 2019). Therefore, the economic and political challenges are excluded from this study.

Research has highlighted the impact of the change of industrial environment on the success of firms' operation in a foreign market (Hennart *et al.*, 1998; Kogut, 1988b, 1991; Konara *et al.*, 2020). As far as the internationalisation of European firms to China is concerned, it is important to pay attention to the industrial competitive context (Ivarsson and Alvstam, 2013). Intense competition against not only international rivals but also local competitors is one of the drawbacks of SMEs' internationalising into emerging markets (Che Senik *et al.*, 2014). Many SMEs are attracted by the opportunities arising from the ever-changing nature of the Chinese market but neglect the threats inherent in competition (Lee *et al.*, 2013). The dynamic business environment in China, marked as it is by ambiguity, complexity, and incentive policies (Li and Farrell, 2021; Yeung and Mok, 2002) means an increasing number of Chinese firms have developed into competitive rivals defending their own market and expanding their business even beyond own territory (Lee *et al.*, 2011). Foreign SMEs are challenged in attempts to operate in such a strong and rapidly growing competitive context with competitors of different sizes, with different qualities, and from different backgrounds (Hashim and Hassan, 2008) that are continuously upgrading in all industries over time (Lee *et al.*, 2013), which is an unusual situation in the context of SMEs' internationalisation experiences (Yeung and Mok, 2002).

Second, financial strength influences international cooperation throughout the transactional lifecycle from the start of partner selection (Dollinger *et al.*, 1997), ownership and governing control within cooperation (Das and Teng, 2002; Lu and Hébert, 2005), to the termination of transaction (Meschi *et al.*, 2017; Reuer, 2002). Many SME managers find access to financial resources is the biggest challenge in internationalisation (Cea *et al.*, 2021; Kraus *et al.*, 2017; Lobo *et al.*, 2020; Zhou *et al.*, 2020). The financial challenges are often related to limited internal funds and difficulties in acquiring loans and external equity (Che Senik *et al.*, 2014; Kraus *et al.*, 2017; Kuivalainen *et al.*, 2010), which again may decrease possibilities of investing for internationalisation (Kuivalainen *et al.*, 2010; McNaughton and Bell, 2004). Investors are often concerned about the risk of high agency costs, which can be an issue if funding is not properly utilised to address the risks of internationalisation

(Doukas and Pantzalis, 2003). As the success of internationalisation is strongly associated with financial resources, access to sufficient funding is a challenge for SMEs in their international activities in the Chinese market (Bellone *et al.*, 2010; Kuivalainen *et al.*, 2010).

Human resource is a critical vehicle of firms' international activities (Kabst, 2004; Mendy and Rahman, 2019) in terms of building social construction, delivering core functions, achieving core business objectives, and meeting local legitimacy (Drumm, 1999; Dolan *et al.*, 2005; Horgan and Muhlau, 2005; Li *et al.*, 2016; Ostroff and Schmitt, 1993; Rogers and Wright, 1998; Tan and Meyer, 2010). Internationalisation challenge relates to human resources (Lobo *et al.*, 2020) and labour supply (Hessels and Parker, 2013), particularly in relation to highly skilled employees, is identified to be a determinant of the internationalisation of SMEs (Buzavaite and Korsakiene, 2019; Mendy and Rahman, 2019). Expanding business into an international market can lead to conflict in the distribution of human resources between the home market and the international operation (Levy, 2005; Williamson *et al.*, 2003). It may also be challenging to recruit appropriate human resources in the foreign market, particularly in China, where competition of skilled labour is intense (Hashim and Hassan, 2008). Another reason offered by Bretos and Errasti (2018) is the low switching cost for skilled workers moving between competing firms, which makes retaining skilled workers a constant challenge.

Alongside the challenge of recruiting and retaining skilled labour, the sociocultural distance between home and host countries that greatly impacts on the longevity and structural configuration of international transaction also challenges SMEs' internationalisation activities (Barkema and Vermeulen, 1997; Lu and Hébert, 2005; Reuer, 2002; Meschi and Riccio, 2008; Tower *et al.*, 2019). The sociocultural distance often emerges in the internationalisation process of SMEs (Kraus *et al.*, 2017) as barriers in executing transactions in foreign countries (Bjorvatn and Wald, 2021). The sociocultural distance between China and Europe, for example, concerning language and culture (Hofstede, 1991; Loehde *et al.*, 2020), challenges European SMEs in terms of accessing and assessing business information and data (Ojala, 2008), establishing business relationships (Zhao and Castka, 2021), and maintaining partnerships (Tower *et al.*, 2019).

In brief, firms seek to explore and seize business opportunities by expanding their operations into foreign markets, where they particularly in emerging economies, are facing varying challenges (Konara *et al.*, 2020). The unfamiliar and competitive foreign context (Park *et al.*, 2017) and internal constraints in resources and capabilities (Kraus *et al.*, 2017; Lobo *et al.*, 2020) challenge a firms' strategy on whether and how to enter foreign markets (Brouthers *et al.*, 2003). Organic growth may not be the optimal solution because of the need to internationalise fast (Devece *et al.*, 2019). Therefore, establishing partnerships with other firms is arguably a good choice for firms to manage the internationalisation challenges (Beckman *et al.*, 2004; Gnyawali and Park 2009, 2011).

## 2.2 Coopetitive IJVs

There are four main entry modes for internationalisation: wholly owned subsidiaries (WOSs), mergers and acquisitions (M&As), contractual agreements (CAs), and international joint ventures (IJVs) (Pla-Barber *et al.*, 2011; Yiu and Makino, 2002). The selection of entry mode often depends on the trade-off between the costs of control and the costs of resource commitment (Anderson and Gatignon, 1986; Cespedes, 1988). WOSs and M&As provide control over the invested resources (Meschi and Riccio, 2008). However, these entry modes may imply high costs related to the management of local operation (Hennart, 1988; Woodcock *et al.*, 1994). CAs, on the other hand, is coupled with lower control (Woodcock *et al.*, 1994). However, IJVs allow firms to control their core competencies by deliberating resource sharing with IJV partners (Anderson and Gatignon, 1986; Woodcock *et al.*, 1994). IJVs are particularly suitable for firms that are willing to share some of their own resources in order to get access to the resources of another firm. The costs and risks inherent in IJVs can therefore be lower in comparison with other entry modes such as M&As (Davidson, 1982; Hennart, 1988; Hill *et al.*, 1990; Woodcock *et al.*, 1994).

IJVs in China has attracted growing interests from researchers (Cheng *et al.*, 2016; Zhao and Mills, 2019) with topics including IJV formation (Xia *et al.*, 2008; Loehde *et al.*, 2020), IJV ownership structure (Liu *et al.*, 2020b; Owens, 2010), IJV management (Liu *et al.*, 2014; Wang *et al.*, 2020), and IJV performance (Tse *et al.*, 2021). Despite the considerable academic achievements in the field of internationalisation and IJVs into China, there is scarce research examining how IJVs specifically facilitate the

emerging challenges during the internationalisation process in the Chinese market. In order to be able to understand how IJVs can facilitate the management of challenges, we focus on its cooperative nature.

Coopetition is described as a paradoxical relationship that includes simultaneous forces of cooperation and competition (Bengtsson and Kock, 2014; Bengtsson *et al.*, 2016; Czakon *et al.*, 2020) and emerges at the individual, organisational, inter-organisational levels (Enberg, 2012; Luo *et al.*, 2006, 2006; Raza-Ullah *et al.*, 2014; Tsai, 2002), as well as on the network level (Bengtsson and Kock, 2000; Peng and Bourne, 2009; Peng *et al.*, 2012). In addition, coopetition may be distinguished as horizontal coopetition, which refers to the coopetition between competitors (Dahl *et al.*, 2016; Gnyawali and Park, 2011), and vertical coopetition that often exists between buyers and suppliers (Kim *et al.*, 2013; Lacoste, 2012; Soppe *et al.*, 2014). The majority of coopetition literature focuses on the inter-organisational level (Bouncken *et al.*, 2015) between horizontally competing firms (e.g., Dahl *et al.*, 2016; Gnyawali and Park, 2011), which is also the focus of this paper.

Coopetition has been studied through various academic lenses, in particular the game theory (Devece *et al.*, 2019; Ritala and Hurmelinna-Laukkanen, 2009). Brandenburger and Nalebuff (1995, 1996) describe the phenomenon of coopetition as a game between competing firms that first cooperating to create a bigger “pie” and later competing to share the “pie”. In other words, coopetition allows competing firms to cooperate and compete by following a logic of value creation and value capture (Lavie, 2007; MacDonald and Ryall, 2004). In a cooperative relationship, firms pool the similar and/or complementary resources they possess to create total value for all partners and/or firm-level value for individual firm(s) (Bouncken *et al.*, 2020a, 2020c) and then capture a certain amount of the created value at firm-level as the returns from the relationship for their inputs (Bouncken *et al.*, 2020b, 2020c; Lavie, 2006; Ritala and Tidström, 2014).

Competing firms are a group of firms that often share similar knowledge and market vision, and possess complementary resources, that facilitate the collaboration to create more value than what they could achieve alone (Bengtsson and Kock, 2000; Gnyawali and Park, 2009; Quintana-García and Benavides-Velasco, 2004; Ritala and Hurmelinna-Laukkanen, 2009) including enhanced learning (Ritala and Hurmelinna-

Laukkanen, 2009; Tsai, 2002), strengthened innovations (Bengtsson and Kock, 2014; Bouncken *et al.*, 2018; Bouncken and Fredrich, 2012; Park *et al.*, 2014; Quintana-García and Benavides-Velasco, 2004) and improved firm performance (e.g., Berbegal-Mirabent *et al.*, 2020; Pellegrin-Boucher *et al.*, 2013). The value creation can further be specified into a scale-type that aiming to achieve economies of scale from the input of similar resources and a link-type that targeting at synergy creation from the combination of complementary resources (Hennart, 1988). Coopetition scholars distinguish between value creation (positive-sum logic) and value appropriation (zero-sum logic) (Bouncken *et al.*, 2020c; Luo, 2008; Ritala and Tidström, 2014). Nonetheless, value appropriation is often outlined in relation to tensions (Fernandez and Chiambaretto, 2016; Fernandez *et al.*, 2014; Tidström, 2014), dependence (Afuah, 2000), and opportunistic behaviour (Bouncken and Fredrich, 2012; Gnyawali and Park, 2009; Levy *et al.*, 2003), and it is often realised through competition (Fernandez *et al.*, 2014; Gnyawali and Park, 2009; Gnyawali *et al.*, 2006; Ritala and Hurmelinna-Laukkanen, 2009). It has also been found that competing activities usually occur closer to customers while cooperative behaviour of value creation often exists far away from customers (Bengtsson and Kock, 2000; Bouncken *et al.*, 2015).

Despite the richness in coopetition research, internationalisation has received scarce attention (Bouncken *et al.*, 2015), although inter-organisational collaboration often occurs between competitors from the same industry (Rai, 2016), which implies that coopetition may facilitate internationalisation into new markets (Bengtsson and Kock, 2014; Gnyawali and Park, 2009; Luo and Rui, 2009). Studies show that coopetition may facilitate internationalisation in terms of increasing market size, improving market position, capturing additional market share, and creating new markets (Jankowska, 2011; Ritala and Hurmelinna-Laukkanen, 2009; Ritala *et al.*, 2014). Coopetition is also reported to enhance interactions with new customers in distant markets through joint sales and aftersales services (Basterretxea *et al.*, 2019), exploring international sales opportunities (Vanyushyn *et al.*, 2009), and accessing new distribution networks and contacts (Devece *et al.*, 2019; Kock *et al.*, 2010). As far as emerging markets are concerned, there are studies showing that institutions in emerging markets facilitate coopetition between firms, and this leads to increased internationalisation of the firms (Monticelli *et al.*, 2018).

From the perspective of coopetition, IJVs have been studied related to the conflicts of control and interest distribution between IJV partners (e.g., Luo *et al.*, 2008; Shu *et al.*, 2017). Moreover, coopetition enables IJVs to be flexible in addressing environmental changes and uncertainties and, consequently, to achieve better performance. (Shu *et al.*, 2017). Another stream of research focuses particularly on large automotive IJVs between competitors in China (e.g., Fernandez and Liu, 2007). Despite the prominence of coopetition in internationalisation and IJVs, how coopetition facilitates the internationalisation of foreign firms into China through IJVs remains underexamined. Under the complex, fast changing and uncertain environmental context, coopetition becomes an attractive strategy for firms, especially for the SMEs that lack resources, to overcome conditions and seize opportunities from markets (Bengtsson and Johansson, 2014; Devece *et al.*, 2019; Gnyawali and Charleton, 2018; Gnyawali and Park, 2011). Therefore, more research is needed relating to the benefits of coopetition for SMEs (Chiambaretto *et al.*, 2020). There is a need to advance our knowledge on cooperative IJVs at inter-organisational level by examining the linkage between IJVs formed by foreign and Chinese competitors and the internationalisation challenges that foreign SMEs confront in China (Nippa and Reuer, 2019).

### **3 Methodology**

#### *3.1 Research approach*

The empirical part of this study is based on qualitative case study research, which is appropriate when the study is exploratory, context-specific, and involves business relationships (Bradley, 2010; Farquhar, 2012). Qualitative approach is commonly used in IJVs studies (Zhao and Castka, 2021) to be able to understand the reasons of the complex research objectives (Hwang and Kim, 2018; Loehde *et al.*, 2020). Moreover, several coopetition scholars (e.g., Basterretxea *et al.*, 2019; Bouncken *et al.*, 2015; McGrath *et al.*, 2019) also argue that given the complex nature of coopetition and the theoretical understanding of it is still developing, the adoption of qualitative approaches increases understanding. We use qualitative case study research to understand and interpret a specific context through a number of cases (Farquhar, 2012). In this study we chose five cases consisting of cooperative business relationships between a European and a Chinese company within the automotive

industry. The particular choice of five cases was based on our aim of receiving sufficient and in-depth information about the researched phenomenon.

The cases were purposefully selected based on certain criteria (Siggelkow, 2007). First, all cases involve a European SME that operates within the automotive industry in the Chinese market. As internationalisation in China is often a lengthy process for European firms, we chose to focus on European firms that have significant experience of operating in China; in this case, established by their exporting to China for at least ten years, which should be an appropriate period to be able to identify the nature of challenges and how those challenges were addressed through cooperative activities.

Another criterion for the cases was that they all involve local cooperation between the companies in China in the form of IJVs, which is said to be an appropriate form for international technological cooperation (Hung and Chang, 2012; Tse *et al.*, 2021) and a preferred entry mode to foreign markets for SMEs (Sestu *et al.*, 2020). Moreover, we chose to focus on cooperative IJVs to ensure the cases included formal cooperation alongside competitive activities.

The cases are summarised in Table I. All cases involve competition between the firms that sell competing products that are not produced as part of the IJVs to similar customers in China. As far as cooperation is concerned, Cases 1, 2 and 3 involve cooperative activities related to procurement, manufacturing, sales, and service. In addition to these activities, Cases 4 and 5 cover a wider scope of activities by including R&D as well.

**Table I** Summary data of Cases

	Dyadic countries	Informants					Cooperation activity	Competition activity
		No.	Position	Gender	Industry experience	Interview method		
<b>Case 1</b>	UK	1	CEO	Male	20 yrs.	Online	Procurement, Manufacturing, Sales & Service	
		2	Managing Director	Male	24 yrs.	Online		
	China	3	Financial Director	Female	14 yrs.	f2f		
		4	HR Director	Female	20 yrs.	Online		
<b>Case 2</b>	Germany	5	CEO	Male	18 yrs.	Online	Procurement, Manufacturing, Sales & Service	
		6	Sales Director	Male	23 yrs.	Online		
		7	Head of Bus. Devt.	Male	14 yrs.	Online		
	China	8	General Manager	Male	15 yrs.	Online		
		9	Project Director	Female	21 yrs.	Online		
<b>Case 3</b>	Portugal	10	EVP	Male	20 yrs.	Online	Sales of competing products that are not produced under JV terms, to similar customers in China.	
	China	11	Deputy GM	Female	10 yrs.	f2f		
		12	Head of Purchasing	Male	11 yrs.	f2f		
<b>Case 4</b>	Germany	13	CEO	Male	26 yrs.	Online		R&D, Procurement, Manufacturing, Sales & Service
		14	Sales Director	Male	23 yrs.	Online		
		15	Representative, China	Male	16 yrs.	f2f		
	China	16	General Manager	Male	29 yrs.	Online		
		17	Head of Sales	Male	15 yrs.	Online		
<b>Case 5</b>	Finland	18	CEO	Male	30 yrs.	f2f	R&D, Procurement, Manufacturing, Sales & Service	
	China	19	General Manager	Female	20 yrs.	Online		
		20	Deputy GM	Female	16 yrs.	Online		
		21	Sales Director	Female	11 yrs.	Online		

### 3.2 Data collection and analysis

The empirical material consisted of interviews and written documents. We conducted a total of 21 semi-structured interviews. The interview topics included the challenges of the internationalisation process, the nature and development of the cooperative IJVs relationships, and the benefits of cooperative IJVs in relation to the internationalisation challenges. Semi-structured interviews allowed us to capture the same topics in each interview, simultaneously as we were able to adjust some of the questions according to the profession, experience, and perception of an individual informant. In order to increase the trustworthiness of the empirical material, the authors used experiment-like replication logic when conducting the interviews (Yin, 2003), meaning that the informants were asked to elaborate on their answers.

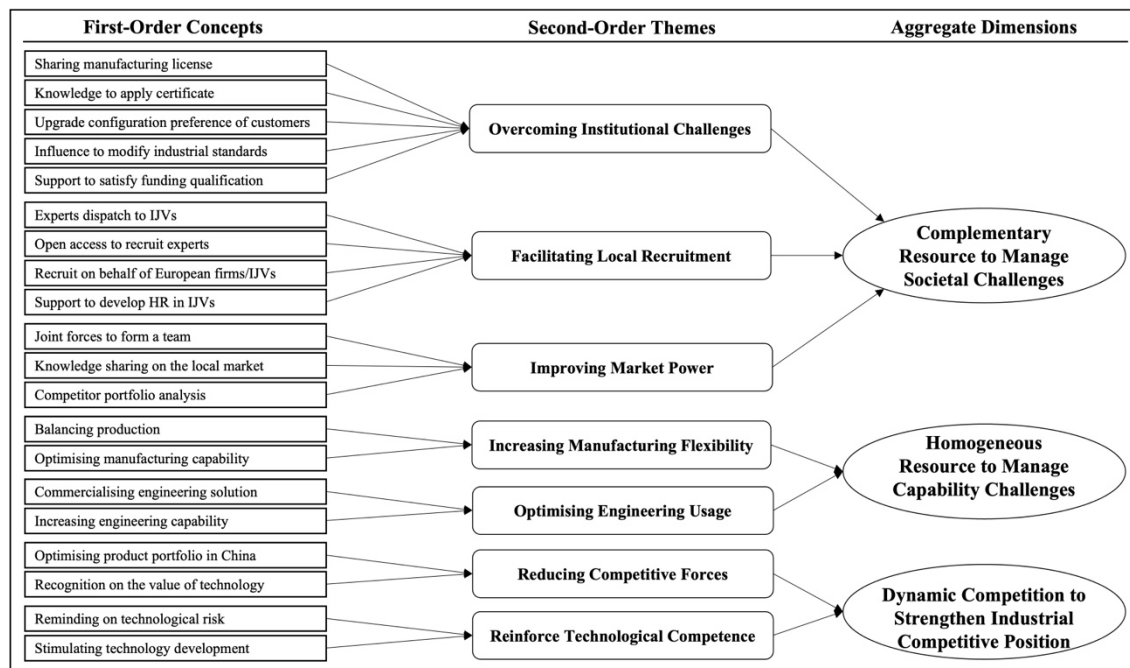
The informants are listed in Table I. They were chosen based on their knowledge of and involvement in the cooperative business relationships. All informants were senior level executives, who were largely involved in the competition for both executive and operational activities, meaning they were capable of offering an overall perspective on the competition, the internationalisation, and the associated challenges. Sixteen informants were interviewed online and five interviews were conducted face to face (f2f) in the offices of the informants. The interviews with European managers were

conducted in English and with Chinese managers in Chinese. One of the authors is from Finland and the other is of Chinese origin, which adds credibility to the cultural understanding and interpretations of the data (Koporcic and Ivanova-Gongne, 2020). The interviews lasted for between 45 minutes and two hours with the average length being approximately 60 minutes. All interviews were recorded and transcribed and the transcripts were reviewed and confirmed by the informants.

