

An Empirical Assessment of the COOP Scale: Evidence from the Canadian Wine Industry

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◦*Purpose – Under resource-based theory and the relational view, the purpose of this study is to examine the relationship between coopetition (the interplay between cooperation and competition) using the COOP scale.*

◦*Design/methodology/approach – After conducting 18 field interviews, survey data were collected from 174 Canadian vineyards and wineries. The statistical data were assessed for all major assessments of reliability and validity (including common method variance and endogeneity bias). The research hypotheses and control paths were tested through an ordinary least squares regression analysis.*

◦*Findings – The dimensions of the COOP scale (local-level competition, national-level competition, and organisation-level competition) had positive and significant links with company performance. However, post-hoc tests revealed that the relationship between coopetition and company performance is non-linear (inverted U-shaped). Further analysis will be conducted in the coming months to evaluate additional applications of the COOP scale.*

◦*Practical implications – While collaborating with competitors is likely to be a performance-driving strategy, firms should avoid engaging in “too little” or “too much” coopetition, since there could be harmful effects on their performance.*

Keywords: Coopetition, company performance, resource-based theory, relational view, Canadian wine industry.

1. INTRODUCTION

Coopetition is the interplay between cooperation and competition, whereby, industry rivals share resources and capabilities for mutually-beneficial outcomes (Bengtsson and Raza-Ullah, 2016). Despite being a relatively well-studied topic, scholars have overlooked the complexities of the coopetition construct in their conceptualisations and operationalisations. That is, the measures that have been tested have several limitations, such as using single-item proxies (Ang, 2008) or uni-dimensional lenses (Bouncken and Kraus, 2013). Such limited measures have not captured the different ways that firms can collaborate with their competitors. Recently, Crick and Crick (2019) developed and validated the COOP scale, which contained three facets, namely, local-level coopetition, national-level coopetition, and organisation-level coopetition. Unfortunately, Crick and Crick's (2019) paper contained several limitations, such as only using two items to measure each dimension of the COOP scale and utilising data from New Zealand sporting clubs (a non-mainstream setting) in their empirical work. Likewise, Crick and Crick (2019) did not examine the link between coopetition and company performance and provided limited applications of the COOP scale. Consequently, under resource-based theory and the relational view (Barney, 1991; Dyer and Singh, 1998), the objective of this study is to assess the relationship between coopetition and company performance using the COOP scale.

2. LITERATURE REVIEW

This paper was guided by resource-based theory and the relational view to examine the cooperative and competitive dimensions of the coopetition construct (Dyer et al., 2018). Such theoretical lenses were utilised to develop a conceptual framework, with three research hypotheses and four control paths. Specifically, it was anticipated that local-level coopetition, national-level coopetition, and organisation-level coopetition are likely to have positive links with company performance. In other words, if firms collaborate with rival entities within a close geographic proximity or across different regions and product-markets, they will be able to obtain new resources, capabilities, and opportunities that would not exist under individualistic business models (Felzensztein et al., 2018). By examining the coopetition across these different levels, this current investigation could respond to recent calls for research to explore the dimensionality of the coopetition construct (see Bengtsson and Raza-Ullah, 2016). Further, the outcome variable (company performance) was controlled by firm size, firm age, degree of internationalisation, and industry experience, as additional factors that might explain its variance (Barney, 1991; Dyer and Singh, 1998; Cadogan et al., 2009).

3. METHODOLOGY

An ideal empirical context for coopetition-based research is one that hosts high-degrees of cooperativeness and competitiveness, which can be found in several wine-producing countries (Crick, 2018). As such, the population of interest for this study was the Canadian wine industry. After conducting 18 field interviews with managers in several wine regions in Canada, an electronic survey was developed (via Qualtrics) and was pre-tested with several academics and practitioners (Reynolds and Diamantopoulos, 1998). Then, a pilot study was undertaken, followed by the core study. The working sample size is 174 observations (a 25.33% response rate). After purifying the operationalisations via a series of multivariate techniques, the

statistical data were assessed for all major forms of reliability and validity (including common method variance), revealing no concerns (Fornell and Larcker, 1981; Cadogan et al., 2009; Williams et al., 2010). The research hypotheses and control paths were tested through an ordinary least squares regression analysis (Crick and Crick, 2019).

4. PRELIMINARY RESULTS

Local-level coopetition, national-level coopetition, and organisation-level coopetition had positive and significant relationships with company performance. In addition, a high amount of the outcome variable's variance was explained by the independent variables. A post-hoc test revealed that a composite of the COOP scale has a non-linear (inverted U-shaped) link with company performance, suggesting that coopetition is only a beneficial strategy up to a fixed point before a diminishing-returns effect occurs. For clarity, these statistical results are preliminary and will be explored with more robust tests and potentially extra empirical data. Currently however, there are some interesting applications of the COOP scale, in terms of the dimensions and shape of the relationship with company performance. Also, the COOP scale is able to be adopted in mainstream sectors (the Canadian wine industry), not just New Zealand sporting organisations.

5. CONCLUSIONS AND MANAGERIAL IMPLICATIONS

To conclude, this investigation has discovered new insights into the multi-dimensionality of the coopetition construct, in terms of how firms can collaborate with their competitors across different geographic proximities and product-markets. Moreover, it is concluded that integrating resource-based theory and the relational view helped to better-understand the cooperative and competition aspects of the coopetition construct. It is also concluded that while coopetition might improve company performance, firms should avoid engaging in “too little” or “too much” of such activities, as they could risk harming their performance. It is finally concluded that new evidence has emerged that the COOP scale is an effective operationalisation of the coopetition construct, since it embraces its complexities, as well as being testable with empirical data.

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