

Cranfield University

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Dynamic, inter-subsidary relationships of
competition and collaboration

School of Management

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Academic Year: 2014-2015

Supervisor: Dr. Colin Pilbeam

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degree of Doctor of Philosophy

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ABSTRACT

Horizontal relationships between subsidiaries within an MNC are rarely shown on an organisation chart but the interactions along this dimension are critical to the achievement of an MNC's global operations and strategic activities. Different interaction logics of social relationships and economic exchanges in horizontal relationships induce simultaneous competition and collaboration between the subsidiaries.

Collaboration and competition is a business reality in inter-subsidary relationships as they collaborate to share resources and knowledge, but ultimately compete for resources, customers and profits. While much research has focused on the effects of internal collaboration, and to a lesser extent internal competition, on organisational performance, little is known about the antecedents of competition and collaboration and the interplay of simultaneously occurring interactions. By focusing on one or the other, any understanding of the inherent tensions between the two is overlooked.

This research explores the cooperative nature of the inter-subsidary relationship using a qualitative approach within three MNCs, where internal competition and collaboration are more salient. Data were gathered from 98 semi-structured interviews with top and senior management, top management focus groups and a body of secondary data including internal reports, policy documents and external publications, among others, has been referenced.

The study makes three key contributions. First, by extending Luo's (2005) theoretical model of intra-MNE competition, the study identifies additional respective antecedents of competition and collaboration. Second, the study locates inherent tensions arising from inter-subsidary competition and explicates how the tensions are managed by the HQ and subsidiaries using spatial, balancing and assessing mechanisms and specific interventions. Third, the study offers an empirically-based model of inter-subsidary competition with a more dynamic and temporal set of multiple relationships among the subsidiaries within the MNCs. Management implications include that senior management teams be aware of the opportunities and constraints of promoting a culture of collaboration while simultaneously fostering inter-subsidary competition through

internal accounting policies and incentive systems, and that the capability of senior managers to work effectively within dual organisational structures be developed and incorporated into executive development programmes.

Keywords: competition, collaboration, intra-MNC cooptition, tensions, dynamic

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There are moments in life when you just take the bull by the horns and go for it. No one said that pursuing a doctoral level of study was going to be easy. If they had, I wouldn't have believed them anyway. But, nothing worthwhile is ever easy. This has been my experience during my PhD.

Very early on I likened the PhD to running a marathon. However, I had no idea how many times I would 'hit the wall'. Every time I did, the enduring support of family, friends and colleagues was amazing; enthusiastically cheering me on to pick myself up, carry on and head towards the finish line. Having reached the finish line, it is now time to stop and personally thank those who have followed my progress from the early training days to completion.

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I end here with lines from Gordon MacKenzie's (1985) 'Orbiting the Giant Hairball' which I liken to my work as I was drawn into the messy world of qualitative research:

*If you go to your grave
without painting
your masterpiece,
it will not
get painted.
No one else
can paint it
Only you*

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LIST OF ABBREVIATIONS

B2B	Business to business
B2C	Business to consumer
BU	Business unit
CCI	Cross divisional initiative
CEO	Chief executive officer
CoP	Community of practice
CR	Critical realism
CVC	Corporate venture capital
GLDP	Global leadership development programme
HR	Human resources
IT	Information technology
KPI	Key performance indicator
LED	Light emitting diode
LTIP	Long term incentive plan
MD	Managing director
MNC	Multinational company which incorporates related terms of multinational organisation, multinational enterprise
MNE	Multinational enterprise
MNO	Multinational organisation
NAFTA	North American free trade agreement
P&L	Profit and loss statement pertaining to an organisational unit which is a unique profit centre
PSF	Professional services firm
R&D	Research and development
SBU	Strategic business unit
SLA	Service level agreement
SLR	Single lens reflex
TA	Thematic Analysis
VP	Vice president

1 INTRODUCTION

This chapter is organised as follows. Section 1.1 outlines the aim of the study which encompasses a statement of personal interest underpinning the research and an introduction to the research problem. Section 1.2 discusses the key characteristics of the study. Section 1.3 introduces the overall thesis structure and concludes the Introduction chapter.

1.1 AIM OF THE STUDY

This study aims to empirically explore the simultaneous interactions of competition and collaboration between subsidiaries within a multinational context. It specifically focuses on the antecedents of inter-subsidiary competition and collaboration; the dynamics of when and where competition and collaboration simultaneously occur; and the management of inherent tensions, resulting from engaging in both types of interactions.

The study positions subsidiary and subunit interactions in a wider internal and external context. It proposes a model that primarily contributes to the literature on simultaneous inter-subsidiary competition, collaboration and cooptation. The following two sections explain the interest underlying this study and outline the research problem.

1.1.1 Personal interest

The general interest driving this study is the awareness, balance and management of inherent tensions in the interunit interactions of collaboration and competition within complex, multinational organisations.

In the late 1990s, my then MNC employer, like many others, began to focus on collaborative opportunities with other external organisations through strategic alliances and joint ventures; this extended to emphasising greater collaboration within the company. This decision to focus on collaboration resulted from the organisation's transition into a global matrix design, and as the regional VP, Organisational Development, I was tasked with the responsibility of making this happen. Throughout this process, certain assumptions were made: collaboration was (i) natural (ii) beneficial for the organisation and (iii) would create a 'nicer' and 'better' place to work.

However, by focusing on fostering collaborations across the newly created global matrix structure, we neglected undercurrents created by interunit competition. We targeted one type of interaction, that between regions and business units. However, I began to question whether we were encouraging collaboration or in fact, fostering internal competition.

My curiosity regarding the dynamics of intra-organisational collaboration and competition was further sparked by a paragraph I came across, which remains in my personal ideas folder. Regrettably, the source remains unknown.

“On the one hand, there is an assumption that collaboration is the natural order of things and therefore, there is little need to invest in developing the skills and knowledge needed for successful collaborative working. On the other hand, there is the fact that the collaborative structures, largely voluntary, are standing on a sub-structure which is still, at heart, competitive and based around autonomous institutions.”

While this appears to be more directed at an inter-organisational level of analysis, at the time of transition to the redesign and the changing nature of subsidiaries in the regions, it was very salient to me.

These concurrent experiences, and later independent consulting assignments, fuelled my interest in the present study on how collaboration benefits can be achieved while managing internal competition to create positive tension to achieve both synergies and efficiencies from the numerous interactions and relationships between subsidiaries worldwide. I wondered if it was possible to understand how appropriate levels of competition and collaboration can be achieved.

I have chosen to investigate the phenomenon of simultaneous competition and collaboration within the context of a multinational organisation. This is because, among other factors, it is where I first experienced the dilemmas and tensions managers faced. Moreover, as an organisational development practitioner for over 25 years, it is a world I am deeply familiar with.

The aim of my research is to contribute a greater understanding of inter-subsidiary collaboration and competition by identifying the antecedents and content of interactions between competition and collaboration. It also attempts to provide an understanding and possible explanation of how subsidiaries simultaneously compete and collaborate while

managing subsequent tensions, if any. Further, this study explores interventions corporate or subsidiary managers apply to mitigate or heighten tensions. Addressing questions of this nature has advanced my research interest, which is to identify ways to mitigate destructive behaviours and minimise the subsequent waste of organisational resources (financial, operational or human), resulting from excessive or insufficient collaboration and/or competition among multinational company subunits.

1.1.2 Research problem

Value is created from the structure and behaviours associated with competition and collaboration inside the organisation (Helfat and Eisenhardt, 2004). While the coexistence of competition and collaboration among multinational firms has been extensively studied (see Bengtsson, Eriksson and Wincent, 2010, 1999; Gynawali, Singal and Mu, 2009; Padula and Dagnino, 2007) much less attention has been focused on collaboration and competition between units within complex and heterogeneous multinational organisations (Luo, 2005; Walley, 2007). Although Birkinshaw, Hood and Young (2005:246) noted that “the relationships between subsidiaries and their sister plants in other countries are a fascinating blend, in that they rely on one another for transferring ideas and ways of working, but ultimately they are in competition for new investment and/or even in some cases for survival”. As competition and collaboration represent different forces in a horizontal relationship, it is important to understand when, where and to what extent both are present and how their coexistence can generate positive outcomes for the multinational firm.