Written documents related to the companies involved were also used as research material. The documents included the IJV agreements, business plans, internal project reports, and board resolutions. The use of these documents helped confirm the information elicited from the interviews and also increased the trustworthiness of the study (Tidström and Rajala, 2016).

The material gathered from the interviews and from the written documents was analysed in a similar way. We followed a systematic analysis process starting from a more general level and proceeding towards a more detailed level. In the first phase of analysis, the aim was to acquire an understanding of the empirical material as a whole, and to categorise the material as relevant to the study or irrelevant. In the following phase of analysis, the relevant material was categorised by systematic coding in order to receive a general picture of the researched phenomenon based on the content of data in relation to the research topics and questions (Bradley, 2010). After that, the analysis followed as a process of moving back and forth between empirical material and existing literature (Bradley, 2010; Farquhar, 2012). The coding process started with identifying challenges of internationalisation and by coding specific challenges into larger groups. Thereafter, we identified and coded activities of the cooperative business relationship in relation to how these facilitated the management of particular internationalisation challenges. A summary of the data structure (Gioia *et al.*, 2013) is demonstrated as figure 1. The findings of the empirical study are presented in the following section.

Figure 1 Data structure



## 4 Findings

### 4.1 Acquiring complementary resources to manage societal challenges

European firms confront a number of *institutional challenges* in China relating to industrial regulation, qualification norms to external funding, and configuration preferences from customers. First, China has regulations governing the automotive sector that differ considerably from those in Europe including the regulations on both firm-level and product-level. The strictest regulation at firm-level was the foreign ownership caps (FOC) before 2018 that made IJVs with Chinese competitors the only possibility for foreign firms to manufacture automotive products in China. The gradual removal of FOC opens an opportunity for foreign firms; but the difficulties of acquiring the automotive manufacturing licence (AML), in terms of the strict requirements on investment, manufacturing process, product advancement and sales volume, as well as the uncertainty in time and cost, continue to constrain the actions European firms can take in the Chinese market. Chinese competitors possess the required AML as a core resource and have also accumulated knowledge in applying and acquiring AML. To cooperate with local competitors, the AML possessed by the Chinese firms can be shared with the IJVs or the Chinese firms can lead the process of

applying a new AML for IJVs from which European firms have an opportunity to learn the knowledge how an application of AML can be appropriately prepared.

*'It is the key for our cooperation with this competitor that they have a subsidiary with the necessary industrial licence for automotive manufacturing'.*

[HBD, Case 2]

*'Because of the license, we need a local competitor as partner for local manufacturing'.*

[CEO, Case 5]

The challenge at product-level often relates to industrial norms and standards, and product certification (e.g., China Compulsory Certificate or commonly known as a CCC Mark). Though application and metric are publicly available, the essential challenge is how to achieve the quality and unmask the logic of satisfying the metric within a reasonable time and cost. Chinese firms are experienced in managing local regulation processes and satisfying requirements, meaning they can therefore assist the European parties with how best to deal with the regulations. Moreover, if the Chinese firms were key players in the industry, they were usually able to influence the revision of industrial standards related to the products. In the automotive industry, the ability to influence the industrial standards to a higher level may increase the demand of products in favour of European firms.

Secondly, according to the sales director of case 2, many end-users of their products set the configuration of vehicles at a basic level with elementary functions to bargain a competitive purchasing price and maintenance cost. The European premium vehicles, on the other hand, provide advanced solutions that would increase the operational efficiency and durability; the average yearly-operating cost is lower because of the longer lifecycle. However, the sophisticated operation requires proper training and maintenance from the operators and the higher purchasing price arising from the advanced configuration challenges the budget of customers. It is a challenge for European firms to approach local customers and sell the products with a different philosophy in design, operation, and costing than what the customers had been used to. Through cooperative relationship, Chinese firms are able to utilise their relational resources helping European firms to access target customers that are willing to test

the products. Simultaneously the European firms receive valuable customers' feedback on products and could then feed that information into engineering development for new configuration to change the preferences of customers. The configuration preference change is a gradual process; but once the configuration is upgraded and customers acknowledge the benefits, it is difficult to be downgraded.

Thirdly, a common challenge for the European firms relates to acquiring external funding including government subsidies, bank loans, and private investments. Through coopetition in IJVs with local Chinese firms, this challenge can be managed.

*'We were looking for different alternatives until we arrived at the current one, which helps us to have strong government support in subsidising the project.'*

[MD, Case 1]

In China, local government commonly subsidises organisations to enhance their competitiveness against organisations from other regions. Access to such subsidy is only possible to the local organisations or their partners. The qualification terms and procedures required to access subsidies differ between industries so there is no set process. The local Chinese firms have the best knowledge on the options and experiences in the procedures to acquire specific subsidies in their own industries. There are often barriers in obtaining industry-specific subsidies by organisations from different industries. In other words, cooperating with competitors is arguably the optimum alternative to target and access government subsidies and be qualified for acquiring the subsidies.

In addition to subsidies, coopetition with local partners also provides European SMEs access to bank loans.

*'With our local partner, it is much easier to get a bank loan.'*

[EVP, Case 3]

According to the financial director of case 1, it is possible for IJVs to apply bank loans when they possess local asset and have been operating under strong financial strength for a period of time provided that their shareholders are willing to provide guarantees. In this case, the guarantee from European firms is usually not sufficient for Chinese banks because of the recourse risk in foreign countries. The local asset

and bank credits of Chinese firms become important conditions for banks to consider granting loans to IJVs.

Moreover, access to private investors is facilitated through cooperating with local competitors. Chinese firms usually have diversified financing channels due to their local identities and the credibility established from their long presence in the industry. The managing director of case 1 reveals the central role of the Chinese cooperative partner acting as an intermediary in connecting local investors and explaining IJV business and profit model in a professional way that is still easy to understand, which is difficult to achieve for organisations outside the industry.

The challenge of *getting access to local labour* is considered a major constraint for the European SMEs operations in China. Firstly, the SMEs do not possess excess experts for long-term foreign projects. Second, they do not possess the necessary knowledge and relations of the local labour market and employment legislation in order to be able to recruit and attract local experts in China. However, labour can be accessed from the Chinese partners involved in the IJV.

*'This is an advantage we can take from the Chinese side. We can utilise the human resources from the local partner when our engineers are not able to do the work. So, for small companies, this is maybe the future.'*

[CEO, Case 5]

Another important role of Chinese firms is to access experts and recruit on behalf of European firms or IJVs before the human resource (HR) system functions appropriately in IJVs. The experienced HR experts of Chinese firms have the knowledge and relations to efficiently sift and recruit specific labour for the start of IJVs. When IJVs are capable of independently recruiting, the role of the Chinese firms is then evolved from active to passive. They offer their expertise for emergent cases or as a support to European firms or IJVs in recruitment upon request. According to the sales director of case 4, European automotive SMEs can learn from their large competitors that usually reduce psychic distance by employing people who are familiar with both Chinese and European languages and cultures through their Chinese cooperative partners.

*From a market perspective, co-competition in IJVs strengthens the power of the European firms as they face strong competitive pressure from local competitors. The direct competition between the IJV-partners is reduced and controllable due to the co-competitive agreements and an improved understanding of each other. This permits the firms to work as a team that strengthens the competitive advantage and market position of the involved firms, simultaneously as competition with external competitors is intensified.*

*'...when the relationship with our partner goes stronger, you make more difficulties for other local competitors'.*

[MD, Case 1]

In the co-competitive business relationships, the Chinese parties share knowledge with the European parties related to the Chinese market and competitor portfolio including available products, engineering data, and pricing and cost analysis.

*'With our partner we can get information about other competitors, (including) their organisations, their products, their prices, and so on. Alone, we are not able to get such information to re-arrange our strategies to beat them'.*

[EVP, Case 3]

This provides great opportunities for the European firms to analyse the market and also to understand the competitive landscape and the nature of the products available in the market. That information, in turn, enables the European firms to monitor the rival moves of competitors in the Chinese market. In other words, European firms utilising co-competitive arrangements can erect barriers to protect against competition in China.

#### *4.2 Acquiring homogeneous resources to manage capability-related challenges*

European firms and their Chinese co-competitive partners have some resources in common, for instance to production and engineering. By sharing and combining such homogeneous resources it is possible to achieve economies of scale and to manage capability-related challenges. First, the co-competition within the IJVs *optimises manufacturing capability by balancing production capacity.*

According to the CEO of case 4, the automotive business is subject to sudden peaks and fluctuations in sales because the sector is largely project based. Therefore, it is challenging for SMEs to optimise production capacity. When engaging in cooperative relationships in China, European firms can acquire valuable product- and production-related knowledge from the Chinese partners. Moreover, it is possible to balance production and sales fluctuations by utilizing the facilities and workforce of the Chinese partners when needed, and the reverse, to rent out facilities or act as subcontractors for competitors when the own production capacity is excess.

*'In a cooperative situation, you can outsource the production of the majority of components locally by using the foreign technology. Similar components and products can be manufactured in the same workshop by the same machinery with different labels.'*

[MD, Case 1]

The balanced production capacity optimises the usage of manufacturing capability that results in lower unit costs and enhanced product development.

Production includes engineering, which is a key competence required in the automotive industry; however, it is also a challenge in international operations. Firms invest in developing engineering solutions in order to be different from competitors. Entering into cooperative relationships enables the increase of unit of sales through transferring engineering solutions from the European firms to the Chinese firms. However, it is important that this transfer does not threaten the core business of the European firms. The Chinese firms may utilise the engineering solutions for their existing products or further development, if this does not compete with the European firms or the IJVs. Due to the large potential and depth of the Chinese market, the engineering solutions can be used for far more wide-ranging applications and for a longer time. In case 5, the commercial value of the engineering solutions from the European firm is maximised and brings additional financial return that can be allocated for further development or other expenditures. The Chinese firm also benefits from the transaction because its engineering process can be upgraded in a short time without committing too much of its own resources.

In addition, there are limited possibilities to adjust the engineering capability of the European firms in order to match the production requirements. For example, the material of superstructure for a certain type of vehicle is different in China than in Europe, and the requirement for the cooling efficiency within the vehicle is significantly tighter in China than in Europe. On the other hand, the engineering capability of Chinese firms within the automotive industry is growing rapidly; particularly, the capability to adjust to foreign practices. This creates another opportunity to achieve engineering synergy, that is, the potential of engineering co-development, after the establishment of mutual trust in cooperative relationships. In fact, an increasing number of European automotive companies have established their engineering facilities in China for various purposes, including solution development, engineering testing, and material research and procurement. For SMEs, it is costly to establish their own engineering facilities in China. Cases 4 and 5 demonstrate that it is more feasible to keep a shared engineering development in the IJVs in order to protect the interests of the European firms.

#### *4.3 Dynamic change of competition strengthens the industrial competitive position*

In cooperative business relationships there is a challenge related to tensions and opportunistic behaviour. The core competence of the European firms are their technological know-how and intellectual property. As competitors, Chinese firms recognise the value of technological competence and, therefore, they are willing to enter various agreements with European firms to ensure the long-term technological input from European firms. Both formal and informal mechanisms are utilised in all cases by European firms in order to minimise the risk of harming their technological competences. Formal agreements on technology transfer or licencing are signed between European and Chinese firms as an attachment to the IJV contract for a legal protection. Moreover, a gradual introduction of new products or upgrades on existing products are commonly used by European firms to IJVs.

*'There are different types of products. Cooperation started on a specific product to reach a larger scale by joining together... but we couldn't allow to produce our core component and product outside our (European) factory'.*

[CEO, Case 2]

Notwithstanding the risk embedded in competitive tension, positive influences are also identified in relation to facilitate European firms to optimise their product portfolio and continuously improve their technology. Through the IJV, free competition is not allowed between the European and Chinese firms in terms of the product portfolio that the European firms offer in China. The firms can only compete concerning the products that are not included in the IJV contract.

It is not uncommon that a category of products of European firms is within premium margin, but these products are not related to the IJV due to technical difficulties or the preferences of the European firms. This implies that a smaller, but more focused product portfolio with higher margin can directly be sold on the Chinese market by the European firms. In this way, the European firms also compete with their Chinese IJV partners. However, the nature of the competition is temporary, as the European firms are searching for development possibilities for products with lower margin that can be scaled up in the IJVs. By controlling the scope and schedule of new product development, the European firms can adjust their product portfolio related to the IJVs in order to reduce the direct competition with their Chinese partners. Moreover, they can benefit from scaled production in IJVs while maximising financial returns from their own products with premium margin.

Access to appropriate technological capabilities is a considerable challenge for firms operating within the automotive industry. When European firms cooperate with Chinese competitors, their technology development is enhanced, as they need to maintain a technological advantage in relation to their cooperation partner. However, also the Chinese firm benefits from the IJVs as they get increased understanding of the competitiveness of the products from European firms.

*'We transfer technology and the knowhow (to IJV), they (Chinese firm) can improve their quality. So there should be some advantage in engineering and R&D'.*

[CEO, Case 5]

*'With our (European firm) technology, they (Chinese firm) can improve their products to a higher level... We have to be ahead of them. We need to have something more advanced before they fully digest the current technology'.*

[RC, Case 4]

The potential risk and challenge related to the technological learning, know-how and development in Chinese firms, adds a pressure on European firms to further strengthen their technological capability rather than relying on existing advantage. The optimised product portfolio and continuously improving technology aspiring from dynamic competition in co-competition strengthens the industrial competitive position of European firms in the Chinese market.

To sum up, European SMEs can manage internationalisation challenges in China by establishing IJVs with Chinese firms. Challenges related to the societal context, i.e. institutional, labour and market power challenges, can be managed through sharing and developing complementary resources such as knowledge, human and financial resources. As far as the operational context is concerned, challenges related to manufacturing and engineering can be managed by combining homogeneous resources. Third, challenges coupled with the competitive context, such as competition between the firms involved in the IJVs and with external competitors, can be managed by adapting the product portfolio and strengthening the technological capability.

## 5 Discussion

Our findings shed new light on existing research on IJVs, particularly from the perspective of IJVs between cooperating competitors. Coopetitive IJVs involve companies that are similar to each other in terms of processes. However, the competitors involved in the IJVs are also different for example related to knowledge of the market. This implies that there are natural incentives for competitors to engage in IJVs, where they can cooperate and get access to each other's resources. The similarities and differences between the firms facilitate the agreement between the firms, particularly related to the contribution of each firm. Coopetitive IJVs may reduce the challenges in IJVs related to partner selection (Larimo and Rumpunen, 2007; Mba and Agumba, 2018) arising from information asymmetry (Welcher, 2019) as well as task conflict because of different business models (Owens *et al.*, 2018).

Our study contributes to prior research on IJVs and internationalisation by illuminating how IJVs between foreign and Chinese competitors facilitate the internationalisation of European SMEs on both the macro and micro levels. In

accordance with prior research, coopetitive IJVs provide firms with contextual benefits at a macro-level through the learning acquired from IJV partners (Tsai, 2002) and by accessing new resources and capabilities either from or through the coopetitive relationship (Granata *et al.*, 2018; Yami and Neme, 2014). Our study further indicates the macro-benefits including a better understanding of, and ability to monitor competitors; familiarisation with industrial regulations; breaching industrial barriers; and identifying sales and marketing opportunities. Similarly, coopetition strengthens firm-specific advantages (Dunning, 1980) at the micro level.

Prior research on internationalisation of European firms to China puts forward the industrial competitive context as a challenge (Che Senik *et al.*, 2014; Ivarsson and Alvstam, 2013). Chinese firms may learn from foreign firms and rapidly develop competing products (Lee *et al.*, 2011). Our findings show that this challenge can be managed through a coopetitive IJV between a local Chinese firm and a European SME. A beneficial strategy for the European firms is to gradually intensify the cooperation with their Chinese partner, simultaneously as they put an effort into preserving a technological advantage. The findings also enrich the research on IJVs radical innovation (Wang *et al.*, 2020) by showing that the dynamic competition within coopetitive IJVs continuously stimulates the engineering development.

We extend the understanding of customer' orientation of IJV literature (Park *et al.*, 2017) by evidencing that coopetitive IJVs not only help firms to familiarise and meet customer needs as many extant IJVs literature suggest (e.g., Han *et al.*, 1998; Day, 1994; Olshavsky and Spreng, 1996; Sim *et al.*, 2007), but also influence the change of customers' preferences through the relational support from local competitors.

As far as coopetition research is concerned, our findings differ from existing studies indicating that value creation is often realised through cooperative behaviour far away from customers, whereas the capturing of value is usually realised through competing activities closer to customers (Bengtsson and Kock, 2000; Bouncken *et al.*, 2015). In contrast to this, our findings demonstrate cooperative activities close to customers in coopetitive IJVs. Chinese actors share their relational resources to European actors through the IJVs. This enlarges the 'pie' by including European-style configuration to the offerings of the IJVs. Because of the large size of the Chinese market, both firms within the IJVs can capture value from the joint product

configurations without directly competing with each other on the market, that is value can be captured from the added value caused by joint value creation. This finding adds a new perspective to the common view of creating and capturing value in cooperation (e.g., Fernandez *et al.*, 2014; Gnyawali and Park, 2009; Gnyawali *et al.*, 2006; Ritala and Hurmelinna-Laukkanen, 2009).

Our findings reflect the link between cooperation and firm capability, which has been scarcely researched in cooperation literature (Bouncken *et al.*, 2015). There are studies examining the moderating role of firm capability on cooperative relationships (Bengtsson *et al.*, 2016; Wu, 2014). Quintana-García and Benavides-Velasco (2004) has shown that cooperation facilitates the improvement of innovation capabilities, and our findings show that cooperation also facilitates access to manufacturing and engineering capabilities. The findings show cooperating with Chinese competitors allows European firms to balance their manufacturing capability to the changing production demand through the integration and reconfiguration of asset positions (Teece *et al.*, 1997), including facilities, labour, and know-how, between the European and Chinese competitors. The same effect also applies to the Chinese firms, which entails a positive-sum benefit on dynamic capabilities of both cooperative firms from pooling homogeneous resources and capabilities into cooperation. The improved dynamic capabilities may strengthen the industrial competitive position of both firms to outperform other competitors in the Chinese market.