Multinational corporations (MNC) rely on their subunits for global operations and strategic activities, including global expansion (Bartlett and Ghoshal, 1991; Birkinshaw, Hood and Jonsson, 1998). Indeed, the social relationships and economic exchanges between subsidiaries within an MNE induce competition and cooperation between their subunits (Ghoshal and Moran, 1996). This duality is a source of tension (Luo, 2005) in resources flows, operation coordination and unit differentiation in terms of identities and roles within the MNC.

As an element of duality, collaboration between different business units within an organisation has been on the organisational and academic agenda for many years and has gained renewed attention, given that organisations have become more complex,

internationalised and diverse (Schruijer, 2006). New opportunities to create competitive advantages are based on the organisational units' ability to successfully collaborate by sharing knowledge and jointly developing new products and services (Hansen and Nohria, 2004). Moreover, companies that can stimulate and support interunit collaboration to leverage their dispersed resources will gain advantages that may arise in the future.

However, the practical application of collaboration seems to more difficult than its theoretical conception. Not only is collaboration difficult to achieve between subsidiaries within multinationals (Friesl and Silberzahn, 2012; Zander and Kogut, 1995), but it is also poorly understood (Hansen and Nohria, 2004). Therefore, renewed emphasis is being placed on collaboration in the academic literature (Schruijer, 2007).

However, the literature fails to adequately address inherent or perceived competition in subsidiary relationships in organisational systems. It is this contradictory duality of simultaneous competition and collaboration and their interplay that form today's complex reality. It appears to be a business fallacy that organisations drive either competition or collaboration. In fact, the strategic issue is not to choose between competition or collaboration but to manage the tension between the two, given that the traditional view of measures that enhance competition tend to jeopardise collaboration and vice versa.

Chen (2008:296) clearly states the concern as follows:

“In the absence of a formal framework for different conceptualizations of the competition–cooperation interrelationship, the tendency among researchers is to fall back into polarization. And as a result, rather than assume a range of dynamic interplay between competition and cooperation, the inclination in research is still, largely, to dichotomize the two concepts and to regard them as independent and oppositional, or paradoxical. If we move outside the conventional frame of reference of the common competition–cooperation conception, might we discover that two separate, even seemingly parallel, “lines” eventually converge? Competition–cooperation research can be advanced, we believe, if it transcends existing conceptualizations to explore fully the complexity and richness of competition–cooperation interdependence and interplay.”

While antecedents of internal competition and collaboration are proposed, field research is limited to subsidiaries within MNCs. Before analysing the dynamics of their co-

existence, I explore the factors, interventions and mechanisms that foster (or hamper) both inter-subsidary collaboration and competition.

The study primarily focuses on the inter-subsidary interactions of competition and collaboration, as indicated by the dark solid lines in Figure 1-1. The relationship between corporate/parent HQ and individual subsidiaries is well documented (for example: Gupta, 1987; Martinez and Jarillo, 1989; Birkinshaw and Morrison, 1995) (lighter dotted lines) with less focus on the impact of HQ on the inter-subsidary relationship. This study also captures HQ's influence on the inter-subsidary relationship (dark dotted line).

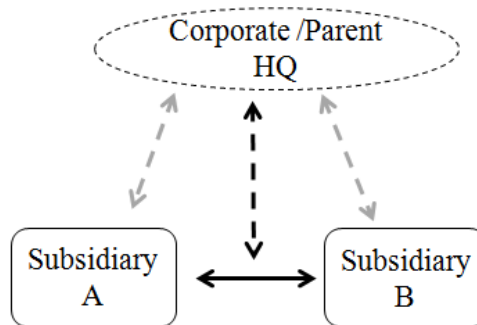


Figure 1-1: Research focus on inter-subsidary relationships

1.1.3 Research questions

The primary research question that has been the driving force behind this study is:

How, and why, do subsidiaries simultaneously compete and collaborate?

The three supplementary questions that will be answered are as follows:

Sub Question 1: What is the content of inter-subsidary competition and collaboration?

Sub Question 2: What factors influence inter-subsidary competition and collaboration?

Sub Question 3: How do subsidiaries manage the inherent tensions from simultaneous competition and collaboration?

1.2 OVERVIEW OF THE STUDY

This section outlines the study and provides preliminary insights into the key features, establishing the link between the aims and structure of this study.

1.2.1 Thesis outline

The structure of this study is divided into three parts.

Part I - Literature review

Chapter 2 reviews the relevant literature on competition, collaboration and cooptation. The review identifies a lack of empirical research that elucidates the antecedents of intra-organisational cooptation. Sections 2.2, 2.3 and 2.4 review the key terms used in the literature and their interpretations in the context of this study. I investigate the complex relational phenomenon of collaboration and reference cooperation because studies investigating horizontal relationships between subsidiaries often use the terms interchangeably and synonymously. Sections 2.5, 2.6, 2.7 and 2.8 presents the use of Luo's (2005) integrated model of interunit cooptation within an MNE to structure an analysis of the literature on internal competition, collaboration and cooptation at the subsidiary level within the context of multinational organisations. Finally, this chapter includes an overview of the theoretical perspectives adopted in previous studies and concludes with a discussion of the shortcomings in the reviewed literature.

Part II – Research approach and results

Chapter 3 details the research strategy used in this study. This includes a review of the philosophical perspective adopted and this study's implications. I outline the research design and practical methods used to conduct the fieldwork, including a detailed description of how the analysis was conducted.

Chapters 4, 5 and 6 present the findings from the three case organisations, EngConsult, EventCo and PhotoCo in two parts. The first part of each chapter describes the case organisation at which data were collected. The primary purpose is to provide contextual insights into the relationships between the subsidiaries in each case. The second part of each chapter presents the within-case findings in the following format: the nature of the relationships among the subsidiaries; the determinants and content of inter-subsidiary

relationships; internal structures, processes and practices; and the focus of inter-subsidary collaboration and competition.

Chapter 7 presents the cross-case synthesis of the within-case findings for the three organisations, utilising the same format adopted for each case organisation, with the aim of addressing sub-questions 1, 2 and 3 of this research.

Part III– Discussion and conclusions

Chapter 8 returns to the literature and aims to identify the key findings on how and why subsidiaries compete and collaborate, in addition to presenting an augmented model of inter-subsidary MNC coepetition which encapsulates the different inter-subsidary relationships and consequent tensions. The discussion focuses on the process of assessing and balancing the inherent tensions in coepetitive interactions and those triggered by other internal or external factors.

The key findings are as follows:

(i) Top management commitment and the pursuit of profit maximisation were salient determining factors of inter-subsidary competition and collaboration, including external, organisational, subsidiary and individual manager characteristics.

(ii) Inter-subsidary coepetitive relationships are dynamic, not static.

(iii) By disaggregating the subsidiary, greater granularity of the location of the tensions was possible.

(iv) Not all tensions are intolerable and require ‘sorting out’. However, intolerable tensions can be managed, and intentionally created, through interventions and mechanisms to adjust the dynamic to the appropriate proportion of competition and collaboration in the relationship. Management adjudication was critical.

(v) Intolerable tensions predominantly arise from the competitive aspect of the relationship.

I conclude this chapter with suggestions for future research and the study’s limitations.

Finally, Chapter 9 draws the study together by reiterating the research problem and summarising the study and its key contributions to the literature on horizontal inter-

subsidiary relationships within a multinational context, along with a discussion of its practice implications.

1.3 CHAPTER SUMMARY

This chapter discussed this study's background and aim. It also elucidated the origin of my interest in the topic and presented the research problem and questions. Finally, it outlined the structure of the thesis along with the content of each chapter.