## 6 Conclusion

The findings of our study contribute both to existing research on internationalisation and IJVs and to cooperation research. Most research on IJVs focus on a cooperative perspective (Nippa and Reuer, 2019; Shu *et al.*, 2017; Zhao and Castka, 2021), whereas we add to existing knowledge related to cooperative IJVs and more particularly on the management of internationalisation challenges. Our findings shed new light on internationalisation challenges by adding a cooperative IJV perspective. Based on our findings it is possible to conclude that both complementary as well as homogeneous resources exchanged through the cooperative IJVs can be seen as a management strategy for handling societal- and capability-related challenges. Moreover, our findings show the value of gradual and dynamic competition within an IJV, in order to strengthen the industrial competitive position.

The study contributes to coopetition research by adding insights related to internationalisation and cooperative IJVs between European and Chinese firms (Chiao *et al.*, 2021; Crick and Crick, 2021; Markovic *et al.*, 2021). Most literature focuses on the benefits of coopetition from a sales perspective (e.g., Basterretxea *et al.*, 2019; Kock *et al.*, 2010; Vanyushyn *et al.*, 2009). We explore the impact of coopetition on internationalisation from different angles. First, business activities other than sales are discussed; for example, procurement, engineering, and production. Meanwhile, macro factors from the industrial context are also investigated and suggested to be important for initiating coopetition. By cooperating with Chinese competitors, SMEs from Europe can tackle the dynamic challenges in forms of complying with industrial regulations, obtaining financial benefits, overcoming labour shortages, enriching engineering applications, and balancing production capacity. Secondly, our findings show that coopetition value capture may also exist near to the customers via cooperative behaviour, which differs from existing coopetition literature (e.g., Bengtsson and Kock, 2000; Fernandez *et al.*, 2014; Gnyawali and Park, 2009; Ritala and Hurmelinna-Laukkanen, 2009). Thirdly, the study adds a dynamic capability perspective to coopetition, which is under-researched in extant coopetition research (Bouncken *et al.*, 2015). Our findings reveal the positive impact of coopetition in improving firms' dynamic capabilities.

The findings of the study have several managerial implications. First, the study demonstrates possible challenges that European SMEs may face when internationalising into the Chinese market. Second, the study demonstrates how cooperation with local competitors through IJVs can facilitate the managing of the challenges. Managers from small firms may consider forming cooperative IJVs if the scarce resources constrain their international expansion. However, managers should carefully evaluate what kind of and how much resources they should allocate to cooperative IJVs in order to preserve the competitive advantage of the firm. It is consequently critical to be aware of and to balance the similarities and differences between the firms involved in an IJV. This study also provides specific empirical insights for foreign automotive SMEs on the value of cooperating with Chinese competitors in the form of IJVs when expanding their businesses into China.

A limitation with our study is that it is based on qualitative case study research, which makes it difficult to generalise the findings. Moreover, the geographical context is

related to China, and therefore the findings may not be applicable to other countries. The specific characteristics of the automotive industry may give rise to findings that are different from other industries. Therefore, a possibility for future research is to study our findings in various industries and markets. Another avenue for future studies would be to explore how cooperative IJVs can facilitate the internationalisation of firms from a network perspective, that is, by including actors such as suppliers and customers that directly or indirectly influence the cooperative IJVs. Moreover, in this study, we did not focus on the tensions arising from cooperative IJVs. This is an important topic for future research to explore, particularly within the context of cooperation and internationalisation.

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## **The Impact of International Coopetitive Relationships on Surrounding Vertical Networks during Covid-19**

### **Abstract**

This study investigates the evolution of international coopetitive relationships and their impact on vertical networks during the global Covid-19 pandemic. There is a call for more research about coopetition from an international perspective. Moreover, vertical coopetition from a network perspective is scarcely researched. In this study we aim to fill these research gaps. The empirical study is based on qualitative case study methodology. The findings demonstrate that coopetitive relationships have both positive and negative effects on the activities, performances, and business relationships of actors within vertical networks. The impact differs for suppliers and distributors as relationships evolve, influenced by the Covid-19 pandemic. This research contributes to existing theory on coopetition by widening the scope to include surrounding vertical networks and adopting a dynamic temporal perspective to illustrate the evolution of coopetitive relationships and their implications, particularly during a pandemic.

**Keywords** Coopetition, vertical network, dynamics, Chinese market, automotive industry, Covid-19.

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## 1 Introduction

Coopetition, or simultaneous cooperation and competition between firms (Bengtsson and Kock, 2000, 2014), has recently received increasing interest both from a theoretical and practical perspective (Bengtsson and Kock, 2014; Czakon *et al.*, 2020; Hani and Dagnino, 2021; Raza-Ullah *et al.*, 2014; Vanyushyn *et al.*, 2018; Velu, 2016). Coopetition theory is mainly based on dyadic cooperative relationships (Czakon *et al.*, 2014; Ritala *et al.*, 2008; Sanou *et al.*, 2016), but recently the attention towards addressing the network level has been increasing (Blanka and Traunmüller, 2020; Hani and Dagnino, 2021; Leite *et al.*, 2018; Monticelli *et al.*, 2021; Ritala *et al.*, 2008; Rusko, 2014). However, the research about coopetition on a network level is scarce (Chou and Zolkiewski, 2018; Crick and Crick, 2021a; Hani and Dagnino, 2021), especially from an international perspective (Crick and Crick, 2021b; Monticelli *et al.*, 2021). Moreover, extant coopetition theory focuses on firms directly involved in cooperative relationships, which we refer to here as *focal firms*, and less attention has been paid to those actors from the same networks of the focal cooperative relationship. In particular, coopetition in vertical networks is deemed to be highly challenging, but these are less studied in comparison with coopetition at horizontal level (Czakon *et al.*, 2014). This study aims to fill research gaps in coopetition theory especially related to a vertical network level (Czakon *et al.*, 2014; Golnam *et al.*, 2014) by examining the impact of focal international cooperative relationships on the actors from supply- and distribution networks.

Existing studies on coopetition often focus on relationships between firms originating in the same geographical market (Crick and Crick, 2021b; Navío-Marco *et al.*, 2019) or the same industrial sector (Basterretxea *et al.*, 2019; Leite *et al.*, 2018). There are few studies in an international context (Felzensztein *et al.*, 2014; Hani and Dagnino,

2021; Monticelli *et al.*, 2021; Shu *et al.*, 2017) particularly relating to emerging markets (Jiang and Tidström, 2024) (Monticelli *et al.*, 2018, 2021; Peng and Bourne, 2009). International joint venture (IJV), an entry mode for firms to expand their businesses into foreign markets, has been widely researched from various academic lenses (Konara *et al.*, 2020). However, its connection to coopetition theory is not explored. Drawing on theories, such as internationalisation process (Johanson and Wiedersheim-Paul, 1975) and transaction cost economics (Coase, 1937; Williamson, 1975), forming IJVs is considered as a key element of firms' internationalisation strategies to offset psychic distance challenges during the internationalisation process (Loehde *et al.*, 2020; Porporato, 2009; Nippa and Reuer, 2019; Sestu *et al.*, 2020; Tse *et al.*, 2021). Therefore, an integration of coopetition and IJV could be seen as fruitful.

Prior research on dyadic and networked coopetition focuses on focal firms within the cooperative relationship (Bengtsson *et al.*, 2010; Czakon and Czernek, 2016; Hani and Dagnino, 2021; Ritala, 2012; Sanou *et al.*, 2016). Less attention has been paid to the surrounding network of the cooperative relationship. Actors within the surrounding network may be closely connected with the focal cooperative business relationship and merit consideration. For the last few years, business relationships and networks have been facing the effects of the Covid-19 pandemic and there is a call for research about the effect of the pandemic on business relationships. One such effect is that on cooperative strategy and activities (Crick and Crick, 2020). This paper examines the impact of focal cooperative relationships on the surrounding networks in an international context. The empirical study is based on qualitative case study research, including five international cooperative relationships established between European and Chinese firms. The research questions are as follows:

RQ 1: how do international cooperative relationships impact on vertical networks?

RQ 2: how does the Covid-19 pandemic influence the vertical networks of international cooperative relationships?

By answering these research questions, the study makes three key contributions to competition theory:

- (1) Starting with RQ1, we extend the unit of analysis from focal cooperative firms (Bengtsson *et al.*, 2010; Czakon and Czernek, 2016; Hani and Dagnino, 2021; Ritala, 2012) to the vertical network of the focal actors, which has scarcely been researched (Chai *et al.*, 2020; Czakon *et al.*, 2014; Tidström and Rajala, 2016). Our findings show that forming international cooperative relationships can have both positive and negative effects on the surrounding supply and distribution networks, and further entails new business relationships for suppliers (competition-dominated) and distributors (cooperation-oriented) and, consequently, affects their business performances.
- (2) In answering RQ1, we embed the cooperation into an international context between developed (Europe) and emerging markets (China) and thereby contribute to existing cooperation research (Crick and Crick, 2021b; Hani and Dagnino, 2021; Monticelli *et al.*, 2021; Shu *et al.*, 2017). The findings illustrate that the heterogeneity of international markets facilitates the formation of international cooperative relationships and also greatly impacts the surrounding vertical networks of the focal cooperative relationships.
- (3) Moreover, in answering RQ2, we employ a dynamic perspective on the cooperation at the network level, which is under-researched in extant cooperation theory (Burström *et al.*, 2022; Czakon and Czernek-Marszałek, 2021; Tidström and Rajala, 2016). Our findings show that the impact of focal international cooperative

relationships on vertical networks is not static but evolves over time. In addition, our findings contribute to existing coopetition literature on the Covid-pandemic (Crick and Crick, 2020; Dussauge *et al.*, 2000; Elgazzar, 2021; Filimonau, 2021; Markovic *et al.*, 2021; Sodhi and Tang, 2021; Zeng *et al.*, 2022) by showing that the Covid-19 pandemic disrupted the evolving process arising from international coopetition and drew the impact in different directions on supply networks and distribution networks respectively.

The paper is structured as follows. First, we present coopetition from a network perspective and connect coopetition to the global Covid-19 pandemic. We then elaborate on the research design and choice of method. We next present the findings of the empirical study and discuss them in light of existing research to illustrate the academic contribution. The paper ends with a conclusion section, which sets out the study's managerial contributions, its limitations, and some avenues for future research.

## **2 Literature review**

### *2.1 The concept of coopetition*

Coopetition can be understood as simultaneous cooperation and competition between two or more actors (Bengtsson and Kock, 2014). The concept of coopetition has recently attracted considerable attention in research and practice (Czakov *et al.*, 2020; Hani and Dagnino, 2021; McGrath *et al.*, 2019). Coopetition can offer several benefits (Czakov and Czernek, 2016) related to improved performance (Gnyawali and Park, 2011; Ritala, 2012; Sanou *et al.*, 2016), innovation (Kumar and Dutta, 2017; Mirabent *et al.*, 2021; Le Roy *et al.*, 2022; Vătămănescu *et al.*, 2021), access to resources (Czakov *et al.*, 2014; Czakov and Czernek, 2016; Luo, 2007; Ritala *et al.*, 2008) and market expansion (Jiang and Tidström, 2024). At the same time,

coopetition can encourage opportunistic behaviour (Gnyawali and Park, 2009), knowledge leaks and misuse (Ilvonen and Vuori, 2013; Mirabent *et al.*, 2021), tensions and conflicts (Bengtsson *et al.*, 2016; Fernandez and Chiambaretto, 2016; Rajala and Tidström, 2021; Tidström, 2014; Tidström *et al.*, 2018), and bring challenges concerning geographical and cultural distance (Vanyushyn *et al.*, 2018).

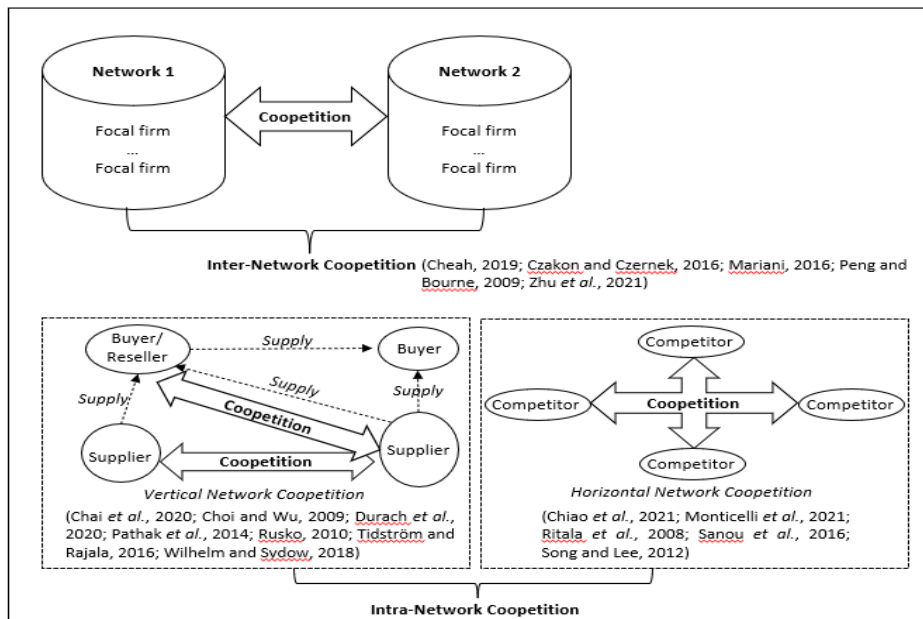
Coopetition can be viewed from a dyadic and network perspective (Bengtsson and Raza-Ullah, 2016; Choi and Wu, 2009; Dorn *et al.*, 2016; Monticelli *et al.*, 2021; Tidström, 2008) It connects focal actors within their external environment of relations (McGrath *et al.*, 2019). Firms are embedded in a *value net* (Brandenburger and Nalebuff, 1996), where they interact with others in the same value chain (Ritala *et al.*, 2014) or an entire value network (Brandenburger and Nalebuff, 1996). Both cooperative and competitive interactions often involve multiple actors in a complex networked context (Czakov and Czernek, 2016; Damayanti *et al.*, 2017; Durach *et al.*, 2020; Rusko, 2014). Accordingly, scholars have emphasised the need to enrich coopetition theory with a network perspective (Bengtsson *et al.*, 2010; Lascaux, 2020; Park *et al.*, 2014).

## *2.2 Coopetition from a network perspective*

Existing research on coopetition from a network perspective can be categorised into two major streams. The first is inter-network coopetition, which refers to the cooperative interaction between two or more networks of competing firms (Cheah, 2019; Czakov and Czernek, 2016; Mariani, 2016; Peng and Bourne, 2009; Zhu *et al.*, 2021). The second stream involves coopetition between multiple parties in the same network. That coopetition can be vertical (Chai *et al.*, 2020; Tidström and Rajala, 2016), also known as supply-chain coopetition (Choi and Wu, 2009; Durach *et al.*,

2020; Pathak *et al.*, 2014; Rusko, 2010; Wilhelm and Sydow, 2018), or horizontal cooperation between competitors from the same industry (Chiao *et al.*, 2021; Monticelli *et al.*, 2021; Ritala *et al.*, 2008; Sanou *et al.*, 2016; Song and Lee, 2012).

Figure 1. Two streams of coopetition at a network level.



Coopetition within or between networks involves firms with different resource profiles (Sanou *et al.*, 2016) and generally offers participating firms access to diverse information, knowledge, and resources (Gnyawali and Madhavan, 2001). Participating firms are provided with opportunities to acquire information and resources that could be used for knowledge-sharing, market expansion and technological development (Bengtsson *et al.*, 2010; Dahl, 2014). Firms might also be able to undertake radical technological development owing to the cooperation with multiple partners, whereas dyadic competition is more suitable for incremental improvements (Yami and Nemeh, 2014). Della Corte and Sciarelli (2012) also report a possible chain-reaction mechanism enabling firms to exploit the relational network of cooperative partners to create new business connections.

In addition, having direct access to several actors from the same industry enables focal firms to benchmark themselves and their competitor-partners in terms of strategic actions, market positions and technology development (Sanou *et al.*, 2016). That benchmarking may provide a competitive advantage in an environment marked by technological and environmental shocks (Hagedoorn and Schakenraad, 1994; Zaheer and Zaheer, 1997). Coopetition potentially generates collective value among participants even if they are currently or potentially in competition (Rusko, 2014). That is especially true for firms in the same supply chain (Kafi and Fatemi Ghomi, 2014; Klein *et al.*, 2007; Nair *et al.*, 2011; Rusko, 2011), such as one buyer and two suppliers (Choi and Wu, 2009; Pathak *et al.*, 2014). When the buyer facilitates coopetition between the two suppliers, the entire supply chain can benefit in terms of joint technology or product development. Moreover, the competition between suppliers can trigger lower costs and improved product quality (Wu *et al.*, 2010). The coopetition in a network context could become more dynamic if it is enlarged by including other competing buyers and suppliers from the same industry (Peng and Bourne, 2009).

Nonetheless, a network approach is essential and indispensable in the study and analysis of the phenomenon of coopetition (Golnam *et al.*, 2014). However, extant coopetition research from the network perspective focuses on focal firms engaged in a cooperative relationship (Hani and Dagnino, 2021). Actors closely connected to these focal firms have been less researched. Scholars have called for coopetition research to be enriched from a network perspective (Bengtsson *et al.*, 2010; Lascaux, 2020; Park *et al.*, 2014), particularly in the international and global arena and involving emerging markets (Chiao *et al.*, 2021; Crick and Crick, 2021b; Markovic *et al.*, 2021; Monticelli *et al.*, 2021).

### *2.3 Coopetition and the Covid-19 pandemic*

The World Health Organisation declared Covid-19 a pandemic on March 11, 2020 (Belli *et al.*, 2020) and it has been a major threat to global business ever since (Belli *et al.*, 2020; Elgazzar, 2021; Mora Cortez and Johnston, 2020). Coopetition, a business relationship underpinned by the principle of resource sharing between focal firms (Elgazzar, 2021; Filimonau, 2021; Sodhi and Tang, 2021), has played a critical role during the Covid-19 pandemic (Crick and Crick, 2020; Sodhi and Tang, 2021). The pressure of time constraints during the pandemic (Chesbrough, 2020; Markovic *et al.*, 2020, 2021) prompted calls for firms to develop innovative capabilities (Wenzel *et al.*, 2021) and sustainable methods with their competitors by utilising those competitors' complementary resources (Lado *et al.*, 1997; Markovic *et al.*, 2020). Some successful coopetition practices during the pandemic involve cooperation between pharmaceutical firms in developing vaccines and suppliers of medical equipment (New York Times, 2020). Other reported examples include cooperation between technology firms over cybersecurity and tracking apps (Security, 2020; The Guardian, 2020) and between charities collecting and sharing resources (Wyllie, 2020).

Academic work has also investigated coopetition during the Covid-19 crisis in the tourism (Zeng *et al.*, 2022), hospitality (Filimonau, 2021), and pharmaceuticals sectors (Elgazzar, 2021). The results highlighted the need to engage in international coopetition during a global pandemic (Zeng *et al.*, 2022). International coopetition enables competitors to share resources to increase efficiency through resource integration and utilisation (Dussauge *et al.*, 2000; Sodhi and Tang, 2021) to access sustainable economic benefits (Zeng *et al.*, 2022). Covid-19 has also challenged global supply networks by introducing uncertainty to both supply and demand sides. A

transformation from the traditional permanent nature in supply networks to more flexible or balanced settings between buyers and suppliers has emerged to reduce the potential impact of the disruption of global crises like Covid-19, which arguably triggers the increase of cooperative activities in global supply chains (Sodhi and Tang, 2021).