2 LITERATURE REVIEW

2.1 INTRODUCTION

This chapter outlines the development of the research questions. First, I review the key constructs from the literature and provide definitions used in this study. I then draw on relevant literature that forms the foundation of the proposed study. Competition and collaboration are presented as the two main types of inter-subsidiary interaction, with the construct of coopetition representing the combination of the differing levels of competition and collaboration. Subsequent sections in the chapter summarise the content, determinants and existing theoretical explanations of inter-subsidiary interactions of competition and collaboration. The literature review concludes with a summary of the argument, explication of the scope of the inquiry and statement of the research questions.

2.2 DEFINING KEY CONSTRUCTS

Prior to any empirical research, it is essential to define and clarify the key constructs (Foss and Nielsen, 2010; Suddaby, 2010). Therefore, in this section, I provide the definitions of competition, collaboration, and coopetition which this present research uses to conduct a more thorough exploration of the content, determinants and dynamics of the coexistence of competition and collaboration.

The related, but different, terms of cooperation and coordination are also briefly discussed to minimise the risk of ambiguity. Furthermore, the relationships and interactions are delineated and subsidiaries are defined.

Definitions of the key terms at the intra-firm, subunit and intra-organisational group level are less frequently observed in existing literature reviews. Economics and strategic management literature predominantly focuses on competition and collaboration between firms, i.e. inter-organisational, and subsequent differentiation of performance, as opposed to their antecedents. The emerging concept of coopetition is also predominantly researched at the inter-organisational level (Walley, 2007). However, rather than simply underpinning the different relationships between firms, coopetition is as fundamental to relationships within organisations.

The natural assumptions of organisations are that individual subunits are assumed to engage in cooperation and collaboration, whereas organisations focus on competition. Until recently, academics and managers did not appear to acknowledge that organisations and their subunits can engage in both collaboration (cooperation) and competition. What requires further understanding is how and what enables organisational units to simultaneously engage in collaboration and competition and perhaps, the fundamental question of why?

In the social psychology literature, the fact that individuals and groups are capable of both competing and collaborating (Deutsch, 1949) has been recognised for decades. We, as humans, have the capacity to compete as well as collaborate (Loch et al., 2006; Geraudel, 2014). Groups, like individuals, can interact with each other, either competitively or cooperatively. They compete to achieve goals for themselves and collaborate for joint achievements or to mutually solve problems.

2.2.1 Collaboration

Collaboration is perceived to be a much more complex and demanding process than cooperation, as desired outcomes can be specified and the distribution of future returns can be negotiated between parties (Miles, Miles, and Snow, 2006; Zineldin, 2004; Himmelman, 2001; Jassawalla and Sashittal, 1998). The Oxford Dictionary of English (2010) defines collaboration as the “action of working with someone to produce something” which is more focused on joint outcomes, and noticeably, used in the strategic alliance literature at the inter-organisational level. However, it is clear from the extant literature (for more definitions of collaboration, see Table A-1: Definitions of collaboration) that not all authors apply this more ambitious distinction to differentiate collaboration from cooperation in their research. Collaboration has also been defined as “working together on a common task or [providing] significant help to each other” (Hansen, 2009), which easily accommodates the definition of cooperation.

To distinguish collaboration, the focus of this study, from cooperation, a brief understanding of the construct cooperation is provided. Cooperation is defined as an orientation that reflects a spirit of willingness of one unit to work with another unit (Payan, 2007). Several studies examine cooperation (see Smith, Carroll and Ashford, 1995) as distinct from collaboration. However, the preference for the use of one term

over another and their subsequent interchangeable use in the literature has been linked to the negative connotations of a collaborator during World War II (Mintzberg, et al., 1996).

Nevertheless, findings of cooperation research are being extended to studies that aim to examine collaboration (see e.g. Tjosvold and Tsao, 1989). However, without empirical support, these are only extrapolations and require clarity to fully understand the concepts and implications of their findings.

The importance of specifying the level of analysis at which the construct was originally used, in addition to seeking empirical evidence of applicability and feasibility at multiple levels, is important to understand applicability to the actors (organisation, group and individual) under study. The terms themselves can also be operationalised quite differently.

Surprisingly, the term cooperation, as distinct from collaboration, is also used synonymously with a further construct, coordination (Payan, 2007). Payan concludes that it is necessary to consider cooperation and coordination as two separate but related issues in managing inter-organisational relationships. Cooperation is defined more as the orientation to work with another organisation but not inherently leading to coordination. Gulati, Wohlgezogen and Zhelyazkov (2012) who recently explored cooperation and coordination, agree with the separation of the constructs as two facets of collaboration across the strategic alliance cycle. Both terms are recognised as the key determinants of collaborative success between alliances, although research places more emphases on cooperation, specifically partners' commitment and alignment of interests. In the context of inter-organisational collaboration, less attention is given to coordinating aligned incentives of self-interested firms, sustaining commitment and preventing opportunistic behaviour as in cooperation (Ring and Van de Ven, 1994) and more to the mechanisms of bringing together partner contributions. As a result, the focus of coordination has shifted to creating structures and relationships that enable partners to work together across boundaries. This has applicability to the current study wherein an MNC is viewed as similar to inter-organisational networks (Ghoshal and Bartlett, 1990), in which alliances are sought within the boundaries of the organisation to pursue the achievement of objectives and new opportunities.

In this study, I use the term collaboration as defined by Martin and Eisenhardt (2010): a “collective activity by two or more business units within a multi-business organisation to create economic value” (p.265). In modern multinationals, subsidiaries are questionably autonomous and independent, even when the MNC is viewed as an internal market with high levels of autonomy and internal competition (Chandy and Tellis, 1998). Collaboration has become the commonly used phrase in today’s organisations by which to achieve synergies that exist in interdependent multinational organisations (Ghoshal and Bartlett, 1989).

The chosen definition of collaboration reflects interactions between organisational units within the boundaries of multinational company, with a focus on joint outcomes; this starkly contrasts the narrower definition of cooperation which excludes a more focused purpose. Nevertheless, an exploration of the structural and relational aspects of collaboration between subsidiaries (Gulati et al., 2012) is not limited by this definition.

There are few cases wherein collaboration, as opposed to cooperation or coordination, has been defined at the intra-organisational level. It is almost as if the term is so common that it does not need definition. Drawing on a social network perspective, Tsai (2002) operationalises collaboration as knowledge sharing between business units, where again, collaboration and cooperation appear to be used interchangeably throughout the paper.

The majority of definitions of collaboration in the reviewed literature are process oriented (see Table A-1). Within the strategic alliances frame of reference, Bengtsson and Kock (1999) perceive collaboration as a horizontal relationship, a notion that will also be taken forward in this research as a way of bringing geographically dispersed subsidiaries together, in addition to structural mechanisms necessary to forge linkages in value-creating synergies.

I reiterate that the definition I adopt in this paper defines inter-subsidiary collaboration as a collective activity by two or more subsidiaries within a multinational organisation to achieve economic value (Martin and Eisenhardt, 2010).

2.2.1.1 Value

It is opportune here to take a brief moment to address what is meant by the term ‘value’, as value (creation) is a desired outcome of both inter-subsidary interactions of collaboration and competition.

The term value incorporates both value in use and value in exchange. Value, however, is an elusive term (Vargo et al., 2008). Part of its elusiveness stems from the two general meanings of value that have been embedded in economics: (i) value in exchange, a goods dominant logic, and (ii) value in use, a service dominant logic, which reflect different ways of thinking about value and value creation (Vargo et al., 2008).

Accordingly, use-value refers to the specific quality of a new job, task, product or service as perceived by users in relation to their needs, such as the speed or quality of performance on a new task, or the aesthetics or performance features of a new product or service (Bowman and Ambrosini, 2000). Such judgements about use-value are both subjective and individual specific. The second type of value, exchange-value, Bowman and Ambrosini (2000) define as either the monetary amount realised at a certain point in time, when the exchange of the new tasks, good, service or product takes place or the amount paid by the user to the seller for the use-value of the focal task, job, product or service. The accounting notion of value i.e. the monetary worth of an asset, good sold, or service rendered, and similar to the term ‘exchange-value’, captures and records where value is created and retained within the MNC.

Lepak et al., (2007) broaden the definitions of value in use and value in exchange definitions beyond the original organisational level of analysis of Bowman and Ambrosini (2000) to include multiple levels of analysis, thereby extending the terms to individual and subsidiary level interactions. Economic value is typically created by subsidiary interactions that generate increased revenues or reduce overall operating costs from exploiting economies of scale or scope (see Appendix H).

2.2.2 Competition

The concept of competition is amply explored in the economic and strategic management literatures, again, predominantly at the inter-organisational level. In

economic theory, competition is described as a direct rivalry¹ between firms for the possession of an object that is not easily divisible or the achievement of an exclusive outcome (Burke, Genn-Bash and Harris, 1988). Competition is the activity or condition of striving to gain or win something by defeating or establishing superiority over others. In the strategic alliance literature, for example, Das and Teng (2000:85) view competition as “pursuing one’s interest at the expense of others” (see Table B-1: Definitions of competition).

Competition is also stated as “a dynamic situation that occurs when several actors in a specific area (market) struggle for scarce resources, and/or produce and market very similar products or services that satisfies the same customer need” (Osarenkhoe, 2010:203). Birkinshaw and Lingblad (2005) describe intra-firm competition as a state wherein there is duplication or an overlap of activities within the boundaries of the firm. This relatively new conceptualisation of competition extends the more traditional concept of rivalry to scarce resources (Birkinshaw and Lingblad, 2001) and opportunities (March, 1991).

Internal competition between organisational units has focused on competing with one another for financial, human and physical resources (Birkinshaw, 2005). Knowledge is perceived to be an intangible resource (Ensign, 2004; Grant, 1996) and competition can exist between interacting organisational units in the process of acquiring and utilising knowledge (Tsai, 2002; Gupta and Govindarajan, 2000; Khanna, Gulati and Nohria, 1998).

In addition to describing competition as an interactive process, conflicting and rivalling relationships between competitors can emerge in competition (Bengtsson and Kock, 2000), where competitors are actors who share an interest in some of the same resources (Ingram and Yue, 2008).

The definition I adopt in this paper defines inter-subsiary competition as “rivalry among subsidiaries (business units or divisions) for current and potential product,

¹ Traditionally, rivalry has focused on competition between actors, whereas competition relates to a task. The term may also reflect the unit of analysis. Moreover, the literature does not target relationships between firms (Porter, 1980) or individuals (Kohn, 1986; Johnson and Johnson, 1989, Pfeffer and Sutton, 2000). Also see Maurer (2011) for more on rivalry and competition.

markets and technologies, and for organizational resources” (Khoja, 2008:12; Chandy and Tellis, 1998) and is extended to include “parallel or overlapping activities inside the boundaries of the firm” (Birkinshaw, 2001a).

2.2.3 Coopetition

Coopetition can be defined as "a mindset, process or phenomenon of combining cooperation and competition" (Luo, 2005: 72) (see Table C-1). Bengtsson et al. (2010) develop the construct of coopetition relationships by conceptualising two different approaches: processual and contextual (see Figure 2-1) which are suggested to be more reflective of the different ontological assumptions regarding ‘things’ versus ‘processes’ (Langley, et al., 2013).

The original concept of coopetition was used to describe the value net of both competitive and cooperative relationships that influenced the behaviour of different levels of actors within the industry network (Brandenburger and Nalebuff, 1996). As such, the network of external firms consists of both cooperative and competitive relationships creating an environment where coopetition, i.e. competition and cooperation, coexist within the network.

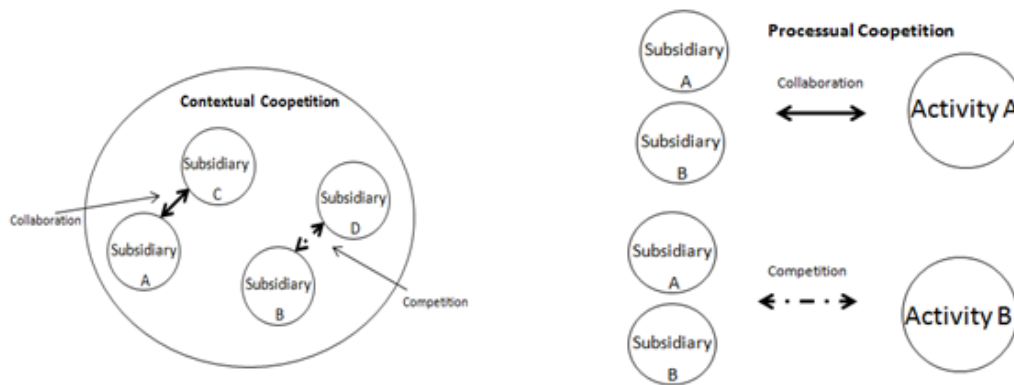


Figure 2-1: Contextual and processual coopetition (adapted from Bengtsson et al., 2010)

In the contextual approach, studies tend to describe the competitive and cooperative part of the relationship as divided between the actors. This gives rise to a cooperative ‘context’, but not a cooperative ‘interaction’ (Bengtsson et al., 2010). Both forms occur within the organisation (Tsai, 2002). The narrower processual view of coopetition allows

for the study of the cooperative interactions, inherent tensions and dynamics within the relationship (Bengtsson et al., 2010) which Luo (2005) does not pursue. According to Gnyawali et al. (2007), the dynamics of cooperation can only be captured when cooperation is defined as a relationship between the same actors that simultaneously are involved in collaborative and competitive interactions with each other.

However, the context view was also seen to be of relevance in understanding the nature of the overall relationships existing between the subsidiaries within the MNC. The multiplicity of relationships became the context for cooperation which provided structural preconditions that supported or restricted the cooperative interaction (Bengtsson et al., 2010).

Notwithstanding these two approaches to cooperation, it is important to comment on the concepts in relation to each other as this has implications for both conceptual approaches. If the two concepts are traditionally viewed as diametrically opposite and imagined as each occupying one end of a continuum, for example, as strong competition and collaboration, to a degree, they define each other: if competition is strong, then cooperation is weak.

An alternative view portrays the concepts of competition and collaboration as related but distinct and separate concepts, such that relationships, occurrences and intensities of competition increase or decrease independent of those of collaboration. While collaboration is the pursuit of mutual interests and common benefits in alliances, Das and Teng (2000) view competition and collaboration as opposing forces within an alliance. Their paper supports the view that collaboration is not a trade-off to competition (Payan, 2007). These two forces significantly differ in both philosophy and spirit and can also be viewed as a paradox (Lado, Boyd and Hanlon, 1997).

This conceptualisation of opposing forces allows for an expanded exploration of the interplay between the two concepts, which was previously unnecessarily limited by the continuum approach. This approach may have greater relevance at the unit, group or individual actor level. At the firm level, firms previously thought of as not able, or indeed unwilling, to both compete and collaborate at the same time without collusion, is a subject that can be fruitfully explored.

The alternative orthogonal view (Padula and Dagnino, 2007) and processual view suggests that coepetition develops through mutual interaction between two or more entities (Bengtsson et al., 2010) at both the inter-organisational (Bengtsson and Kock, 2001) and intra-organisational levels (Luo et al., 2006; Tsai, 2002). To pursue the processual approach and for coepetition to exist at an intra-organisational level, Bengtsson et al. (2010) posit that relationships need to contain both competitive and cooperative elements. It is not sufficient, as in the contextual approach, for Actor A to have competitive relationships with B and Actor B to have a collaborative relationship with C. A must have both a collaborative and competitive relationship with B, albeit in different activities. To further illustrate, (organisation, group or individual) A and B would compete for scarce resources and collaborate on new product development.

To assess the nature of the coepetitive relationship, however, it would also be necessary to understand whether the two actors perceive themselves to be in competition with each other or the extent to which they collaborate with each other.

As such, Bengtsson et al. (2010:200) define coepetition as “a process based upon simultaneous and mutual cooperative and competitive interactions between two or more actors at any level of analysis (whether individual, organisational or other entities).” This concept is distinct from relationships between units that are solely competitive or even the use of the concepts of competition and collaboration, because it is the interaction of the two and the dynamics generated that set aside the concept of coepetition. Both processual and contextual approaches are referenced in this study as multiple relationships and interactions exist across the many subsidiaries within the multinational company, providing contextual conditions within which coepetition can be explored.