Natural crises usually affect a limited number of businesses for a limited period (Sodhi, 2016); however, Covid-19 has impacted businesses globally and for a considerable period (Sodhi and Tang, 2021). We do not yet fully understand the short- and long-term effects of Covid-19 on businesses (Filimonau, 2021). Given the Covid-19 pandemic has catalysed cooperation strategies, it is worthwhile to study it in that extreme context (Crick and Crick, 2020) and concerning B2B relationships between firms from emerging markets and developed countries (Markovic *et al.*, 2021) embedded in networked supply chains (Sodhi and Tang, 2021).

To summarise, the study's theoretical framework is built on cooperation and vertical networks. The research focuses on the evolution of international cooperation in an emerging crisis and examines how cooperative relationships influence vertical networks over time. The research focus is empirically examined and analysed in the following sections.

### **3 Methodology**

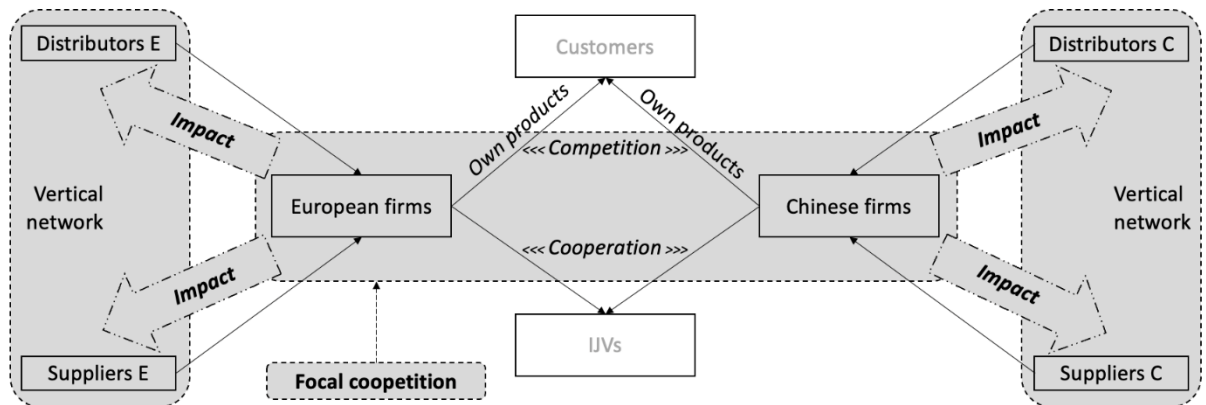
#### *3.1 Case description*

The empirical part of this study is based on qualitative case study research (Yin, 2015). A qualitative case study is appropriate for exploring the highly complex nature of cooperation (Basterretxea *et al.*, 2019; Bouncken *et al.*, 2015; McGrath *et al.*, 2019; Wilhelm, 2011). Moreover, the automotive industry is ideal for a cooperation study

because it is marked by extensive embedded cooperation and competition cooperativeness and competitiveness (Dahl, 2014; Velu, 2016; Wilhelm, 2011). Particularly, the Chinese automotive sector has been under a cooperative context in the form of IJVs between foreign and Chinese automotive manufactures for decades (Cai and Karasawa-Ohtashiro, 2021; Jiang and Tidström, 2024), which offers a solid background for international cooperation research and the aim of this study.

This study focuses on five focal cooperative relationships between European and Chinese manufacturers in the automotive sector. The focal actors have been competitors in selling automotive products in the same category in the Chinese market. The competing products of European firms are manufactured in Europe and imported into China through traditional importers. Chinese firms produce competing products and sell through their own distribution networks in China. The cooperation between the focal firms is managed through international joint ventures (IJVs) in China to enable the manufacture and sale of products (here, IJV products). The focal firms have opened their supply and distribution networks to facilitate the development of IJVs. Accordingly, as figure 2 demonstrates, focal European and Chinese firms simultaneously cooperate to facilitate the production and sale of agreed IJV products and compete for sales of products not offered by IJVs in China.

Figure 2. Case description



### 3.2 Data collection and analysis

The empirical material consists of both primary and secondary data. The primary data were collected through thirty-one semi-structured interviews and questionnaires with twenty-one informants from both sides of the cooperative relationships in 2019–2022. Ten informants who had been interviewed before the spread of Covid-19 were re-interviewed as part of a second-round data collection exercise. Data collection conducted over time primarily offered a way to capture the dynamic impact of the focal cooperative relationships on the surrounding vertical networks in the context of the Covid-19 pandemic. The interview questions were designed to capture the nature and scope of cooperative relationships, the interaction between IJVs and suppliers and/or distributors, and the impact of the Covid-19 pandemic on the suppliers and/or distributors to the focal cooperative firms. We were especially interested in changes in the way cooperative relationships influenced the supply and distribution networks during the period of the Covid-19 crisis. The interviews were between 30 and 120 minutes long, which is appropriate for collecting rich data (Cooper and Schindler, 2006). In addition, secondary data were collected in the form

of business plans and internal reports. All firms and interviewees were granted anonymity, reflecting the sensitive nature of cooperation with competitors.

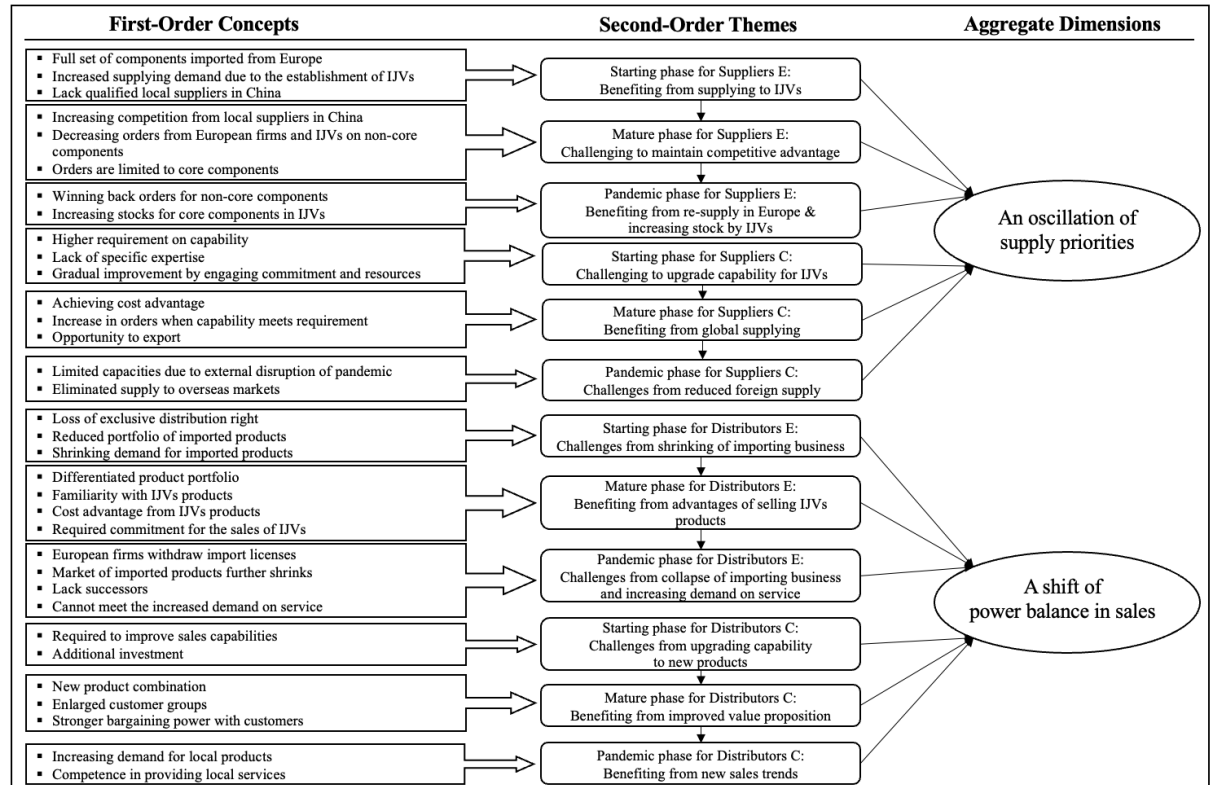
Table I. Description of informants

Interviewee		Dyadic Case		Data Collection	
No.	Title	No.	Region	1 <sup>st</sup> Round / Year	2 <sup>nd</sup> Round / Year
1	CEO	1	Europe	Online interview / 2019	Questionnaire / 2021
2	Managing Director		Europe	Online interview / 2019	-
3	Financial Director		China	In-person interview / 2019	Online interview / 2022
4	HR Director		China	Online interview / 2019	Questionnaire / 2021
5	CEO	2	Europe	Online interview / 2019	-
6	Sales Director		Europe	Online interview / 2019	-
7	Head of Bus. Devt.		Europe	Online interview / 2020	Online interview / 2021
8	General Manager		China	Online interview / 2020	Online interview / 2021
9	Project Director		China	Online interview / 2019	-
10	EVP	3	Europe	Online interview / 2019	Online interview / 2022
11	Deputy GM		China	In-person interview / 2019	Online interview / 2021
12	Head of Purchasing		China	In-person interview / 2019	-
13	CEO	4	Europe	Online interview / 2019	Online interview / 2021
14	Sales Director		Europe	Online interview / 2019	-
15	Representative, China		Europe	In-person interview / 2019	-
16	General Manager		China	Online interview / 2020	-
17	Head of Sales		China	Online interview / 2020	Online interview / 2021
18	CEO	5	Europe	In-person interview / 2019	-
19	General Manager		China	Online interview / 2020	-
20	Deputy GM		China	Online interview / 2020	-
21	Sales Director		China	Online interview / 2020	Questionnaire / 2022

The data were analysed using cross-case analysis (Miles and Huberman, 1984), which is a suitable analysis method to interpret themes of qualitative data in a multi-case study consisting of similar cases (Cruzes *et al.*, 2015), that is, the five focal cooperative relationships in this research. The data were categorised by themes corresponding to the research questions. Themes emerged and were analysed under two contextual groups – (1) from the start to mature stages, (2) during the Covid-19 pandemic. By categorising the findings into these two groups, it is possible to analyse how international cooperative relationships impact surrounding networks prior to and

during the Covid-19 pandemic. The data structure (Gioia *et al.*, 2013) is illustrated in Figure 3.

Figure 3. Data structure as per Gioia *et al.* (2013)



## 4 Findings

### 4.1 An oscillation of supply priorities

#### 4.1.1 International coepetition facilitated cooperation between supply networks

The dyadic coepetitive relationships in the spotlight arose through the formation of IJVs in China between European firms and their Chinese competitors. European firms transferred their technological solutions to the IJVs to manufacture some products they subsequently imported. The success of the technology transfer was largely dependent on the quality of the components. Therefore, during the starting phase of the coepetitive relationships, the priority was to secure a sufficient supply of

components of assured quality to produce IJV products. The suppliers to European firms (*Suppliers E*) that could supply suitable components benefited from supplying a large proportion or entire sets of components to the IJVs.

*Their suppliers (Suppliers E) were supportive...the production in China increased their (Suppliers E) business. (PD, Case 2)*

*All components for the JV were coming from their suppliers (Suppliers E) at the beginning... the European suppliers (Suppliers E) were supportive of our JV because they received big orders. (HoP, Case 3)*

*We started with the assembly of CKD (completely knocked down) parts and prepared a big volume for them (Suppliers E) before we found good suppliers in China. (CEO, Case 4)*

Helping the suppliers of the Chinese firms (*Suppliers C*) to produce suitable components as quickly as possible was a major factor in the success of the cooperative relationships. However, *Suppliers C* was required to invest effort and engage resources to produce components matching the quality of imported components in sufficient quantities and at a lower price. During the starting phase of the cooperative relationships, *Suppliers C* were not in a position to maintain the critical supply levels for the IJVs. *Suppliers C* were thus forced to cooperate with European firms and invest in improving their capabilities to be qualified to undertake the critical supply to IJVs.

*Absolutely, number one, train people. It starts with being able to read our documentation, drawings, material, norms, and standards, which are different from the Chinese versions... you need to tell the suppliers in China (Suppliers C) what you expect. (CEO, Case 4)*

*It was a challenge for them (Suppliers C) to supply the right products. They were not experts in some of the products. It took time and effort to get what we wanted. (EVP, Case 3)*

*It was a gradual process for our suppliers (Suppliers C), from simple ones to more sophisticated...they (Suppliers C) needed to show commitment and capability to produce suitable components with lower prices. (HoP, Case 3)*

To sum up, it is possible to say that the European suppliers were initially favoured by the international competition, whereas the Chinese suppliers were not able to deliver to the demanded quality standard. However, the needs of the IJVs led to cooperation between the suppliers, in order to strengthen the Chinese suppliers.

#### 4.1.2 International competition increased the importance of local suppliers

The business plans of cases 3 and case 4 reveal that *Suppliers C* could supply the regular components commonly used in the automotive industry that are not decisive for the quality of the final product. *Suppliers C* were tasked with supplying components customised to a certain extent, but not qualifying as core technology. The aim was to secure significant cost reductions on the finished product. When *Suppliers C* could meet the demand for customised components with the required quality, quantity, and cost from IJVs, the European firms tended to include *Suppliers C* in their global purchasing networks as suppliers of regular and customised (non-core) components to European production facilities. During the mature phase, the supply priority was to achieve a cost advantage among global suppliers, which enabled *Suppliers C* to benefit from their developed capabilities and cost advantage to supply both IJVs and European firms. *Suppliers E*, however, lost the competitive advantage in supplying regular and customised (non-core) components; they remained the

chosen suppliers of core components, a pattern European firms often rely on to protect core technology.

*We have diversified (the supply of) resources here in China to lower the cost...in addition, we also export components to their (European firm's) factories in other countries to lower the cost and earn higher profit...it was not easy to achieve. (The European firm) appointed a coordinator travelling between China and Europe to assist in the scaling of local supply (from Suppliers C). (FD, Case 1)*

*Component purchasing (from Suppliers E) was a high-pressure task...cost, import duties, logistics...when the local network (Suppliers C) started to deliver...achieving cost advantage in supplying components...the pressure was released... (The European firm) have unique technology...core components related to technology have always been imported... (HoP, Case 3)*

*We have been importing (regular and non-core) components from China for our product for many years. Supply from China to support our global sales is important. (CEO, Case 5)*

Through the strategy of international competition, there was consequently a shift in importance of the role of the suppliers. The local Chinese suppliers were able to supply at a lower cost, and they got an important role, whereas the role of the European suppliers decreased. However, during the pandemic of Covid-19, the situation changed again.

#### 4.1.3 Covid-19 triggered a rebalance of power between supply networks

The Covid-19 pandemic seriously hampered supply activity; specifically, the global purchasing mechanism related to purchasing from *Suppliers C* faced three major challenges: material shortages, limited manufacturing capability, and interrupted logistics. Shortages of materials and uncertain limitations on manufacturing activity

imposed by Chinese government regulations restricted the production capacity of *Suppliers C*. It was not realistic for *Suppliers C* to guarantee sufficient supply to the IJVs and European firms simultaneously.

*Covid has had a major effect on materials from the Far East, especially China...there remain issues with certain raw materials where demand recovery in some cases exceeds current capacity. (CEO, Case 1, 2<sup>nd</sup> round)*

*You need to stop operations if the area is locked down... or if you have discovered a case in your company...the shipment is not allowed to leave the suppliers (*Suppliers C*) if their city is locked down...components cannot reach our factory if our area is locked down, they must wait outside...(the policy) influences us when anyone (*IJVs* or *Suppliers C*) is in lockdown. (GM, Case 2, 2<sup>nd</sup> round)*

*Due to the shortage of materials, especially in China... the price has risen drastically, both for materials and transportation...due to the obstacles created by the restrictions and the rules manufacturing companies must follow, like keeping a distance and testing in the morning...sending people home...all these things influence the performance (of *Suppliers C*). (EVP, Case 3, 2<sup>nd</sup> round)*

*For example, one of our suppliers (*Suppliers C*) had to shut down for two or three weeks because the city was in lockdown...the regulation was serious. (CM, Case 4, 2<sup>nd</sup> round)*

Interruptions to logistics services between China and Europe—mainly arising from restricted port activity and significantly increased carrier prices—aggravates the challenge in global purchasing.

*(Covid-19) has affected lead times, a situation exacerbated by Chinese supply with long delays in shipping...the huge rise in container price...up to ten times the 2020 price...impacted suppliers' competitiveness. (CEO, Case 1, 2<sup>nd</sup> round)*

*We definitely have this (logistic problem)...big delays...they still haven't caught up...For example, here in the import port...they still haven't cleared the containers yet. They are still trying to unpack the stuff...the price is going up like crazy...the delivery time has changed completely...doubled or tripled (HBD, Case 2, 2<sup>nd</sup> interview)*

*Covid started, number one, with restrictions in supply caused by a lack of containers. Containers didn't leave the port. (CEO, Case 4, 2<sup>nd</sup> round)*

*Logistics costs increased nearly tenfold... one container cost about 2000 USD before, the price is now up to 16000 USD. (HoS, Case 4, 2<sup>nd</sup> round)*

Consequently, European firms re-evaluated their global purchasing strategies and sought to reduce the risk posed by similar crises to the Covid-19 pandemic. The new strategy involved shifting the supply priority from cost-driven global purchasing to localised purchasing that would be more costly but pose less risk to supply. That involved ensuring non-core components for IJV products could be supplied by *Suppliers C* and gradually shifting the supply for European production back to *Suppliers E*. *Suppliers E* had to be able to ensure a continuous supply of core components to support both European production and the IJVs. The stock of core components in the IJVs was increased to minimise the supply risk in a crisis. The coming shift in supply priority should benefit *Suppliers E* as they will win back the supply of non-core components from *Suppliers C*. *Suppliers E* should also benefit from supplying the increased core-component inventory in the IJVs. *Suppliers C* have

strengthened the supply relationship with the IJVs; however, they must address the challenge of reduced supplies required by the European firms.

*It has forced us to re-evaluate the benefit and risks associated with China, (particularly) the extended supply chain...in most cases, inventory has been increased in the short term to reduce the risk of production stops...certainly just-in-time supply is no longer discussed...in the longer term, the supply chain will shorten with more supplied closer to the point of use. (CEO, Case 1, 2<sup>nd</sup> round)*

*Suddenly everything stopped, no (core) components were coming (from Europe)...we created a big storage facility, and have more stock (of imported components)...so as not to be so dependent on the suppliers (Suppliers E). (HBD, Case 2, 2<sup>nd</sup> round)*

*We have been limiting the types of imported components...the regular storage of (core) spare parts increases...in order to lower the risk of the effects of a crisis like Covid-19...all other (non-core) components are purchased locally or interchanged with local parts (from Suppliers C). (GM, Case 2, 2<sup>nd</sup> round)*

*I see a strategic change in the supply chain strategy. Before, it was low cost, and so they went to Asia (especially) China...during Covid, the management of purchasing was difficult, so the general purchasing strategy is back to Europe...don't buy from Asia but buy from Europe...though they (Suppliers E) will take the opportunity to raise the price. (CEO, Case 4, 2<sup>nd</sup> round)*

A policy of using suppliers closer to production facilities to minimise the dependence on a single source of supply leads to a diversified portfolio of suppliers.