2.2.4 Subsidiary

To explore coepetition, I focus on subsidiaries as the organisational unit. The term ‘subsidiary’ is used liberally in international business literature and unfortunately, often left without a precise definition that allows the identification of the organisational unit that is being referenced. Table 2-1 presents the existing definitions.

Table 2-1: Definitions of subsidiary

Authors	Definition of subsidiary
Birkinshaw (1997)	Any operational unit under the control of the other company
Birkinshaw and Pedersen (2009)	An individually separate and distinct value-adding activity
International Accounting Standard 27 (2009) ²	A business entity, including an unincorporated entity such as a partnership, which is necessarily controlled by another business entity, also known as the parent

The definition by the International Accounting Standards Board is not applied in this research as the subsidiaries within the three companies are wholly owned by the MNC, with the exception of the US subsidiary in the professional services firm, which is 51% owned.

Birkinshaw (1997:207) defines subsidiary as “any operational unit controlled by the MNC and situated outside the home country.” This research also includes subsidiaries located in the home country and therefore, extends Birkinshaw’s definition to include operational and domestic units. The home country, and HQ, of the three case organisations is England, UK. I also consider a subsidiary as a collective actor.

As a collective actor, the subsidiary has multiple actors that might impact on the relationship. While this research focuses on the horizontal relationship between subsidiaries, subunit informants are also interviewed to obtain a holistic understanding of the influences of competition and collaboration below the corporate/parent HQ.

Parent organisations and their dispersed subsidiaries that operate under a common umbrella are increasingly important parts of the modern business landscape (Harzing and Feely, 2008). I recognise that multiple levels of subsidiaries exist within the MNCs and thus, have chosen to distinguish corporate/group-level subsidiaries from those reporting into the corporate-level subsidiaries. I refer to the corporate/group-level subsidiary as a strategic business unit (SBU). SBUs report into the group HQ and are

² IAS 27 *Consolidated and Separate Financial Statements* Available at <http://www.iasplus.com/en-gb/standards/ias/ias27> (Accessed 8 September, 2014)

parents of those subsidiaries operating in multiple countries as part of that business that report into them.

This is best illustrated by Figure 2-2 which distinguishes the multiple levels of subsidiaries operating within the MNCs of this study. This study welcomes greater clarity of the subsidiary level as the parent role of the corporate HQ can demonstrate differences from that of corporate HQ's subsidiary. Although the research on inter-subsidiary relationships is limited, focal subsidiary interactions have been explored in a single global unit within an MNC (see Luo, 2005).

In corporate financial management terms, an SBU is a business unit (BU) within the overall corporate entity and is distinguishable from other BUs because it serves a defined external market where the management can conduct strategic planning in relation to products and markets (Arnold, 2005). Goold and Campbell (2002:99) provide a similar definition. A SBU or self-contained business refers to units with the following characteristics:

- “market focused: responsible for serving specific customer segments
- autonomous: having a general manager (or management team) with substantial autonomy to make decisions that impact on the results of the unit; and,
- profit accountable: generating revenues and costs from serving the target segments, and hence able to measure profitability, for which the SBU's management is held accountable.”

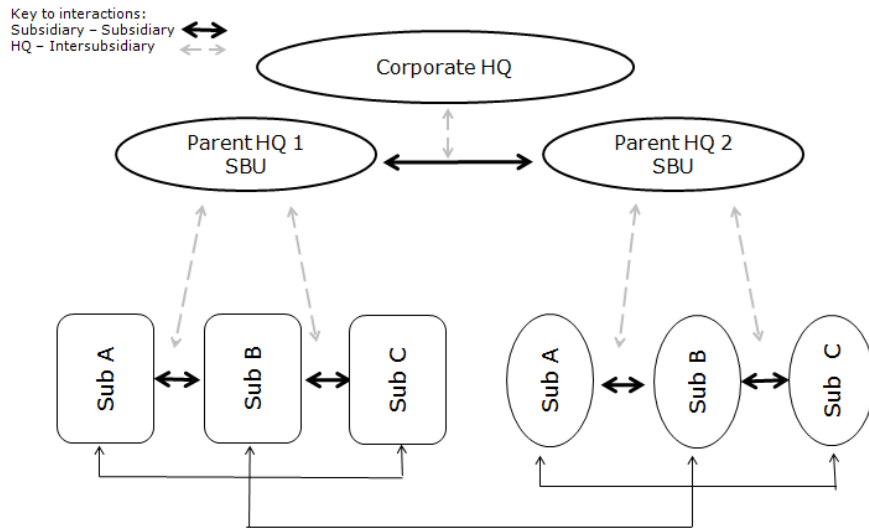


Figure 2-2: Inter-subsidiary relationships

By differentiating an SBU and subsidiary as two different hierarchical levels, it is possible to provide a greater understanding of the context of inter-subsidiary interactions. This may also allow the study to extend beyond horizontal relationships and consider vertical relationships of competition between the ‘subsidiaries’.

While much research has been conducted on the relationship between HQ and focal subsidiaries (Child, 1973), few contributions exist on inter-subsidiary relationships. The question here is, ‘What influences the nature of the relationship between two subsidiaries within a multinational corporation?’ It is anticipated that the corporate/parent HQ influences not only the focal subsidiary (Luo, 2005; Ghoshal and Bartlett, 1998) but also the interactions and relationships between the subsidiaries within the MNC.

2.2.5 Relationships and interactions

Relationship and interaction elements of behaviour are distinguished by the dimensions of focus and time (Burt, 1983). Interactions, which comprise both exchange and processes, refer to the here and now and form the dynamic aspects of relationships (Johanson and Mattsson, 1987), where the two logics of competition and collaboration collide and require balancing (Das and Teng, 2003). Bengtsson et al. (2010:200) propose that cooperative relationships develop over time through the “simultaneous and mutual cooperative and competitive interactions between two or more actors at any

level of analysis (whether individual, organisational, or other entities).” The analysis of such a processual view, as described in Section 2.2.3, can benefit from a longitudinal exploration of resultant relationships. Nevertheless, some insight into the gradual development of current relationships can be provided by the informants on the basis of memory and recall.

Direct interaction (or even physical presence) is not considered a necessary condition for the existence of a relationship. In fact, the prerequisite is that the actions of one actor, e.g. in a network of organisational units within an MNC, may impact on the outcomes and actions of another (Thibaut and Kelley, 1959:10; Thompson, 1967:54-55).

2.2.5.1 Competition-collaboration relationships

Murnighan (1994:107) refers to both competition and collaboration as “the basic elements of interaction.” Furthermore, if inter-unit relationships are conceptualised as a type of interaction, or flow, between the nodes in a network, the interactions are limited by their movement, dependent on whether the subsidiaries maintain a competitive and/or cooperative relationship with each other (Maurer, 2011).

Greater interdependence in subsidiary activities requires numerous linkages in terms of exchanges of products or services and flows of knowledge. The interactions between the parent and subunits or peer subunits comprise strategic links, i.e. “flows of production inputs and value creation activities” (Luo, 2005:71), which have been posited to consist of simultaneously functioning collaborative and competitive ties (Tsai, 2002).

While much of the recent research predominately focuses on collaborative links, few studies have investigated competitive links (Luo, 2005). Even more notable by its omission is the investigation of the interaction effect of both competitive and collaborative linkages between subsidiaries within MNCs, with the exception of Tsai (2002) and Luo’s (2005) conceptual study of cooptition between foreign subsidiaries in an MNC.

Since I examine the interplay between competition and collaboration in cooperative relationships, it is important to consider the position of the focal subsidiary in each dimension as dynamics can be observed when they act in relation to another subsidiary.

A relationship also refers to “the relative position of two entities on some underlying dimension” (Easton and Araujo, 1994:67). A further consideration is that the interactions and subsequent relationships are not assumed to be symmetrical (Tsai, 2002), creating an additional dynamic in the relationship.