*We also looked for other sources of supply (in addition to existing ones) that may be more competitive. (CEO, Case 1, 2<sup>nd</sup> round)*

*We have to be more independent. It means we don't give everything to one (supplier), but rather we have the same product produced by two (suppliers)...(the suppliers) are then less specialised. (HBD, Case 2, 2<sup>nd</sup> round)*

*Currently, all the industries at least try to find second sources. (CEO, Case 4, 2<sup>nd</sup> round)*

In short, cooperative relationships positively impacted *Suppliers E* initially because they acquired new orders as *Suppliers C* struggled to meet the capability requirements. The positive impact shifted from *Suppliers E* to *Suppliers C* under a global purchasing strategy when the IJVs, alongside European firms, increased the purchasing volume from *Suppliers C* owing to the latter improving their capability and cost advantage. However, the emergence of the Covid-19 pandemic disrupted the global purchasing mechanism and drove a transformation to a localised purchasing pattern. That shift involved purchasing from *Suppliers E* to support European production and purchasing from *Suppliers C* to support IJV production. The localised purchasing pattern enabled *Suppliers E* to win back orders from European firms from *Suppliers C* and, in turn, negatively impacted *Suppliers C* by reducing overseas demand. The supply priorities have been oscillated between *Suppliers E* and *Suppliers C*, which leads to the continuous competition between the parties as the figure 4 summarises.

Figure 4. An oscillation of supply priorities

Coopetition Phases	Supply Priorities	Impact on Suppliers	Key Quote
Starting phase	Guarantee supply for IJVs	Challenges to Suppliers (C)	"... train people (for the differences) from the Chinese versions..." (CEO, Case 4) "... a challenge for them (Suppliers C) to supply the right products. They were not experts in some of the products. It took time and effort to get what we wanted" (EVP, Case 3) "... a gradual process for our suppliers (Suppliers C)..." (HoP, Case 3)
		Benefits to Suppliers (E)	"...the production in China increased their (Suppliers E) business" (PD, Case 2) "... the European suppliers (Suppliers E) received big orders" (HoP, Case 3) "... a big volume for them (Suppliers E) before we found good suppliers in China" (CEO, Case 4)
Mature phase	Global purchasing	Benefits to Suppliers (C)	"...diversified resources in China to (achieve) lower cost...also export to European firm's factories in other countries..." (FD, Case 1) "... Supply from China to support our global sales is important" (CEO, Case 5)
		Challenges to Suppliers (E)	Suppliers E lost competitive advantage; remained as suppliers of core components only (Business plans, Case 3 & 4) "Component purchasing (from Suppliers E) was a high-pressure task..." (HoP, Case 3)
Pandemic phase	Guarantee supply for local production	Challenges to Suppliers (C)	"... a major effect on materials from China..." (CEO, Case 1, 2 <sup>nd</sup> round) "...(negative) influence (on) the performance (of Suppliers C)" (EVP, Case 3, 2 <sup>nd</sup> round) "... one of our suppliers (Suppliers C) had to shut down ... because the city was in lockdown..." (CM, Case 4, 2 <sup>nd</sup> round) "... Logistics costs increased nearly tenfold..." (HoS, Case 4, 2 <sup>nd</sup> round)
		Benefits to Suppliers (E)	"... the supply chain will shorten with more supplied closer to the point of use" (CEO, Case 1, 2 <sup>nd</sup> round) "... the general purchasing strategy is back to Europe..." (CEO, Case 4, 2 <sup>nd</sup> round)

## 4.2 A shift of power balance in sales

### 4.2.1 International coopetition created internal competition between distribution networks

The products of European firms had been manufactured in Europe and exclusively sold by traditional importers (*Distributors E*) to customers in China before the establishment of the coopetitive relationships. *Distributors E* once enjoyed full control over the marketing, sales, and pricing of the products of European origin in China. The services those distributors were required to produce were quite limited. After the establishment of the IJVs, only a few core-technological products with small volumes and high profit margins were sold by *Distributors E* as imported products in China. In other words, forming coopetitive relationships triggered the loss of the exclusive distribution rights for the majority of the products from *Distributors E*; they subsequently had to compete with *Distributors C* for a share of the sales of major product portfolios based on their own competences.

*(after the establishment of the IJV), export is then only for small quantities and expensive models. (MD, Case 1)*

*Local production was a big hit for the import business; the products we localised in the IJV would not be imported...of course (with a European firm) we evaluated what products we produced in the IJV, and what products would still be imported...most of the products would be locally produced to get higher sales volumes...this certainly affected their distributors (Distributors E). (Distributors E) were the only ones (selling products from a European firm), it was different when we had the IJV. (PM, Case 2)*

*(Distributors E) were upset about having a JV in the beginning...they were used to having control...The Chinese market is huge, and they were able to decide the sales based on their willingness and capability...the market (for imported products) tended to be smaller because of the JV. (GM, Case 2)*

*We were always dependent on (Distributors E) before...(however) we were never sure if everything we were told was really the case...Since (the establishment of) our JV, they (Distributors E) are no longer the only ones selling our products in China...for (Distributors E), only individualised products that are highly customised and engineered in small volumes must come from our side (European firm). (SD, Case 4)*

*Demand for imported vehicles has actually been declining in recent years...more companies started local production in China...they (Distributors E) imported the vehicles here without providing a sufficient aftersales service...the cost is very high when manufacturers conduct the service (using expatriates) from Europe. (SD, Case 5)*

In contrast, similar to the situation affecting *Suppliers C*, *Distributors C* are expected to play an important role in driving the sales of IJV products in China.

*To develop your own network for the start-up (IJV) in China is almost impossible, you have to plug them into an established network (Distributors C). (CEO, Case 1)*

*As local partners, they (Distributors C) were helpful in opening the doors from the customers' side. (EVP, Case 3)*

Nevertheless, establishing new customer relations, training on new or upgraded products, and organising after-sales services to sell the IJV products during the start-up phase incurs costs related to engaging resources and sales reinforcement.

*The product is of a higher standard and more sophisticated than (Distributors C) had before...training is necessary (CEO, Case 2)*

*The network (Distributors C) was not able to sell such complex products to specific customers in the beginning...they specialised in other types of products...a lot of upgrades were needed... (upgrades were) also needed in after-sales services. (EVP, Case 3)*

*Some of them (Distributors C) were a bit against selling IJV products because what they were used to selling was a little different...they needed time to acquire sufficient knowledge (of the IJV products) ... capital investment at the start...also communicating with new customers requires resources. (HoS, Case 4)*

#### 4.2.2 International competition facilitated the expansion of distributors

The increased production volume in the IJVs during the mature phase reduced costs as the quality gradually matched that of previously imported products. Consequently, IJV products became competitive in the Chinese market. Both *Distributors E* and *Distributors C* can benefit from that. *Distributors E* are familiar with the products and have existing customer relationships from previous interactions selling imported products. Offering similar products at lower prices might attract customers and increase sales volume. *Distributors E* might well be able to replace the profits lost by surrendering their exclusive privileges, and the growth of the IJVs could mean they even gain. Nevertheless, *Distributors E* must establish they can sell a steady volume of IJV products to obtain favoured distributor status from both European firms and IJVs.

*The good side for them (Distributors E) is that the market (for imported products) is still there, albeit declining...when the JV achieves a stable production volume, the additional sales of JV products mean (Distributors E) can increase total sales volumes and profits... that could be better than before when they sold only imported products.*  
(GM, Case 2)

*(Distributors E) naturally have an advantage in selling the IJV products based on previous experience...now we are a JV. They (Distributors E) are also obliged to prove to the JV that they can sell...the committed volume of IJV products is certainly higher than what they usually had (for imported products).* (GM, Case 4)

*Through the JV, they (Distributors E) can bring the same quality product to customers at a cheaper price...it is easier to compete.* (CEO, Case 5)

For *Distributors C*, investments during the starting phase provided sufficient knowledge and a dedicated salesforce to target the customers for the IJV products. The availability of more products enables *Distributors C* to enrich the product portfolio with products of higher quality that meet customer demands that they could not be met with the previous product portfolio.

*(Distributors C) really understands the market, they are able to identify those (customer) segments and direct us into the right place. (CEO, Case 1)*

*(Distributors E) had no investment, especially for marketing...for sure, the salesforce was weaker...the investment (from Distributors C) really strengthened their salesforce...the sales expanded fast. (RC, Case 4)*

*When participating in a tender, they (Distributors C) could offer a wide range of products covering the customers' demands...this was not possible before. (Distributors C) were not qualified for certain tenders with a limited choice of products with such a product combination, (Distributors C) also has greater bargaining power when negotiating with customers (GM, Case 2)*

*You have two brands that are taking two completely different approaches...you know your customer is very price sensitive... (Distributors C) would probably sell (the one they used to sell) immediately... if you cannot afford breakdowns while running the vehicle and want to have the highly reliable one, you would rather go for the European brand... I think that trend will stay for the long run. (HBD, Case 2)*

*Distributors E and Distributors C compete in those regions where they are allowed to sell. The expansion of Distributors C continually reduces the number of sales regions available to Distributors E.*

*(Distributors E) cannot have the whole of China. We allow them to keep the regions where they are supposed to be strong; we then evaluate the sales results...the fact is that our distributors (Distributors C) are taking the market bit by bit; (Distributors E) have limited sales resources. (GM, Case 2)*

*We had an agreement to clearly distinguish the sales regions (between Distributors E and Distributors C)...where (Distributors E) have the competence and results, they can keep the regions; otherwise, they will be replaced. (DGM, Case 3)*

Simultaneously as competition increases, cooperation occurs based on the distributors' heterogeneous competences.

*Sometimes there is cooperation between (Distributors E and Distributors C) when bidding together...(Distributors E) have imported products, (Distributors C) have local products (from Chinese firms), plus IJV products; this teamwork provides a big advantage. (GM, Case 2)*

*We were open to discussing and analysing the resources, advantages, and problems (of different distributors)...they (Distributors E and Distributors C) can be integrated... learning from each other, combining advantages, working as a team. (HoS, Case 4)*

The international competition consequently facilitated sales growth for both European and Chinese distributors. Simultaneously, the distributors became engaged in competition with each other, as they both competed and cooperated related to sales activities.

#### 4.2.3 Covid-19 accelerated the importance of local distributors

The Covid-19 pandemic has had several impacts on distribution. First, the supply shortage and interruptions in logistics limited the availability of products that could be delivered from Europe to China. That reduces the dependence on *Distributors E* to sell imported products in China. European firms took the opportunity to withdraw the distribution rights from *Distributors E* for imported products because of the difficulties *Distributors E* faced in selling imported products during the pandemic. European firms are prepared to directly sell imported products themselves to maximise profitability once Covid-19 has passed.

*The weak commitment is regarding the volume of sales... (we are) expecting more sales, but (Distributors E) cannot deliver more sales (during the pandemic). (SD, Case 2)*

*More and more OEMs are looking into having their own dealers again or controlling certain levels themselves because (then)...they can make profits. (HBD, Case 2, 2<sup>nd</sup> round)*

*We are very busy producing some special vehicles for the pandemic...it is not feasible to wait for imported (vehicles)...in the future, those vehicles will only be purchased from local manufacturers because you cannot be dependent on imports. (DGM, Case 3, 2<sup>nd</sup> round)*

*We are restricted from travelling between regions (in China)...(imported) vehicles could not get in, or they stayed in the port for months...demand (for imported vehicles) is declining. (HoS, Case 4, 2<sup>nd</sup> round)*

In addition, the role of traditional importers (*e.g.*, *Distributors E*) is gradually shrinking from a firm-internal perspective due to a lack of motivated successors. In all five cases, our *Distributors E* started their importing activity as small family businesses in the 1990s or at the beginning of the 2000s. The founders of the businesses now face the problem of finding candidates who are interested in continuing with them. The pandemic consequently has had a negative impact on the long history of Chinese importers and the focus has shifted from imported products to IJV products.

*There is another point for European OEMs; these importers will disappear...if they (Distributors E) don't find substitutes. Covid interrupted the import business...the old guy who has sold our products for many years is now retiring. He has no one who is interested in taking over the business...then they will hand the business back to us.*  
(HBD, Case 2, 2<sup>nd</sup> round)

*Distributors (Distributors E) are in deep trouble if they are only selling imported vehicles... a way for them to survive is to increase the sales of local products (from IJVs).* (HoS, Case 4, 2<sup>nd</sup> round)

The Covid-19 pandemic also boosted demand for after-sales services, which require dedicated resources from distributors. There are two main issues. First, the travel restrictions in China almost prohibited service experts from European firms from travelling to China to offer after-sales service at customer sites. In response, *Distributors C* and the IJVs organised service activities under online supervision from experts in Europe. The emerging solution strengthens the importance of *Distributors C* and reduces travel-related costs for the European firms.

*Overseas communication has been impaired by the inability to travel...this has impacted the performance (of services) ...most (service support) has been moved to online models... a lot of this was in place before COVID. (CEO, Case 1, 2<sup>nd</sup> round)*

*We once had a few service engineers from Europe who came to a customer's site. We had to rent the whole hotel for the quarantine in the customer's city...they carried out servicing and came back to another quarantine period in our city...the cost was very high...quarantine time, hotel bills... all costs for the company. (GM, Case 2, 2<sup>nd</sup> round)*

Second, an emerging opportunity arising from the pandemic is the increased amount of servicing required on customer vehicles. The service-related challenges during the pandemic have crystallised the importance of performing regular maintenance and preventative maintenance services for customers. The European firms consider after-sales service activity to be linked to stable long-term profit and therefore prefer to control those activities. Consequently, they have started preferring to cooperate with local distributors (*Distributors C*).

*In the long run, we will make money with our services...services you can only make if you are there locally, and you control it yourself...when there are repairs...and preventative maintenance... we could already say go to the workshop...so that you don't lose a day... this is, of course, a paid for service. This kind of service now explains more of the role of OEMs. Everything now becomes a service...that works against the independent importers. (HBD, Case 2, 2<sup>nd</sup> round)*

*Covid-19 forced us to withdraw some products, such as long-distance business...the pandemic also reduced demand for other products...our distributors (*Distributors C*) profit from servicing... it is not enough to sell vehicles. (HoS, Case 4, 2<sup>nd</sup> round)*

To sum up, establishing cooperative relationships through IJVs in China gradually reduced the traditional importing activities from Europe to China, which negatively affected *Distributors E*, whose businesses were highly dependent on selling imported products in the Chinese market. The Covid-19 pandemic further accelerated the trend involving a shift in the product portfolio of European firms from imported products to locally manufactured IJV products, as well as strengthening the importance of *Distributors C* in the sales of IJVs products and profitable after-sales services; the balance of sales power has shifted from *Distributors E* towards *Distributors C* as is shown in figure 5.

Figure 5. A shift of power balance in sales

Cooperation Phases	Sales Scopes	Impact on Distributors	Key Quote
<b>Starting phase</b>	Reshaping product portfolio	Challenges to Distributors (E)	<p>"(after the establishment of the IJV), export is then only for small quantities and expensive models" (MD, Case 1)</p> <p>"the market (for imported products) tended to be smaller because of the JV" (GM, Case 2)</p> <p>"...Since (the establishment of) our JV, they (Distributors E) are no longer the only ones selling our products in China..." (SD, Case 4)</p>
		Challenges to Distributors (C)	<p>"...a lot of upgrades were needed (for Distributors C)..." (EVP, Case 3)</p> <p>"... they (Distributors C) needed time to acquire sufficient knowledge (of the IJV products) ... capital investment...also communicating with new customers requires resources" (HoS, Case 4)</p>
<b>Mature phase</b>	Product differentiation	Benefits to Distributors (E)	<p>"...the market (for imported products) is still there...the additional sales of JV products mean (Distributors E) can increase total sales volumes and profits" (GM, Case 2)</p> <p>"(Distributors E) naturally have an advantage in selling the IJV products based on previous experience..." (GM, Case 4)</p> <p>"Through the JV, they (Distributors E) can bring the same quality product to customers at a cheaper price...it is easier to compete" (CEO, Case 5)</p>
		Benefits to Distributors (C)	<p>"(Distributors C) really understands the market, they are able to identify those (customer) segments and direct us into the right place" (CEO, Case 1)</p> <p>"... the investment (from Distributors C) really strengthened their salesforce..." (RC, Case 4)</p> <p>"... they (Distributors C) could offer a wide range of products..." (GM, Case 2)</p>
<b>Pandemic phase</b>	Increasing demand on local content	Challenges to Distributors (E)	<p>"... (Distributors E) cannot deliver more sales (during the pandemic)" (SD, Case 2)</p> <p>"... those vehicles will only be purchased from local manufacturers because you cannot be dependent on imports" (DGM, Case 3, 2<sup>nd</sup> round)</p> <p>"... (imported) vehicles could not get in, or they stayed in the port for months...demand (for imported vehicles) is declining" (HoS, Case 4, 2<sup>nd</sup> round)</p>
		Benefits to Distributors (C)	<p>"In the long run, we will make money with our services...services you can only make if you are there locally..." (HBD, Case 2, 2<sup>nd</sup> round)</p> <p>"... our distributors (Distributors C) profit from servicing..." (HoS, Case 4, 2<sup>nd</sup> round)</p>

## 5 Discussion

This study contributes to cooperation theory by shedding light on cooperation from a new perspective, that is the vertical networks (Chai *et al.*, 2020; Tidström and Rajala,

2016) of focal international cooperative relationships. The findings demonstrate that forming international cooperative relationships changes the supply priorities for focal cooperative firms, which affects the scope and quantity of purchasing from the surrounding supply networks in the home and host markets in different ways. At the same time, the formation of international cooperative relationships can induce changes to the scope of sales for the parties in distribution networks, and thus, their business performances. Whether the impact of cooperation on surrounding vertical networks is positive or negative depends on the match between the dynamic capabilities of suppliers and distributors and the evolving demands of focal cooperative firms.

Existing cooperation theory at a vertical network level examines the influence of vertical cooperation on organisational activities, including operational efficiency (Chai *et al.*, 2020) and new product development (Tidström and Rajala, 2016). Our findings add a relational view to networked vertical cooperation by revealing that forming an international cooperative relationship could simultaneously impact business relationships upstream (supply) and downstream (distribution) within a vertical network. A competition-dominated relationship emerges between the suppliers in developed markets and the suppliers in low-cost emerging markets when the supply capability of the latter starts to match the requirements of focal firms in terms of production volume and quality. However, existing and new distributors in host markets might develop a more interactive cooperative relationship rather than a simple competition-dominated one. The rapidly developing capability of new distributors gradually threatens existing distributors' market control exercised through their product portfolio and market share. Simultaneously, cooperation between new and existing distributors is feasible; such as when they participate in a

tender with complementary products to eliminate outside competitors and then share the interest after the award of the tender. Accordingly, our findings reveal that key coopetitive relationships can facilitate the creation of new business relationships differently in the supply and distribution streams within the same vertical networks.

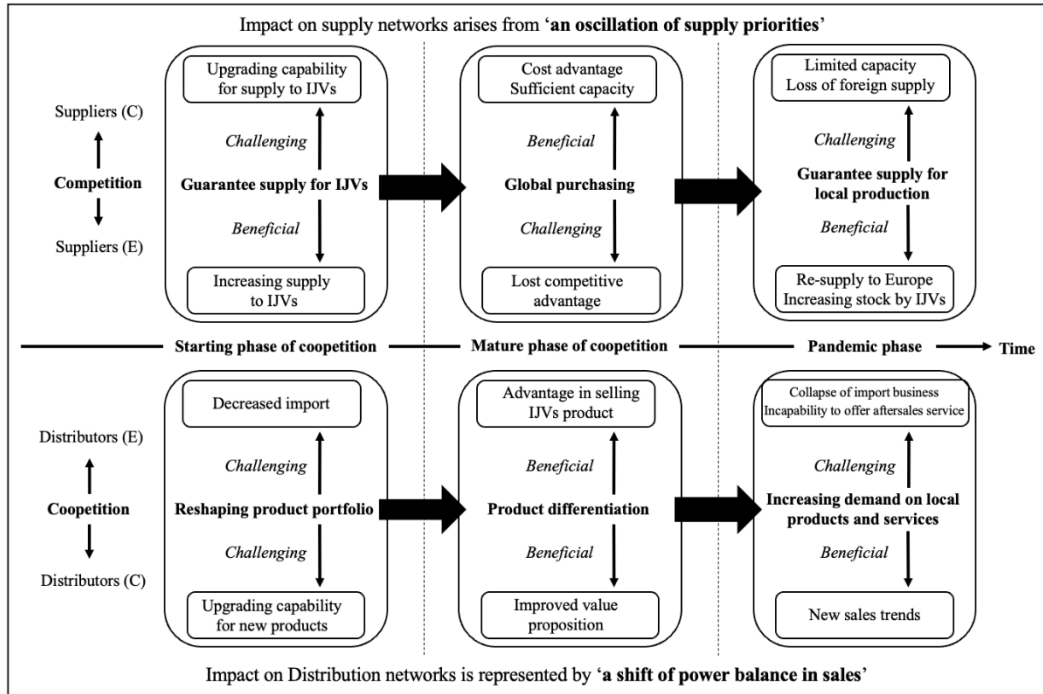
Our findings illuminate the dynamics of international coopetition over time, of which prior coopetition literature has revealed little (Burström *et al.*, 2022; Czakon and Czernek-Marszałek, 2021; Lacoste, 2012; Tidström and Rajala, 2016). Similar to the studies of Burström *et al.* (2022) and Tidström and Rajala (2016), our findings also recognise that a coopetitive relationship evolves over time rather than emerging instantaneously. However, our findings diverge from those studies (Burström *et al.*, 2022; Tidström and Rajala, 2016) in several ways. First, the two earlier studies focus on the evolution of coopetitive relationships embedded between focal firms that were previously in a relationship marked by either competition (Burström *et al.*, 2022) or cooperation (Tidström and Rajala, 2016). Our findings show a developing coopetitive relationship between focal firms can incubate new coopetitive relationships between surrounding networks of actors. Second, the studies mentioned above solely address the internal influences, that is, joint activities between coopetitive actors, on the evolution of coopetitive relationships. Our study covers both internal aspects, that is, the developing stages of IJVs, and the impact of an external factor—the Covid-19 pandemic—on the development of international coopetitive relationships and, furthermore, on the surrounding supply and distribution networks. Prior research on coopetition and the Covid-19 pandemic has mostly focused on the perspective of innovations as a consequence of the pandemic (e.g. Chesbrough, 2020; Markovic *et al.*, 2020, 2021). The findings of this study contributes by showing that the pandemic

caused changes in purchasing strategies, which again influenced a change in the importance and power of distributors.

The findings show the impact of coopetitive relationships on surrounding vertical networks are embedded in an international context, an area of coopetition theory that has been largely overlooked (Crick and Crick, 2021b; Hani and Dagnino, 2021; Monticelli *et al.*, 2021; Shu *et al.*, 2017). The findings demonstrate that the heterogeneity between developed (European) and emerging (Chinese) markets in terms of cost advantages and market potential entails establishing international coopetitive relationships and consequently impacts surrounding supply and distribution networks in Europe and China. The differences in quality, cost, and production capacity of components made by suppliers from developed and emerging markets determine the degree of competition between international suppliers, which in turn allows coopetitive firms to adapt purchasing strategies to extend or shorten their supply chains. The international coopetitive relationships increase the availability of locally produced products from European firms and encourage a change of local preferences from imported products to locally manufactured products and an increasing demand for after-sales service. Such evolving preferences reinforce the advantage of local distributors in dealing with local customers and require traditional importers cooperate with local distributors to retain access to the market.

The findings of the study are illustrated in Figure 6.

Figure 6. A dynamic perspective of the impact of focal international cooperative relationships on vertical networks



## 6 Conclusion

Our findings show that forming international cooperative relationships impact on the surrounding vertical network of suppliers and distributors. The impact varies for suppliers and distributors located in Europe and China and evolves alongside the development of international cooperative relationships. The dynamic evolvement of that impact was also affected by the Covid-19 pandemic. Furthermore, the international cooperative relationships spawned new business relationships, including competition-oriented relationships between suppliers in Europe and China and competition between distributors for European firms and local IJVs.

The current study can illuminate networked coopetition by extending the domain from specific firms to encompass their surrounding supply and distribution networks. We complement networked coopetition research by adopting a dynamic perspective over time to demonstrate that the impact of international coooperative relationships on vertical networks is dynamic rather than static; in particular, the interruption arising from the Covid-19 pandemic drew the impact in different directions. The research expands the focus of coopetition theory from the local context into the international arena by investigating networks located in developed and emerging markets. The findings reveal the impact of coooperative relationships on surrounding networks is deeply embedded within such an international environment due to the heterogeneousness between distant regions.

### *6.1 Managerial implications*

This study offers three key implications for business managers. First, the findings illustrate that entering into coooperative relationships with competitors can have varying impacts on the activities and business performances of their supply and distribution partners. The complexity and dynamics that impact entails can foster an uncertain shift of bargaining power back and forth between coooperative firms and their networks of partners. Managers should be mindful of adapting their network management strategies accordingly when managing coooperative relationships in such a dynamic context.

Second, our findings indicate that managers should be aware of the two sides of international coopetition and improve contingency capabilities to offset the dark side that particularly can arise as a consequence of a global crisis such as Covid-19. International coopetition can certainly produce supply chain advantages for

coopetitive firms, including reducing component costs through global purchasing and expanding market segments by extending the competitive product portfolio through local production. Nevertheless, the benefits for coopetitive firms may come at a cost to their networks, which stems from the investment necessary to compete against international counterparts. Moreover, the extended international supply chain may become brittle in the face of global disruption, such as the Covid-19 pandemic. Shortening the supply chain and extracting the value from after-sales services could offer solutions to mitigate the negative effects.

Finally, suppliers and distributors should pay attention to the passive impact on their businesses from international coopetitive activities within their supply chain. The challenges demonstrated by our findings should encourage suppliers and distributors to constantly develop their dynamic capabilities to maintain a robust competitive advantage. Suppliers from developed markets may secure their relationships with their buyers by expanding into emerging host markets to acquire local advantages and reduce the risk posed by the rise of local competitors. Suppliers from emerging markets may improve their technological capabilities to supply components that require advanced technologies to compete with competitors from developed markets. Distributors, in contrast, might explore cooperative opportunities with other competing distributors to expand the sales market and share the benefit.

## *6.2 Limitations and future research suggestions*

Despite this study's theoretical and managerial contributions, it is affected by some limitations. First, the findings are based on empirical material from the focal firms engaged in international competition. The actors, such as suppliers and distributors,

within the vertical network of the focal firms, were not directly involved in the empirical study. The findings related to the vertical network are consequently based on secondary information, and could therefore be somewhat biased. Second, the study is focused on vertical networks, which implies that networks at the horizontal level are not included. In fact, there may be connections of horizontal cooperation in the network of suppliers and distributors. Third, this study is based on qualitative case study research in the automotive industry of Europe and China, which limits the generalisation of the findings to other businesses and markets.

However, limitations might prove to be opportunities for future research. Based on the limitations of this study, there are several avenues for future research. First, future studies could examine the topic from the perspectives of suppliers and distributors. Doing so could extend the understanding of the overall impact of cooperative relationships on vertical networks. Moreover, an opportunity for future research would be to also include other network actors, such as governmental institutions, and customers. Second, cooperation can exist at both vertical (Chai *et al.*, 2020; Tidström and Rajala, 2016) and horizontal (Chiao *et al.*, 2021; Monticelli *et al.*, 2021; Ritala *et al.*, 2008; Sanou *et al.*, 2016; Song and Lee, 2012) levels, and therefore a research opportunity would be to investigate how international cooperative relationships influence associated actors at the horizontal level. Third, future studies could perhaps gather data from other industries and regions to evaluate whether our findings are robust and to achieve a better generalisation across regions and industries. Last, we adopted a dynamic perspective by including the dimension of the effects of the Covid-19 pandemic. The findings confirmed the impact of Covid-19 on business in China. Given that Covid-19 has gradually been eased in many countries and regions including China, it would be interesting to examine the topic from a post-

pandemic perspective. For instance, future research might focus on the dynamics in the interactions of resources and activities related to coopetitive relationships and their networks during and after the Covid-19 crisis.

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**Exploring the dynamics of resource interaction in international cooperative relationships during global crises: A case study between European SMEs and Chinese larger firms of the automotive industry**

**Abstract**

This study investigates the dynamic nature of resource interaction within international cooperative relationships, specifically focusing on the formation of international joint ventures between European small and medium-sized enterprises and their larger Chinese counterparts in China. The research is based on five qualitative case studies in the automotive industry and employs cross-case analysis with the 4R analysis model to reveal how firms leverage cooperative relationships to navigate global crises such as the COVID-19 pandemic. Our findings highlight that effective management of asymmetric cooperative dynamics allows smaller firms to benefit from resource interactions, maintain control over critical resources, and enhance resilience to global crises in distant markets. This study offers novel insights into resource interactions embedded within cooperative relationships, using a longitudinal approach to demonstrate the impact of global crises, thereby extending the understanding of cooperation strategy and enhancing firm resilience.

**Keywords** Resource interaction, Cooperation, IJV, Global crises, Chinese market, SMEs

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## 1 Introduction

Resource interaction is an important area of business research (Baraldi *et al.*, 2024; Baraldi and Strömsten, 2006; Prenkert *et al.*, 2019). A firm is a collection of resources that are central to the performance and competitive advantage of the firm (Penrose, 1959). Moreover, businesses do not operate in isolation but are embedded in relationships with other organizations. In time, resources become integrated across firms' boundaries and affect operations (Baraldi *et al.*, 2024).

The business network perspective views resources as central to business relationships (Håkansson and Gadde, 2018) and suggests that firms must engage in relationships with other firms to acquire important resources (Lenney and Easton, 2009; Zaefarian *et al.*, 2011). Small and medium-sized enterprises (SMEs) often have to collaborate with larger firms to secure resources (Pereira *et al.*, 2022). In other words, the business network perspective focuses on resource interactions between firms within business relationships including cooperative relationships between competitors (Garri, 2021; Ricciardi *et al.*, 2022). More research regarding how firms utilize and combine resources in different settings is therefore warranted, especially in the case of SMEs (Baraldi *et al.*, 2024; Bocconcelli *et al.*, 2020; Prenkert *et al.*, 2019; Ratajczak-Mrozek and Herbec, 2016; La Rocca *et al.*, 2019).

Coopetition – collaboration between competing firms (Czakon *et al.*, 2020; Strese *et al.*, 2016) – is an inevitable choice for many firms seeking resources to advance development (Guo *et al.*, 2022). A growing number of SMEs routinely engage in complex cooperative relationships (Chai *et al.*, 2020). Coopetition has also attracted academic interest within the management and business network research fields (Bengtsson and Kock, 2000; Dorn *et al.*, 2016; Ford and Håkansson, 2013; Klimas *et al.*, 2023; Ricciardi *et al.*, 2022). The extant coopetition research emphasizes the connection between accessing resources from

competitors and improving organizational performance (Bengtsson and Kock, 2000; Crick and Crick, 2021a; Lee *et al.*, 2023). That performance is usually results-driven, so such studies often ignore consideration of the dynamic nature of resource interaction. Moreover, most research focuses on large firms (Bengtsson and Kock, 2000; Crick and Crick, 2021b; Lechner *et al.*, 2016) in domestic markets (Hannah and Eisenhardt, 2018), which leaves a research gap around cooperation among smaller firms in international settings (Crick, 2021).

During the COVID-19 pandemic, firms became more interested in sustainable cooperation with competitors (Chesbrough, 2020), which attracted the interest of scholars of business relationships, particularly specialists in cooperation (Crick and Crick, 2020). Cooperation, characterized by resource-sharing dynamics (Elgazzar, 2021; Sodhi and Tang, 2021), became a crucial approach for firms navigating the crisis (Brandenburger and Nalebuff, 2021; Chapman, 2020). However, fortifying firm resilience through resource interaction within cooperative relationships to address widespread global crises like the COVID-19 pandemic warrants further research (Chen *et al.*, 2023; Crick and Crick, 2020).

This study addresses the above research gaps by investigating resource interaction within international cooperative relationships. The findings contribute to existing business network research by unveiling resource interaction from an international perspective, specifically between European and Chinese firms (Baraldi *et al.*, 2024). We also explore resource interaction between SMEs and larger firms to complement existing research focused on large enterprises (Chaochotechuang and Mariano, 2016; Ratajczak-Mrozek and Herbec, 2016). Third, we respond to calls to enrich the contextual setting of resource interaction (Baraldi *et al.*, 2024; Bocconcelli *et al.*, 2020) by investigating resource interaction within cooperative contexts. Finally, adopting a longitudinal approach spanning the period of the COVID-19 pandemic provides insights into the dynamic nature of

resource interaction and cooperation when applied in a global crisis (Chen *et al.*, 2023; Crick and Crick, 2020).

The study is structured as follows: we review the relevant literature on resource interaction and cooperation, and then explain the study's methodology. The third section presents the findings and the discussion points. The final section relates the conclusions and suggestions for future research.

## **2 Literature review**

### *2.1 Resource interaction within business network research*

Resource interaction is “the processes of combination, recombination, and co-development of resources that happen through the interaction among organizations” (Baraldi *et al.*, 2012: p. 266). The definition stresses the heterogeneous nature of resources (Penrose, 1959), their inherent dynamism (Håkansson and Snehota, 1995) and their emergent and context-dependent characteristics (Baraldi *et al.*, 2012). From the business network perspective, resources that are of value to one firm are often controlled by another, necessitating inter-firm relationships to access them (Lenney and Easton, 2009; Zaefarian *et al.*, 2011). This relational imperative is particularly critical for SMEs (Pereira *et al.*, 2022). Furthermore, the value of resources is realized not in isolation but through their utility and exchangeability within these relationships (Ford, 2011; Prenkert *et al.*, 2019), a process shaped by the influence of the broader network context (Prenkert *et al.*, 2019; Ricciardi *et al.*, 2022). Therefore, examining how resources are combined and transformed over time provides a lens on longitudinal change processes in resource interaction (Baraldi *et al.*, 2012, 2024; Bocconcelli *et al.*, 2020).

The concept of resource interaction has attracted attention in multiple domains, including entrepreneurship (Drummond *et al.*, 2022; Glinka *et al.*, 2023), innovation (Håkansson and

Waluszewski, 2002; Nhu Laursen and Houman Andersen, 2023; Silvestri *et al.*, 2022), supply chain management (Araujo *et al.*, 2016; Cerruti and Delbufalo, 2009; Tunisini *et al.*, 2023), and sustainability (Wagrell *et al.*, 2022). Scholars have suggested extending the theoretical and practical understanding of resource interaction dynamics in various settings (Baraldi *et al.*, 2024; Bocconcelli *et al.*, 2020).

## 2.2 The 4R model

The business network approach highlights the heterogeneity of resources, asserting the value of resources emerges through their combination with other resources in firms' external relationships (dos Santos *et al.*, 2020). Early research categorized resources as physical, financial, or human (Håkansson, 1987), which later evolved into a more comprehensive four-resources (4R) model (Håkansson and Waluszewski, 2002).

The 4R model enables systematic analysis of interaction among four resource categories: Physical resources include products and facilities. Products represent items exchanged between business units and range from physical components to entire systems with characteristics shaped by the interactions (Håkansson and Waluszewski, 2002; Jahre *et al.*, 2006). Facilities encompass technical resources and the equipment necessary for the production and transportation of products (Baraldi *et al.*, 2012; Silvestri *et al.*, 2022). Social resources include organizational units and business relationships (Håkansson and Waluszewski, 2002). The former embody the knowledge, identity, reputation, and routines of an organization, which can be a legal entity and its subunits, such as divisions or departments. The latter represent links and ties created through interactions between actors (Baraldi *et al.*, 2012), reflecting past experiences and future expectations (Ford *et al.*, 2003).

The 4R model provides a framework for categorizing, mapping, and analysing resource interactions (Baraldi *et al.*, 2012; Bocconcelli *et al.*, 2020; Håkansson and Waluszewski, 2002) through development processes at the interorganizational level (Silvestri *et al.*, 2022). Accordingly, the 4R model is a suitable approach for the current study.

### 2.3 The resource view and coopetition

A considerable volume of research indicates that under-resourced firms engage in coopetition to access resources from rivals that would be unavailable or difficult to access under individualistic business models (Basterretxea *et al.*, 2019; Dorn *et al.*, 2016; Klimas *et al.*, 2021; Kraus *et al.*, 2021; Ritala *et al.*, 2014; Van den Broek *et al.*, 2018). A firm that combines resources acquired from rivals with its own can improve performance (Bortolaso *et al.*, 2019; Crick *et al.*, 2023a; Crick and Crick, 2021b; Garri, 2021), generate customer value (Klimas *et al.*, 2021), reduce costs, and foster innovation (Felzensztein *et al.*, 2019; Granata *et al.*, 2018; Kylänen and Rusko, 2011; Mariani and Belitski, 2023; Van den Broek *et al.*, 2018). Additionally, coopetition enables firms to adapt to changing circumstances during crises such as the COVID-19 pandemic (Crick and Crick, 2020). However, the strategy entails risks that can endanger firms' core competitiveness (Liu and Yang, 2022). Those risks include partner dissatisfaction (Deitz *et al.*, 2010; Park and Ungson, 1997), exploitation of shared value (Alvarez and Barney, 2004; McCarter and Northcraft, 2007), and potential intellectual property leakage (Bouncken *et al.*, 2018; Chen *et al.*, 2023). To mitigate those threats, firms may restrict resource sharing or adopt formal or informal protective mechanisms (Bouncken *et al.*, 2018; Cerruti and Delbufalo, 2009; Chen *et al.*, 2023). However, excessive safeguard mechanisms risk fracturing partnerships if not managed carefully (Rajala and Tidström, 2021).

For SMEs, coopetition often involves asymmetric dynamics, as larger rivals possess considerable legitimacy, reputation, experience, and other resources (Lechner *et al.*, 2016;

McCarter and Northcraft, 2007). This imbalance may cause SMEs to lose control of their resources and jeopardize performance and survival prospects (Lechner *et al.*, 2016). If unaddressed, such tensions can have detrimental outcomes (Bouncken *et al.*, 2018; Crick *et al.*, 2023b; Crick and Crick, 2020; Tidström, 2014). Recent studies suggest that improving firm resilience may safeguard against risks and expedite recovery (Iftikhar *et al.*, 2021). The COVID-19 pandemic intensified cooperation as a means to respond to economic upheaval (Chapman, 2020; The Guardian, 2020) and ensure sustainable development (Xia *et al.*, 2024; Xia *et al.*, 2022). Nevertheless, how resource interactions within cooperative relationships enhance resilience during global crises remains underexplored (Chen *et al.*, 2023; Crick and Crick, 2020).