2.2.5.2 Horizontal relationships

Considerable research has been conducted on the nature and importance of interactions between HQs and their subsidiaries (Luo, 2005; Goold and Campbell, 2003). However, limited research investigates the relationship between subsidiaries and their internal peers. Horizontal relationships have not been examined to the same extent as their vertical counterparts at an intra-organisational level. Although HQ–subsidiary and inter-subsidiary relationships have distinct managerial implications (O’Donnell, 2000:542), much attention is focused on the former. Horizontal relationships differ from vertical ones within firms (Bengtsson and Kock, 2000) as they tend to be less focused on the concepts of power and authority (Ghoshal and Bartlett, 1990:607). Recent theoretical perspectives indicate that, far from being a centralised hierarchy, an MNE is an interdependent network of subunits (O’Donnell, 2000; Ghoshal and Bartlett, 1990) of loosely coupled nodes, characterised by their unique resource and capability profile (Cerrato, 2006). Therefore, greater lateral linkages are required and form a part of relationships among subsidiaries (Birkinshaw and Morrison, 1995:739).

Similar concepts of linkages are used in MNC network models and do not differentiate between ‘relations/ relationships’, ‘flows’, ‘linkages’ and ‘interdependencies’ (see the summary table of the various forms of ‘connectors’ in Appendix H:Sources of synergy and unit connections).

Horizontal relationships between competitors at the inter-organisational level can take various forms. In addition to competition, collaboration and coopetition, the fourth relationship is coexistence (Bengtsson and Kock, 1999), where only communication activities, such as informational and social or economic exchanges, take place between two firms. Bengtsson and Kock’s case study showed that a firm can be involved in four types of horizontal relationships at the same time. This finding has not been extended or explored at the inter-subsidiary level.

2.3 CATEGORISATION OF THE LITERATURE

Table 2-2 categorises the literature by construct, i.e. competition, collaboration and cooperation at the subsidiary or business unit and divisional levels. The construct of cooperation was discussed in line with the literature on cooperation, which extended the literature review in this domain. Relevant literature was sourced from the fields of strategy, organisation behaviour, industrial marketing, international business, sociology, economics and accounting.

For literature pertaining to additional organisational units, i.e. the functions and departments, see Table D-1. Numerous empirical papers relate to cooperation and collaboration as mechanisms of cross-functional teams that facilitate interunit collaboration (Allred et al., 2011; Le Meunier-FitzHugh and Piercy, 2007). The categorisation identified further areas for research: (i) intra-organisational (inter-unit/subsidiary) competition and (ii) intra-organisational cooperation, at multiple levels of analysis.

Relevant literature pertaining to inter-organisational horizontal relationships, for example, strategic alliances and networks, is broadly referenced to provide insight into the nuances for inter-subsidiary relationships.

Table 2-2: Categorisation of literature on intraorganisational competition, collaboration and cooptition

Organisational Units	Intraorganisational Competition	Intraorganisational Collaboration	Intraorganisational Competition & Collaboration Cooptition
Subsidiary/ Business Unit/ Division	Empirical Burgelman (1983) Phelps and Fuller (2000) Birkinshaw (2001) Houston, Walker, Hutt and Reingen (2001) Kalnins (2004) Birkinshaw, Hood and Young (2005) Fong, Ho, Weng and Yang (2007) Becker-Ritterspach and Dorrenbacher (2009) Gammelgaard (2009) Taylor (2010) Bruggen and Luft (2011)	Empirical Tjosvold and Tsao (1989) Vizjak (1994) Zander and Kogut (1995) Liedtka (1996) Gupta and Govindarajan (2000) Rauser (2002) Goold and Campbell (2003) Hansen and Nohria (2004) Hattori and Lapidus (2004) Persaud (2005) Hansen, Mors and Lovas (2005) Zhao and Luo (2005) Sanders (2007) Kretschmer and Puranam (2008) Boussebaa (2009) Hansen (2009) Koulikoff-Souviron and Harrison (2010) Martin and Eisenhardt (2010) Rank and Tuschke (2010) Friesl and Silberzahn (2012) Klimkeit (2013)	Empirical Eccles (1983) Bartlett and Ghoshal(1989) Hill, Hitt, and Hoskisson (1992) Fauli-Oller and Giralt (1995) Chandy and Tellis (1998) Pfeffer and Sutton (2000) Martin and Eisenhardt (2001) Tsai (2002) Maurer (2011)
	Theoretical Birkinshaw and Lingblad (2001) Creane and Davidson (2004) Birkinshaw and Lingblad (2005) Cerrato (2006) Ziss (2007) Khoja (2008) Mol and Wijnberg (2011)	Theoretical Grant (1996) Ensign (2004) Singh (2005) Blomqvist and Levy (2006) Barner-Rasmussen and Bjorkman (2007) Hansen and Birkinshaw (2007) Gnyawali, Singal and Mu (2009) Hinds, Liu and Lyon (2011) Gulati et al. (2012)	Theoretical Cox, Mann and Samson (1997) Eisenhardt and Galunic (2000) Luo (2005) Weiss and Hughes (2005) Loch, Galunic and Schneider (2006) Walley (2007) Tidstrom (2008) Li, Ferreira and Serra (2009) Foss, Husted and Michailova (2010) Bengtsson and Kock (2014) Carayannis, Depeige and Sindakis (2014) Dahl (2014)

2.4 INTER-SUBSIDIARY COMPETITION, COLLABORATION, AND COOPETITION

Competitive and collaborative interactions between organisational units (i.e. subsidiaries, divisions, SBUs and functions) are common practice within multinational organisations.

The categorisation of the literature would suggest that more empirical research is warranted to validate the concepts expressed in recent theoretical papers on internal competition (Fong et al., 2007) and coopetition (Walley, 2007). Table 2-2 presents recent literature that explores both intra-firm competition independently and as a component of coopetition. Intra-firm competition is an issue of growing importance in multinational companies as a result of merger and acquisition activity. Duplicate resources leading to excess capacity and overlapping markets, products and technologies contribute to competition within MNCs (Becker-Ritterspach and Dorrenbacher, 2009).

MNCs are also recognising the need for their autonomous subsidiaries to integrate and collaborate more and, in addition to technology, are putting in place formal mechanisms such as performance management processes to encourage collaborative behaviour and develop collaborative capability and collaborations (Vangen and Huxham, 2003). While formal mechanisms can enable collaboration given the explicit articulation of roles and expectations, the processes cannot force subsidiaries or individual leaders of units to collaborate (Mintzberg et al., 1996). Collaboration is fundamentally a process of communication (Kanter, 1994) and not a task that can be made mandatory (Mintzberg et al., 1996).

However, competition and collaboration are traditionally viewed as antithetical and often at opposite ends of a continuum (Tsai, 2002). This orthodoxy leads to the exploration of only one construct in isolation of the other (Walley, 2007). Statements are presented and questions posed as either/or options: “Which is the better investment internally? Do I encourage rivalry or foster cooperation; competition or collaboration?” (Schrage, 2007:32).

In instances where both constructs are acknowledged as coexisting, a competitive focus typically treats collaboration as interference. Johnson et al. (2006) reference the concept of ‘cutthroat cooperation’ to describe the situations in which subunits that switch from a competitive to cooperative reward structure still resemble subunits that are more competitive than cooperative in nature. In contrast, a collaborative focus might emphasise a win-win structure, even though the potential for competition is evident, given the different interests of the units involved (Bengtsson, Eriksson and Wincent, 2010). In the strategic alliances literature, Hamel (1991) revealed instances of collaborating subunits simultaneously engaging in competition and termed this type of interaction ‘collaborative competition’.

Multinational companies that can stimulate and support interunit collaboration to exploit their geographically scattered resources typically earn future advantages (Bartlett and Ghoshal, 1988). Conversely, other empirical studies suggest that competitive links between subunits facilitate value-creating opportunities for an organisation (Kalnins, 2004; Taylor, 2010; Tsai, 2002). According to Walley (2007), the coexistence of internal collaboration and competition between units in an MNE (i.e. inter-subsidary competition) serves as a future source of advantage for the firm.