Therefore, resource interaction within business networks is pivotal in unlocking resource value. This study investigates these dynamics within international cooperative relationships, leveraging the 4R model to illuminate how resources combine and interact. It further examines cooperation strategies designed to mitigate risks and strengthen firm resilience, paying particular attention to the unprecedented challenges presented by the COVID-19 pandemic.

### **3 Methodology**

The case study method is appropriate when examining resource-intensive processes like internationalization (Baraldi *et al.*, 2024) and the complex nature of cooperation (Basterretxea *et al.*, 2019; McGrath *et al.*, 2019). Qualitative case study research is particularly apt to investigate resource interaction from a business network perspective (Baraldi *et al.*, 2024; Drummond *et al.*, 2022). Therefore, this article employs a qualitative case study methodology to comprehensively explore resource interaction within an international cooperative context (Eisenhardt, 1989; Yin, 2003).

The case study examines the longitudinal dynamics of resource interaction within five dyadic international cooperative relationships between European SMEs and Chinese automotive firms in China. The cases were chosen to suit the research aims (Patton, 1990). The automotive industry was selected due to its characteristic use of international joint ventures (IJVs) to foster resource exchange between companies.

The cases were chosen based on the following criteria: First, all cases involved long-term cooperation between the companies, which facilitated a long-term perspective on the identification of resource dynamics and exchange. Second, the cases cover a range of activities across the entire value chain, encompassing upstream supply, research and development, manufacturing, and downstream distribution. This comprehensive scope facilitated a holistic examination of resource interaction within cooperative relationships. Third, all dyadic relationships comprised both small and large enterprises, thereby permitting a comprehensive exploration of the interplay between firms of different sizes.

### *3.1 Case description*

For several decades, the automotive sector in China has fostered a cooperative environment (Ritala *et al.*, 2014) with foreign firms mandated to establish IJVs with Chinese manufacturers (Cai and Karasawa-Ohtashiro, 2021). However, a significant shift occurred in 2018, which marked the introduction of a policy to gradually remove caps on foreign ownership in automotive manufacturing IJVs, starting with new electric vehicle manufacturing (NDRC, 2018). However, IJVs continue to be strategically significant for foreign firms in the Chinese automotive industry (Jiang and Tidström, 2024).

Within this institutional context, the five dyadic international cooperative relationships selected revolve around technology transfer from Europe to China, facilitated through IJVs in China, which reflects the preference for IJVs in technological cooperation (Hung and

Chang, 2012). Both partners contribute resources to an IJV through direct resource exchanges. Conversely, the competitive aspect pertains to rivalry between firms concerning products and services beyond the scope of the IJV terms.

### *3.2 Data collection and analysis*

This study relies on primary and secondary sources of data (Yin, 1994). The primary data were predominantly gathered through semi-structured interviews (Bryman and Bell, 2011) with 23 informants. The informants were selected for their involvement in cooptation, ensuring they possessed substantial knowledge of the phenomenon under investigation (Chai and Dibb, 2016; Gummesson, 2005; Morrow, 2005). The interviews spanned 30 minutes to two hours and captured the resource interactions inherent in cooptation. Moreover, informants were encouraged to elaborate on resource interactions with other stakeholders in upstream and downstream networks, contributing to a comprehensive understanding of the broader relational dynamics. Simultaneously, supplementary company-specific data were collected when feasible, including internal project reports and analyses, business plans, and company presentations. The supplementary information supported the interview findings, enriching the analysis with additional context and nuance. Figure 1 details the interviews and informants.

Figure 1. Description of informants

Dyadic Firms	Interviewees	Number of Interviews	Year of Interview	Type of Interview
<b>Dyad 1</b>				
European firm	CEO	2	2019 2021	Online interview Questionnaire
	Managing Director	1	2019	Online interview
Chinese firm	Financial Director	2	2019 2022	In-person interview Online interview
	HR Director	2	2019 2021	Online interview Questionnaire
<b>Dyad 2</b>				
European firm	CEO	1	2019	Online interview
	Sales Director	1	2019	Online interview
	Head of Business Development	2	2020 2021	Online interview Online interview
Chinese firm	Strategy Analyst	1	2020	Online interview
	General Manager	2	2020 2021	Online interview Online interview
		Project Director	1	2019
<b>Dyad 3</b>				
European firm	EVP	2	2019 2022	Online interview Online interview
Chinese firm	Deputy GM	2	2019 2021	In-person interview Online interview
	Head of Purchasing	1	2019	In-person interview
<b>Dyad 4</b>				
European firm	CEO	2	2019 2021	Online interview Online interview
	Sales Director	1	2019	Online interview
	Representative, China	1	2019	In-person interview
	Country Manager	2	2020 2021	Online interview Online interview
Chinese firm	General Manager	1	2020	Online interview
	Head of Sales	2	2020 2021	Online interview Online interview
<b>Dyad 5</b>				
European firm	CEO	1	2019	In-person interview
Chinese firm	General Manager	1	2020	Online interview
	Deputy GM	1	2020	Online interview
	Sales Director	2	2020 2022	Online interview Questionnaire

We adopted an analytical procedure (Langley *et al.*, 2013) to analyse the empirical data to reflect the dynamic nature of resource interaction. The interview transcripts and secondary data were categorized and scrutinized based on their alignment with the elements of the 4R model (Baraldi *et al.*, 2012), specifically pertaining to physical (products and facilities) and organizational resources (organizational units and business relationships), as per Figure 2. The data were then grouped into a three-period timeframe: pre-pandemic, in-

pandemic, and post-pandemic. The segmentation facilitated examination of how resource interactions evolved and adapted in response to changing contextual dynamics. We applied a cross-case analysis methodology (Miles and Huberman, 1984) recognized for its efficacy in identifying common qualitative patterns across analogous cases (Cruzes *et al.*, 2015). Our analytical process was characterized by iterative engagement with both the empirical material and existing literature (Dubois and Gadde, 2002), facilitating a dialectical synthesis of insights. Specifically, we explored how the progression of resource interactions, both directly between competitive firms and through IJVs, influenced the dynamics of the competitive relationships.

Figure 2. Resource development as per 4R model (Baraldi *et al.*, 2012)

<b>Resource development in international cooperative projects</b>		
<b>Physical resources</b>	<i>Products</i>	<ul style="list-style-type: none"> <li>– Components and parts (all firms)</li> <li>– Software (IJVs)</li> <li>– Design &amp; engineering documentations (all firms)</li> <li>– After-sales services (all firms)</li> </ul>
	<i>Facilities</i>	<ul style="list-style-type: none"> <li>– Production premises (firms C)</li> <li>– Machinery and special jigs (all firms)</li> <li>– Operational accessories (IJVs)</li> <li>– Internal &amp; external logistics (IJVs and firms C)</li> <li>– Process layout (firms E)</li> </ul>
<b>Organisational resources</b>	<i>Organizational units</i>	<ul style="list-style-type: none"> <li>– Board directors (dyadic firms)</li> <li>– Management members (dyadic firms)</li> <li>– Financial investment (dyadic firms)</li> <li>– Internal loan (firms C)</li> </ul>
	<i>Business relationships</i>	<ul style="list-style-type: none"> <li>– Developing supplying networks (all firms)</li> <li>– Developing distribution networks (all firms)</li> <li>– Developing customer relations (all firms)</li> <li>– Developing institutional relationships for product testing and certificates, production inspections and certifications, etc. (all firms)</li> <li>– Fundraising (all firms)</li> <li>– Local recruitment (firms C and IJVs)</li> </ul>

### 3.3 Trustworthiness of the study

Qualitative research is frequently criticized for a perceived lack of credibility, a concern often attributed to issues such as bias, limited sample sizes, and insufficient rigour (Anderson, 2010; Crick, 2021). This study adopts measures to address those issues

throughout its design, data collection, and analysis phases. Interviews were conducted with multiple informants within each case, including representatives from both firms. This approach facilitated the incorporation data from diverse-sources and minimized the risk of individual bias (Kozinets, 2002; Malshe *et al.*, 2017; Crick, 2021). Given that cooperation is a multi-dimensional construct, such choices were particularly pertinent (Crick and Crick, 2016). To further safeguard against researcher bias, the interview transcripts were shared with the informants for verification (Anderson, 2010; O'Reilly and Parker, 2013).

Another important trustworthiness issue concerning qualitative research is triangulation (e.g., Crick, 2021). The current research incorporates semi-structured interviews, open-ended questionnaires, and written material but also adds secondary data, such as company documents to enhance the trustworthiness of the findings (Eisenhardt, 1991; Morrow, 2005; Welch, 2000; Yin, 2011; Crick, 2018). Illustrative interview excerpts substantiate the data analysis, aligning with established practices in qualitative research (Tosey *et al.*, 2014; Bryman, 2016; Crick and Crick, 2020).

#### **4 Findings**

Within the dyadic relationships between European and Chinese firms, IJVs are both parties and organizational resource interfaces. Certain resources residing with one party and its network may be scarce or absent in the network of another. Those resources must be acquired by IJVs to conduct effective business in China. The interaction and sharing of such resources among actors alleviate resource scarcities and facilitate resource complementarities among all actors. Conversely, actors might possess resources of a similar type but which vary in quantity and quality. When combining resources, synergy can strengthen the overall resource base.

#### *4.1 Resource interaction reduces tensions in technology transfer*

Tensions are not uncommon in cooperative arrangements, particularly when technology transfer is involved. Tensions are often triggered by conflicting views of the value of technology. European firms transfer advanced product technology to the IJVs via technical agreements, endowing them with a competitive edge in the Chinese market. While European firms received benefits such as royalty fees in exchange for the technology transferred, the true value of their technology was not always fairly recognized, especially by firms outside the industry. Nevertheless, Chinese firms proved very proficient at evaluating and capitalizing on that value, while demonstrating a willingness to engage in resolutions that recognized its significance.

*We (European firm) had a similar discussion about cooperation with a small company from a different sector some years ago. A critical failure point was that we believed the value of our technology was not fully recognized when negotiating the JV share percentages. With our current partner, the (JV) share we received properly reflected our technology because we are both in the same business. [Representative, Case 4, Interview 1]*

Moreover, the European firms were concerned about the Chinese firms dominating the cooperative relationships owing to their inherent advantages in the Chinese market. The concerns primarily revolved around the potential for intellectual property infringement by the Chinese partners. In contrast, Chinese firms were often dissatisfied with the slow pace and narrow scope of technology transfer from European firms. Chinese firms pushed for faster and broader transfers to meet rapidly increasing demand in the Chinese market. The parties to the cooperative relationship establishing a deeper binding mechanism governing resource integration emerged as a viable solution to address those tensions.

*Chinese side dominates the Chinese market. Letting the Chinese side also participate in our company (as a shareholder) means every decision made by them for the Chinese joint venture also had to consider our interests because they are also a shareholder...the idea is having balanced interests...In such a situation, I really regard this concept of cross-shareholding as a very good one. [CEO, Case 4, Interview 1]*

*We chose to become a shareholder in (the European firm). We can bring their technologies and products into the joint venture in China. As their shareholder, it is much easier to have direct discussions on these issues with other shareholders...within the JV (in China), we can only discuss issues with their management team, not their shareholders. The management team and shareholders may not always agree on strategic movements...We received a great deal of technical support from Europe after we became a shareholder. [GM, Case 2, Interview 1 and 2]*

The COVID-19 pandemic regulations hampered communication and support from the European firms to IJVs, and thus increased tensions around technology transfers. The Chinese firms had to improve their technological capability to support the IJVs with technology upgrades. Consequently, the European firms felt obliged to maintain a technological edge over their Chinese competitors, which spurred positive technological competition post-pandemic.

*COVID-19 slowed the support process because we could not visit the (European) site. Technical support work then required little in-person interaction, but during the COVID pandemic, it took many months to get there. [GM, Case 2, Interview 2]*  
*We (a Chinese firm) helped the JV to develop resolutions for some technologies that they (a European firm) retained in-house and were not ready to localize in*

*the JV. That might have taken longer or not happened without COVID-19. It was not our intention but during the pandemic, the JV couldn't get full support from Europe; therefore, there was pressure on our partner to advance the technology introduction to the JV. [Head of Sales, Case 4, Interview 2]*

In summary, resource interaction helped resolve tensions concerning technology transfer. Although the potential for intellectual property infringement was a concern for foreign technology providers, co-competition helped commercialize technology value appropriately and maintain technology upgrades. That quality is particularly valuable during crises, as long as appropriate mechanisms are implemented. The communication and technological support constraints caused by the COVID-19 pandemic compelled local firms to enhance their technological capabilities to keep pace with the operations of IJVs. The shift fostered positive technological competition between co-competitive firms post-pandemic.

#### *4.2 International co-competition fostered business growth*

The firms involved in the study often lacked resources, which jeopardized their dyadic relationship. For European firms, those deficiencies often related to financial and human resources, while the Chinese firms lacked essential technical and production resources. Consequently, when entering into an IJV, both sides had to leverage their resources in exchange for equity in the IJV, which fostered resource interaction to enhance business growth.

##### *4.2.1 Benefits from local expertise in acquiring financial resources*

The European firms often aimed to minimize their financial investment. When establishing IJVs in China, European firms aligned their contributions to the equity share of the IJVs with the components required for production. That involved either directly supplying

components matching the value of their equity shares in the IJVs or investing cash on condition that the IJVs committed to purchasing components of equal value from them.

*Cash is a major constraint for (the European firm). They injected cash into the JV as the registration capital. But the JV paid the full amount back to them to buy components. [Financial Director, Case 1, Interview 1]*

Case 3 involved the IJV placing a large component order with the European firm. However, that firm struggled to secure adequate financing to buy from its suppliers. To overcome the issue, the European and Chinese firms drafted a cash financing agreement whereby the Chinese provided finance via the IJV to enable the European firm to deliver the components to the IJV. Without this financial arrangement, the project would likely have failed.

In addition to providing direct financial support, the Chinese firms also leveraged their relational resources to help the IJVs secure external funding. These relational resources encompassed local banks, government connections, and external financiers to obtain loans, subsidies, and other forms of external financial assistance.

*Loans are more expensive for foreign organizations in China than elsewhere. The interest was three times more than in Macau, which is also a part of China. It would not be feasible for us to get a loan in China if our partner was not a well-known Chinese company. [EVP, Case 3, Interview 1]*

*We got funding because of our sizable partner in China. If we had partnered with a small Chinese company, we would have needed more equity or loans from our side to fund the business. [CEO, Case 1, Interview 1]*

One effect of the COVID-19 pandemic was to constrain order pipelines, which placed severe financial strain on many foreign firms in China. Partnering with local cooperative firms unlocked the financial incentives introduced by Chinese local government and

enabled leveraging incoming shared orders from cooperative partners. These measures helped European firms maintain a presence in the Chinese market.

*We (Chinese firm) seized the opportunity to access a government subsidy by acquiring a technical certificate. The procedure was not very difficult. But it would never be possible for (European firm) without our support. Increased sales within China provided strong support for our JV's revenue during the COVID-19 period. [Financial Director, Case 1, Interview 2]*

*We (Chinese firm) shared some orders from government purchasing with the JV...they were survival orders for the JV...the profit margin was not good, but it kept the factory running.... [Sales Director, Case 5, Interview 2]*

Cooperation with local competitors permits foreign firms to leverage local financing mechanisms to address financial resource constraints, which can bolster business resilience during a global crisis.

#### 4.2.2 Local partner helped recruit and retain human resources

The IJVs relied heavily on the Chinese firms for human resources, especially in areas where European firms lacked expertise. It was not uncommon for the European firms' engineers to be unfamiliar with Chinese technical regulations or have senior managers inexperienced in navigating the cultural and linguistic barriers that hampered the IJVs. Furthermore, the Chinese firms were better placed to recruit local experts with the qualifications and international experience necessary to address the human resource shortages.

*Our partner offers a clear benefit in terms of their access to labour. We could bring good quality people on board. They were very well trained and learned quickly. It is important that the partner, a genuine competitor, could offer that.*

*An outsider operating in China would find that really difficult. [CEO, Case 1, Interview 1]*

The COVID-19 pandemic was also linked to another threat to the business continuity for firms with investments in China: the loss of skilled labour due to the reputational damage to foreign brands when they downsized or closed local operations. Post-pandemic challenges, such as urban unemployment and expatriate repatriation, prompted European firms to pursue strategic advantages through local cooperative partnerships.

*One of our key tasks was to support the JV in identifying all options to keep people on site, especially the skilled workers. For example, we provided development training during downtime, which was not easy to organize before COVID-19. We saw the value of development training, particularly when all the expatriates were recalled to Europe. The most important point was to keep communication with people and ensure their sense of belonging to the JV, even after the pandemic. [HR Director, Case 1, Interview 2]*

Coopetition facilitated assembling experts from local and foreign firms to advance the development of IJVs. More importantly, local firms contributed specialized expertise to recruit and retain suitable human resources, thereby complementing the capabilities of foreign firms and mitigating the adverse effects of crises.

#### 4.2.3 Coopetition bolstered marketing competitiveness

European firms exported products to China pre-pandemic through distributors that relied on customer relationships for sales. Despite the acknowledged product performance, European brands lacked recognition among Chinese customers. In Case 3, the European firm's products were even marketed solely under a distributor's brand, meaning the European firm's brand contributed no added value. Leveraging Chinese firms' resources elevated European brands' status. Combining distribution channels expanded the customer

base and enhanced brand impact, results that would be impossible for either firm acting independently.

*We (European firm) were the only foreign brand when we started in China; we had the advantage in a niche market...however, to grow the business and increase market share, it's necessary to work together with a local well-known brand, to utilize their sales channels...the value of both brands increased... then together we moved to other product categories. It's a mutually beneficial cooperation.*  
*[Representative, Case 4, Interview 1]*

Moreover, the pandemic heightened the urgency of ensuring sufficient after-sales service levels for foreign-brand products. The need was driven by importing challenges such as extended delivery times. While many transitioned to online support, some foreign enterprises chose to terminate local operations in China, leaving products unsupported. Firms in an IJV with a local partner could alleviate uncertainty by maintaining regular updates, spare parts availability, and on-site assistance. The Chinese firms in cooperative relationships with European brands thus helped ensure consumer confidence was not undermined.

In summary, resource portfolios can be optimized through resource interaction within cooperative relationships. When one firm faces shortages, the other will hopefully have a sustainable supply, allowing firms to maintain business growth even through a global crisis.

#### *4.3 International cooperation improved operational efficiency*

In the competitive landscape of a single industry, firms often possessed resources of similar types that they could leverage to achieve an industrial fit. However, disparities in the

quality of resources between firms were common. Coopetitive IJVs played a pivotal role in resource development, thereby improving operational efficiency.

#### 4.3.1 Enlarged product portfolio

The products of the coopetitive firms sat within the same resource categories; however, the European firms prioritized securing higher unit-profit margins with lower quantities, whereas the Chinese firms emphasized larger quantities of products with lower unit-profit margins. The incorporation of mature products from both firms into IJVs expanded the product portfolio without investing in product development anew, thereby enhancing the competitiveness of the IJVs in the Chinese market.