The literature of co-competition has more recently been extended to include a more meso-level perspective, i.e. between organisational units inside the same organisation (Walley, 2007). Well-known examples of intra-organisational co-competition are evident in the public domain. HP desk and laser jet printing technologies evolved in two different market niches and for several years, competed for the same customers while jointly developing common product components to meet long-term goals (Eisenhardt and Galunic, 2000). General Electric’s global research and development (R&D) unit uses rivalry to stimulate innovation between aircraft engineer teams at the detailed design stage, without disrupting the culture of collaboration necessary to produce results (Ferrari, 2010). These examples demonstrate that interunit collaboration and competition are not mutually exclusive; I adopt this perspective in investigating the factors and interventions influencing the coexistence and simultaneous occurrence of both competition and collaboration and the consequent inter-subsidary relationships within the context of multinational organisations. In other words, subsidiaries seek

synergies through internal collaborations while competing for resources and opportunities (Luo, 2005; Tsai, 2002).

2.5 INTER-UNIT COOPETITION WITHIN AN MNE

Luo (2005) offers a unique and integrated framework of intra-MNE coopetition, i.e. inter-subsidiary coopetition. Drawing on the combination of the content and determinants of competition and collaboration for a focal subsidiary within an MNE, he described four types of subsidiaries. He distinguished between (1) *aggressive demander* (high competition and low cooperation) (2) *silent implementer* (low competition and low cooperation) (3) *ardent contributor* (low competition and high cooperation) and (4) *network captain* (high competition and high cooperation). For each type, the characteristics and implications were analysed from both a subsidiary and HQ perspective. While not directly focusing on inter-subsidiary relationships, the valuable framework provides initial insight into how and why subsidiaries interact with others in certain ways. The integrated framework is informative, although it does not provide guidance on how to implement coopetition such that people can work consciously in this new type of organisational dynamic (Fang, 2006).

Previously, on an inter-organisational level, Lado et al. (1997:119) recognised that a conceptual framework that could be used to guide managerial practices in striking a balance between competition and cooperation was lacking. Their similar taxonomy was founded on resource-based, game and socioeconomic theories which distinguished between competitive, monopolistic, cooperative and syncretic rent-seeking behaviour. By adopting antecedents, behaviours and consequence paradigms (Skinner, 1971), their focus, in contrast to Luo's (2005), was on the behavioural, rather than structural, aspects of competition and cooperation among firms.

Luo's (2005) selected determinants of competition and cooperation are limited to factors relating to the internal configuration of MNEs, such that managers can more easily observe these elements and therefore take action. The literature, summarised in Sections 2.5, 2.6 and 2.7, proposes additional determinants of inter-subsidiary coopetition, specifically social and relational determinants. In addition to highlighting specific determinants, Luo (2005) identified four systems within the organisational

infrastructure which strengthen efficiency and synergy outcomes from interunit cooperation.

2.6 CONTENT AND DETERMINANTS

2.6.1 Content of competition

Under the cooperation scheme, Luo (2005) proposes that subunits compete for parent resources and support, system position and market expansion.

Intra-firm competition between subsidiaries occurs when there are scarce HQ resources such as capital, technology, equipment, specialised human resources (HR), training, knowledge and information (Luo, 2005). Since most of these resources are scarce, competition for access to them occurs among subsidiaries (Becker-Ritterspach and Dorrenbacher, 2009; Fong et al., 2007; Tsai, 2002). A counter intuitive perspective is that while sharing activities between organisational units may result in complementary effects, these benefits may be limited because tangible resources do not offer potential for multiple or simultaneous use. In fact, it is fully imaginable that competition over *common* resources could emerge between organisational units (Ensign, 2004).

Competition among subsidiaries can also occur to improve or defend their system position within the intra-organisational network. Following Nohria and Ghoshal (1997), modern MNCs, as noted in an earlier section, are viewed as a differentiated network in which the role and power position of subsidiaries largely varies with different emphases, whether on tasks that are performed (White and Poynter, 1984) or different levels of strategic autonomy that subsidiaries might possess (Birkinshaw and Morrison, 1995). Changes to the subsidiary's areas of responsibility, i.e. mandate change (Kalnins, 2004) and charter overlap of duplicate activities (Birkinshaw and Lingblad, 2005; Hansen, 2009) are two other instances in which internal competition occurs. Galunic and Eisenhardt (1996:256) define an organisation unit's charter as "the business, or elements of the business, in which a division/unit actively participates and for which it is responsible within the corporation."

Birkinshaw (2001a:113) identifies only two categories for internal competition between subsidiary units, i.e. for a charter and customer. The author does not appear to treat competition for internal parent resources with the same importance as internal

competition for access to resources required for external customers. Tsai (2002) found a positive effect on sharing knowledge with units that competed with others for market share rather than with those competing for internal resources. This contradicts a previous understanding that individuals would block the initial sharing of knowledge, specifically between individual sales people competing for customers (Brown, Cron and Slocum, 1998), and that the perceived competitive value of knowledge in collaborative contexts makes individuals reserved in sharing important knowledge (Ghobadi and D'Ambra, 2012). To further expand internal competition at the individual level, the obtaining (or maintaining) of status, recognition and remuneration is an important determinant.

Rugman and Verbeke (2001) proposed the concept of potential competition among MNE subsidiaries, induced by capability gaps among them. Fong et al. (2007) empirically confirmed that the reduced resource (e.g. physical plant) and capability (e.g. operational) gap between Chinese subsidiaries (China and Taiwan) elevated the level of competition between subsidiaries in the two locations owing to the survival threat to the Taiwanese subsidiary.

While customer competition is the most obvious form of competition between firms, it may also exist in the internal market (Rugman and Verbeke, 2001) for intermediate products, charters or capabilities. Several conceptualisations of internal competition neglect the external dimension of cannibalisation, which is a term used in the marketing literature to describe multiple overlapping products, brands and channels in a marketplace (Birkinshaw, 2001a).

2.6.2 Determinants of competition

Little recognition is given to the antecedents of internal competition, with the exception of Birkinshaw (2001a). Far more studies exist in the strategy literature on the impact of internal competition on performance. In general, it is agreed that *inter*-firm competition as a phenomenon is accepted and well researched (e.g. Baum and Korn, 1996; Echols and Tsai, 2005). Here, competition is classically viewed as the way firms interact within the same industry (Porter, 1980). The empirical phenomenon of intra-organisational competition is not well recognised, even by companies that engage in it (Khoja, 2008),

possibly because intra-organisational competition is often negatively viewed by practicing managers.

Luo (2005) proposes three determinants of competition: local responsiveness, capability retrogression and market overlap. To respond and adapt to host country conditions or strengthen the unit's capabilities, the focal subsidiary must compete with other units for additional resources from the parent. External competition for the customer is created when other units are present in the same market as the focal subsidiary. Additional factors from the empirical literature are summarised in Table F-1, and factors from the conceptual literature are discussed below.

Phelps and Fuller (2000) present a synthesis of academic studies in the disciplines of management, economics and sociology that provide extensive evidence that divisions compete with each other. They also provide a taxonomy of intra-MNE competition, depicting the origin of competition as either parent or affiliate-led and the nature of competition as being open or managed, where open competition approximates market costs or prices and managed competition is more a result of non-market transactions (227).

Empirical studies of interunit competition indicate that internal competition is fostered by HQ to discourage external rivals from entering the market (Kalnins, 2004) and as a mechanism to rationalise capacity within multidomestic structures (Phelps and Fuller, 2000). Fong et al. (2007) confirm the existence of internal competition resulting from Rugman and Verbeke's (2001) proposition that competition within MNEs is a result of a capability gap. By contrast, Taylor (2010) explores the relationships between internal competition and new (and existing) technology and suggests that internal competition may play a larger role than the current literature intimates. He provides evidence from a field study on new-technology product development in high-technology firms, which "provides a model of innovation that illustrates an endogenous process of internal competition" (Taylor, 2010:23). Inter-subsidiary competition over internally available knowledge is critical in the adoption of new technologies (Taylor, 2010). As new technology is developed, existing technology groups aim to gain a deeper understanding of it and its impact on their own products.