*Combining products from both sides gives the JV access to more customers by offering a wider selection of products than the competitors. [Sales Director, Case 5, Interview 1]*

*Mass production, where you could really gain a scaling effect, should have been on the Chinese value-added side; and the individualized product, where you need a very highly customized and engineered product in small volumes, should come from the German side. [Sales Director, Case 4, Interview 1]*

Consequently, coopetition promotes collaboration between competing firms by integrating products in the same category but with distinct characteristics, thereby enriching the product portfolio of IJVs and generating shared benefits.

#### 4.3.2 Improved procurement management

Another key area lending itself to synergies was procurement. In our cases, the IJVs had procurement agreements with European firms for components from Europe while directly managing procurement from the suppliers of Chinese firms. This arrangement protected European firms' interests by preventing direct engagement between the IJVs and European

suppliers. Initially, IJVs sourced all components from European suppliers, expediting production but incurring higher costs and longer delivery times due to production costs, logistics, and customs duties. Efforts to mitigate the issue focused on sourcing non-core components in China while maintaining the procurement of core components from Europe. The strategy employed relied on the relational resources of Chinese-affiliated suppliers, preserving European firms' profitability while bolstering Chinese firms' supplier relations.

Eventually, the interaction between components and suppliers from both IJV partner firms facilitated IJV competitiveness through the provision of lower-cost products, generating higher profits. As one informant put it, "Our (Chinese) partner plays a positive role in the localization process" (EVP, Case 3, Interview 1).

Additionally, European firms could leverage their relational resources with local Chinese suppliers to procure components in China and transport them back to Europe, thus reducing costs. Such procurement agreements were often directly negotiated between European firms and suppliers in China. As another informant put it, "Introducing the local suppliers we have in China to the European factory has certainly helped reduce costs" [Country Manager, Case 4, Interview 1].

Furthermore, pandemic restrictions disrupted manufacturing and logistics, leading to a focus on shortening supply chains and localizing supply. Despite efforts to diversify supply sources, dependence on Chinese suppliers persisted due to benefits such as material variety, process quality, and cost advantages, which made them irreplaceable for the majority of supplies.

*Some companies may look for suppliers nearer to their factories. But that will be limited because of the big cost advantage from existing Chinese suppliers. If global purchasing is abandoned, they need to pay more. The Chinese supply network has*

*the most complete coverage of the categories with competitive prices. Moving back to Europe is not realistic. Maybe partly as a backup, but the majority will still be here in China. [Country Manager, Case 4, Interview 2]*

Accordingly, cooperation enables the sharing of established supplier networks between firms, particularly benefiting foreign firms by delivering cost reductions through global procurement despite minor disruptions experienced during the pandemic.

#### 4.3.3 Optimized production capacity

The European firms possessed the acumen to evaluate the manufacturing capabilities of Chinese firms, foreseeing the potential of developing those capabilities through cooperation.

*We saw the (Chinese firm's) production capability. We planned internally to move the majority of production (relating to the cooperative products) to our Chinese JV over time. We will only keep R&D in Europe because our partner is so strong in manufacturing. [Representative, Case 4, Interview 1]*

The pandemic caused an economic downturn, which reduced demand across various sectors. Non-essential projects were suspended, shifting the focus to locally manufactured products and away from imports. European firms' IJVs became critical to sustain operations and recover from the disruption caused by the pandemic.

*We organized joint production between the group and subsidiaries to balance the production capacity. [HR Director, Case 1, Interview 2]*

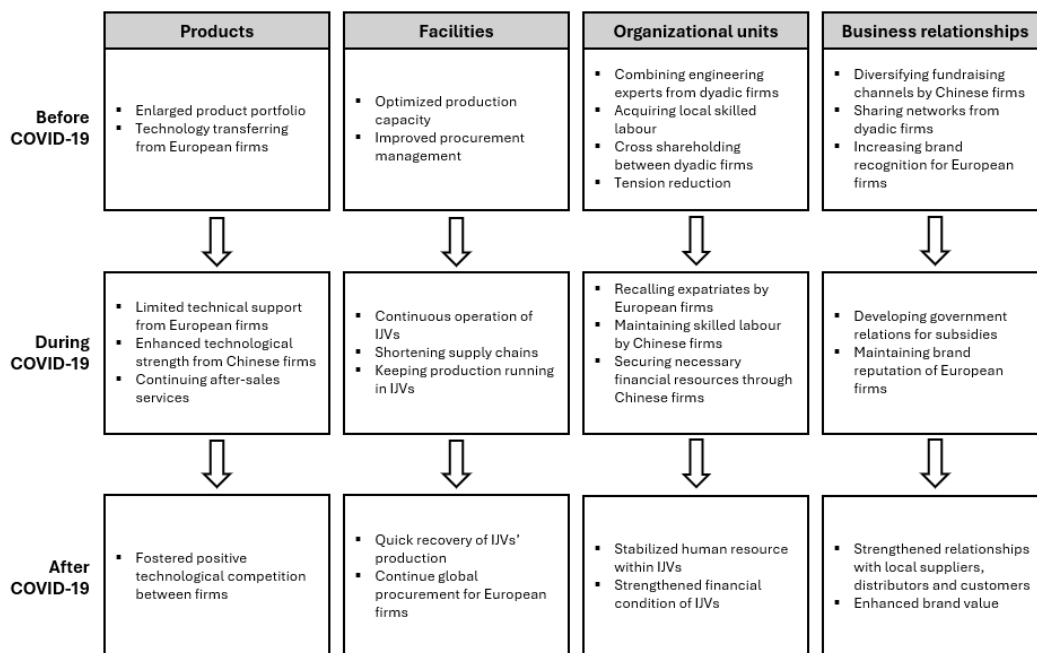
*The negative impact was there. But for us, the impact was smaller because the JV uses local production...the business of companies relying on importing complete products to China was badly damaged. In our case, JV production and JV products helped manage a difficult period. [GM, Case 2, Interview 2]*

Therefore, international cooperation can facilitate a synergistic exchange of resources between cooperative firms through IJVs, improving the operational efficiency by combining products from these firms to diversify a product portfolio without additional investment, sharing supply networks to achieve cost advantages, and utilizing partners' facilities to optimize production capacities. These benefits can underpin European firms and IJVs maintaining operations throughout a crisis like the COVID-19 pandemic and facilitate post-pandemic recovery efforts.

Below we summarize the key findings on resource interaction fostered by cooperation across four categories—products, facilities, organizational units, and business relationships—amid the COVID-19 pandemic (see Figure 3). First, cooperation enables competing firms to combine products, particularly European technological expertise, to expand the product portfolio of IJVs, which in turn enhances competitiveness in the Chinese market. The pandemic disrupted European technical support, prompting Chinese firms to bolster IJV product upgrades and after-sales services, fostering technological competition post-COVID-19 to maintain European firms' advancements. Second, cooperation allows European firms and IJVs to leverage Chinese firms' production capacity and shared supply networks, improving procurement efficiency and enabling cost reductions through local and global sourcing. Despite supply chain disruptions during the COVID-19 pandemic, local procurement in China ensured operational continuity and rapid recovery among the case IJVs. Third, cooperation can foster collaboration between firms by pooling human resources and leveraging Chinese firms' expertise in recruiting and retaining local skilled labour. Cross-shareholding proved an effective mechanism to foster trust and alignment that helped address tensions over technology transfer disputes and imbalances between firms. Chinese firms played a pivotal role in stabilizing IJVs by managing human resources and securing financial resources during the COVID-19 pandemic, particularly by compensating for the recall of European expatriate staff. This

secured the human and financial resources of IJVs, enabling operational stability post-pandemic. Lastly, coopetition enhances network sharing, in our cases particularly with regard to Chinese firms' fundraising channels, which proved vital for IJVs during the pandemic. Chinese firms also bolstered the brand reputation of European firms and stakeholder relationships for IJVs, aiding swift recovery when the COVID-19 restrictions were lifted. Therefore, coopetition can effectively facilitate dynamic resource interaction between competing firms, particularly in navigating challenges posed by global crises, such as the COVID-19 pandemic.

Figure 3. Summary of the key findings.



## 5 Discussion

This study finds that establishing cooperative IJVs facilitated resource interaction among its focal firms. The benefits observed included alleviating resource constraints, enhancing resource synergy, improving firm resilience when entering distant markets, and tackling challenges during a global crisis. The findings contribute to existing business network

research by investigating the utilization and combination of resources between international firms in new markets, which is a relatively underexplored domain within business network research (Baraldi *et al.*, 2024). Specifically, we examined how European firms established IJVs with Chinese counterparts to expand their businesses in the Chinese market and emphasize the strategic allocation of resources to enhance the competitive edge of those IJVs. European firms contributed resources to IJVs that often related to product and production to ensure their technical superiority in the competitive Chinese landscape. Simultaneously, European firms leveraged resources from their Chinese partners to overcome market-specific challenges and seize opportunities. Our study identifies key market-specific resources from Chinese firms, including adept human resource management, access to financial support from banks and local government, expansive distribution channels to promote foreign products and brands to a diverse range of customers, and robust service capabilities to resolve technical issues. The findings from the Chinese market illustrate that success in a new market often relies on accessing market-specific resources from local counterparts.

Second, we complement resource interaction studies in business network research by focusing on European SMEs. While existing business network research acknowledges the resource-leveraging strategies SMEs apply to bolster their limited resources (La Rocca *et al.*, 2019) and create scalable business models (Baraldi *et al.*, 2024), little addresses how SMEs benefit from international collaborations with larger organizations (Chaochotechuang and Mariano, 2016; Ratajczak-Mrozek and Herbec, 2016). Our findings address that gap by demonstrating how SMEs can leverage business relationships with larger firms, particularly through IJVs in foreign markets, to access additional resources. Notably, partnering with larger firms capable of backing IJVs and smaller partners in terms of shareholding flexibility, brokering internal and external loans, and aiding component purchasing could mitigate financial strain on SMEs. Despite the benefits of cooperation,

SMEs will nevertheless continue to be affected by power asymmetry with larger firms. The risk of being overwhelmed by those larger firms is mitigated by the potential reputational risk on larger firms that could harm their other cooperative relationships. The risk of a smaller firm being dominated by a larger one could be mitigated by close scrutiny of the shared interests of the firms and seeking to foster an equitable and mutually beneficial partnership.

Third, we advance the understanding of coopetition in the context of resource interaction. Prior coopetition research stresses that forming coopetitive relationships enables firms to access essential resources to address business objectives and improve business performance (Basterretxea *et al.*, 2019; Bengtsson and Kock, 2000; Crick and Crick, 2021a; Guo *et al.*, 2022; Klimas *et al.*, 2021; Kraus *et al.*, 2021; Lee *et al.*, 2023; Ritala *et al.*, 2014). However, prior research lacks detail on resource-type interactions embedded in coopetitive relationships. In adopting the 4R model, this paper contributes to coopetition research by specifying the interactions between resource types potentially available between coopetitive firms in the manufacturing sector and how they can benefit from them. It is important to conceptualize resources in use for the coopetition literature and empirically establish the role of coopetition in facilitating resource interaction. Furthermore, our findings corroborate theoretical assertions regarding resource complementarity. In addition, we highlight that parties to coopetitive relationships can possess similar resources but of differing quality: Coopetition can then deliver synergies flowing from optimizing quality. That synergy enables resource development so that both parties can diversify their product portfolio, drive cost efficiency, and bolster brand value. However, the inherent competition within coopetitive relationships (Fernandez *et al.*, 2014; Gnyawali and Park, 2009) can spawn tensions and opportunistic behaviour (Fernandez *et al.*, 2014; Hallberg and Brattström, 2019; Rajala and Tidström, 2021; Raza-Ullah and

Kostis, 2020; Salvetat and Geraudel, 2012; Tidström, 2014). Our findings expose this issue, particularly among smaller technology providers. Smaller firms are most often concerned about technology control and dominance by their larger cooperation partners in distant markets. The findings prompt us to call for an incremental technology introduction mechanism to be available to SMEs to strengthen technology control and maintain the technology-lead within a relationship. For instance, SMEs could start by deploying a distinctive technology and then introduce more advanced features to preserve technological leadership. Thereafter, it will be important to protect intellectual property rights. We also uncovered a cross-shareholding mechanism between cooperative firms to deter opportunistic behaviour by ensuring overlapping interests would render such behaviour costly. The results support findings that deeper resource embeddedness fosters interdependence between firms that can safeguard against exploitation (e.g., Baraldi and Strömsten, 2006; Håkansson and Snehota, 1995; Håkansson and Waluszewski, 2002).

Fourth, this study employs the 4R framework as an analytical tool while contributing to its theoretical development by applying it in the domain of cooperation. Furthermore, the findings address calls for deeper investigation into intangible resources within the 4R framework (e.g., Silvestri et al., 2022) by encompassing resources such as reputation and governance structures. Previous research underscores that intangible resources, such as knowledge, reputation, and organizational structures, are critical for firms seeking to align business objectives and networking behaviours (Silvestri et al., 2022). These resources shape “identity” of a firm during interactions within business networks (Baraldi et al., 2012; Huemer, 2013; La Rocca and Snehota, 2016). The current research has explored the role of intangible resources, including technological capability and reputation, within the 4R model categories. Its findings demonstrate their contribution to business growth and firm resilience amid global crises. Specifically, the findings highlight how cooperation enables dynamic interactions of intangible resources. Furthermore, the study advances

coopetition research by illustrating how intangible resources, particularly cross-shareholding as a governance mechanism, mitigate tensions inherent in coopetitive relationships.

Finally, our study offers longitudinal insights into resource interaction in business network research, coopetition research, and the 4R framework in the context of the COVID-19 pandemic, a relatively understudied phenomenon (Crick and Crick, 2020; Drummond *et al.*, 2023; Sodhi and Tang, 2021). The 4R framework, inherently static in its classification of individual resources, does not adequately capture dynamic interactions (Drummond *et al.*, 2023). This research advances the framework by incorporating a dynamic perspective on resource interaction changes. The findings also align with some prior research indicating that coopetitive relationships are dynamic (e.g., Burström *et al.*, 2022; Czakon and Czernek-Marszałek, 2021). In addition, the current research's examination of resource interaction within international coopetitive IJVs responds to calls to extend the understanding of how firms navigate global crises through resource interaction through coopetitive IJVs (Chen *et al.*, 2023; Crick and Crick, 2020). Our findings reveal that the pandemic disrupted resource interaction within international coopetitive relationships, resulting in heightened resource dependence. First, the restrictions in place during the pandemic expanded technological dependence on resource providers. Those using technological resources had to resolve issues with little assistance from the resource providers. That was particularly apparent with after-sales services, where technology providers could offer only limited online support.

Moreover, as the dependence of the users of technology shrank, technology providers accelerated development to protect their technological lead. Financial dependence on local counterparts was heightened during the pandemic as IJVs secured orders through partnerships with local counterparts. In addition, the pandemic induced performance

disparities across international markets. The best-performing international market, the Chinese one, could continuously generate financial returns to ensure the survival of technology providers. Engaging in international cooperative IJVs seems to enhance firm resilience (Chen *et al.*, 2023) and facilitate recovery efforts in global crises.

## 6 Conclusion

Our findings underscore the importance of international cooperative relationships, particularly IJVs, in enabling resource interaction between firms operating in disparate markets and enhancing focal firms' competitive capabilities. From a technical perspective, cooperation leads to an expanded product portfolio and accelerated technological advancement. Economically, firms benefit from optimized cost management and diversified fundraising avenues. In addition, cooperation enhances brand visibility and reputation, thus adding social value to brands in distant markets.

Existing cooperation research primarily focuses on demonstrating the outcomes of accessing resources through cooperation, such as improved business performance (Bengtsson and Kock, 2000; Crick and Crick, 2021a; Lee *et al.*, 2023). This study adopts the 4R analytical framework to extend existing research by investigating the development process of resource interactions within cooperative relationships. The findings illustrate that resources of firms in a cooperative relationship can be combined, utilized, and optimized to produce outcomes. More importantly, such interactions ought to evolve, aligning with dynamic changes to constantly support firms' development under different circumstances.

Furthermore, this study contributes to the resource interaction and cooperation literature by incorporating a dynamic time perspective, as prior studies recommend (e.g., Burström *et al.*, 2022; Czakon and Czernek-Marszałek, 2021). We examine the performance of cooperative relationships before, during, and after the COVID-19 pandemic. The findings

highlight the effects of improving firm resilience using international cooperative relationships to maintain resource interaction and mitigate challenges posed by global crises such as the COVID-19 pandemic.

However, alongside the positive outcomes of cooperation for resource interaction, our findings also reveal some negative effects, particularly concerning the potential for opportunistic behaviour, as noted in certain cooperation studies (e.g., Gnyawali and Park, 2009; Rajala and Tidström, 2021; Salvatat and Geraudel, 2012; Tidström, 2014). To address this issue, we propose deeply embedding resources between firms to mitigate the risks associated with opportunistic behaviour.

### *6.1 Managerial implications*

Our study offers valuable insights for managerial practice. First, it sheds light on the dual nature of engaging resources in international cooperative relationships in distant markets. Collaborating with local partners enriches resource bases, which is especially beneficial for resource-constrained SMEs venturing globally. Leveraging local resources allows foreign firms to enhance core competitiveness and integrate into local networks. Nevertheless, firms must remain cognizant of the risks inherent in cooperation, such as knowledge leakage (Cerruti and Delbufalo, 2009; Hallberg and Brattström, 2019).

Moreover, our findings provide business managers, particularly those leading small firms, with practical guidance to mitigate the risk of opportunistic behaviour from local partners. Our research suggests one approach would be to select partners with proven track records with other firms. Additionally, forging close relationships with local partners through firm-level resource interactions can embed shared interests within cooperative relationships, thus raising the economic or social costs of any opportunistic behaviour by local partners.

The findings of our study also show that global crises interrupt international cooperation, primarily due to the imbalance between limited technological resources and the heightened demand for R&D, as well as varying degrees of reliance on partners in different geographic regions. Managers facing a sudden need for change during a crisis should incorporate resilience-oriented strategies into any resulting cooperative frameworks. That might include establishing agile communication channels to sustain collaboration, enhancing local R&D capabilities with robust intellectual property safeguards, and optimizing resource allocation through monitoring and analysing performance disparities across regions. Such measures not only strengthen recovery prospects but also ensure adaptivity during crises, fostering continuing cooperative partnerships.

Finally, our findings are relevant for firms contemplating expanding into or from the Chinese market. By incorporating perspectives from both European and Chinese firms, our study offers insights into resource interactions between international firms and their Chinese counterparts. Managers can leverage those insights to optimize the value of their resources, strengthen partnerships with their counterparts, and mitigate potential misunderstandings stemming from differing perspectives. Moreover, the developmental trajectories and market dynamics of emerging markets are often similar, so it should be possible to identify similar patterns in terms of the economic, cultural, and institutional contexts. Accordingly, this study's findings could also benefit firms aiming to internationalize into diverse emerging markets.

### *6.2 Limitations and future research suggestions*

The current research has limitations that offer starting points for further research. First, our focus was primarily on the perspectives of firms engaged in cooperative relationships, which overlooks the viewpoints of stakeholders such as suppliers and distributors, whose roles in shaping resource interactions are also pivotal. Future research could explore their

perspectives to comprehensively examine resource interactions across various supply-chain phases. Additionally, our findings are derived from the automotive industry, specifically within the institutional context of China's highly regulated automotive sector, which may introduce bias. Future studies could sample diverse industries to deliver broader generalizability. Lastly, while our study focuses on coopetitive IJVs in the Chinese market, recognizing the variability in resource interactions across relationship types and geographical regions should prompt researchers to enrich the understanding within the realm of business network research.

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