A subsidiary that is more central in terms of strategic importance to the parent company is more powerful than subsidiaries that take a more peripheral position (Phelps and Fuller, 2000). Similarly, the higher the strategic importance the focal subsidiary has for the parent company, resulting from unique resources, the more the network of subsidiaries depends on this focal subsidiary for those resources (Fong et al., 2007). This position can create tension and competition for access to the central subsidiary's resources.

Li et al. (2007) propose that the structural factors of centralisation, reward system and network ties drive the potential for inter-subsidary multimarket competition, originating from the overlap of products, technologies and market portfolios between subsidiaries.

Birkinshaw and Lingblad (2005) propose environmental and organisational determinants of intra-firm competition and suggest that increases in environmental equivocality (i.e. market changes) and market heterogeneity (i.e. product variety) lead to competition, while industry maturity results in cost (price) reduction competition.

Organisationally, increases in the decentralisation of decision making and fungibility of unit capabilities intensify competition in the area of potential charter overlap and expansion (Birkinshaw and Lingblad, 2005). Normative integration would, however, temper the competition level between the subsidiaries as there is a willingness to accede to charter changes if the subsidiaries perceive the changes to be beneficial to the firm's broader interests (Birkinshaw and Lingblad, 2005).

Luo (2005) posits that an incentive system is imperative to promoting internal competition among foreign subunits and that it is the primary mechanism that drives up country managers' motivation for continued rivalry for corporate resources and market expansion. Eisenhardt and Galunic (2000) advocate letting competition flourish and rewarding self-interest through unit performance, especially when there is uncertainty about how the market will evolve. Hill et al.'s (1992) empirical study suggests that focusing bonus pay on divisional performance and allocating funds for investment on the basis of a division's performance reinforces the incentive to maximise divisional performance. In this scenario, "the internal ethos of such organisations is explicitly competitive rather than cooperative" (Hill et al., 1992:506).

Luo (2005) differentiates between inter-subsidary competition for parent resources (and corporate support) and system position (Luo, 2005). His terminology draws attention to the fact that internal (or parent) resources are of primary interest when investigating inter-subsidary competition; resources procured from outside the parent company tend to evoke less competition among subsidiaries (Maurer, 2011).

Although resource competition is an issue at all three levels of aggregation, there are differences with respect to where these resources are obtained from and who may possibly allocate them. Studies have accounted for internal resource competition between SBUs by adopting an internal market perspective (Cerrato, 2006; Birkinshaw, 2001b; Halal, 1994; Hennart, 1993; Williamson, 1975; Arrow, 1964; March and Simon, 1958).

In a decentralised firm, SBUs are profit centres that develop and market their services to other internal SBUs. The effectiveness of internal transactions between units can influence the goal of providing value to the customer (Mills and Ungson, 2001). Internal transactions for services between divisions are typically horizontal (between divisions on the same level). This may give rise to a transfer pricing system between two units by which the units can seek to maximise their own profit and revenue targets to achieve their divisional objectives and organisational rewards. A transfer price is “a charge by one division (transferring division) to another division (receiving division) within the same organisation” (Terzioglu and Inglis, 2011:85). The pricing mechanism regulates resource allocation and in the case of professional services firm (PSF), the knowledge associated with those resources.

Cerrato (2006) conceptually explores and theoretically builds on Birkinshaw’s (2001a) model of MNCs as an internal market for intermediate products, mandates and functions or capabilities. Cerrato (2006) posits that intra-firm competition among subsidiaries is influenced by a range of factors, such as the characteristics of the subsidiary’s resources, the past performance of the subsidiary, the degree of autonomy given to the subsidiary and, finally, whether there is frequent and open communication between a subsidiary and its parent company.

2.6.3 Benefits and drawbacks of inter-unit competition

While scarcity is a core concept in both internal and external competition, the ‘need’ for internal competition of any kind is challenged (Rosen, 2009; Kohn, 1986) and the word itself is often labelled as ‘bad’. The negative consequences of too much intra-firm competition are cited as resource duplication, strategic incoherence, turf wars and infighting among subsidiaries, and bad public relations and as such, need to be controlled or mitigated (Becker-Ritterspach and Dorrenbacher, 2009; Birkinshaw, 2001). However, insufficient internal competition implies that the organisation may fail to benefit from new opportunities in emerging markets or technologies (Birkinshaw, 2001). Birkinshaw posits three primary benefits from internal competition which relate to enabling flexibility to manage uncertainty, innovation from ‘rocking the boat’ by challenging old practices and beliefs and individual motivation to muster the unit for greater performance to address a competitive threat (Khoja, 2008; Birkinshaw, 2001).

Positive outcomes are reported in the areas of efficiency (Becker-Ritterspach and Dorrenbacher, 2009), control and greater organisational performance (Hill, et al., 1992), new product development (Gammelgaard, 2009; Taylor, 2010), the lowering of market entry by rivals (Kalnins, 2004) and stimulation of entrepreneurial activities (Ferrari, 2010; Becker-Ritterspach and Dorrenbacher, 2009). Pressure to develop additional capabilities in the areas of bargaining power, lobbying and strategic issue selling (Gammelgaard, 2009) also results from internal competition between subsidiaries.

These costs and benefits of internal competition have to be carefully balanced against one another. Senior executives benefit from gaining a better understanding of the costs and benefits of internal competition so that it can be used in a more judicious manner.

2.6.4 Content of collaboration

The present literature on intra-organisational collaboration identifies that collaborations among subsidiaries in MNCs occur in various situations: combining and reconfiguring resources for new product development and innovations (Allred et al., 2011; Hansen, 2009; Galunic and Eisenhardt, 2001); sharing or transferring knowledge with other units (Boussebaa, 2009; Gnyawali et al., 2007; Luo et al., 2006; Luo, 2005; Tsai, 2002; Martin and Eisenhardt, 2001) and in both internal and external supply chain

relationships (Koulikoff-Souviron and Harrison, 2010; Mena et al., 2009; Sanders, 2003). Similarly, the strategic alliance literature summaries three areas: (i) exchange (ii) sharing of resources (human, financial, knowledge (as a special case of resource) and physical) and (iii) joint development of technology, products and services (Ang, 2008).

Luo (2005) proposes that a focal subsidiary cooperates in operational, organisational, financial and technological areas, although the focus of cooperation is primarily on sharing knowledge (e.g. technological knowledge, managerial knowledge and more indirectly, experience, routines and capabilities). Little emphasis is given to sharing more tangible resources, such as equipment relocation or human resource redeployment, which remain key aspects in most industrial manufacturing companies and PSFs.

2.6.5 Determinants of collaboration

Despite the large number of studies that discuss the importance of collaboration between units in organisations, surprisingly, little research has been dedicated to the understanding of factors influencing collaboration. This also holds true for the concept of cooperation (see Smith, et al., 1995). This section discusses the antecedents of collaboration. Studies that address the issue of collaboration specifically appear in the operations and supply chain, new product development and marketing literatures.

Most empirical studies on collaboration are essentially focused on collaboration between organisations and its influence on organisational performance. Hansen's (2009) empirical contributions, among others' empirical contributions (Koulikoff-Souviron and Harrison, 2010; Martin and Eisenhardt, 2010; Rank and Tuschke, 2010; Mena et al., 2009; Zhao and Luo, 2005; Tsai, 2002; Luo et al., 2006), are all the more important because of their singular focus on collaboration within the organisation and the consideration of collaboration antecedents.

There is only scant empirical evidence that highlights the determinants of inter-subsidary cooperation or collaboration. Tsai's (2002) empirical investigation of different coordination mechanisms, i.e. centralisation and informal lateral relationships, on knowledge sharing as a form of collaboration among competing units found that the association between coordination and intra-firm knowledge sharing was strengthened by external market competition. Tsai (2002) pointed out that formal hierarchical structure,

in the form of centralisation, has a significant negative effect on knowledge sharing, which is in contrast to Li et al.'s (2007) proposition that HQs with strong control over inter-subsiary relationships have the ability to convert competitive pressures into cooperative ties. Tsai, however, focuses his study on BUs rather than subsidiaries, and his work does not explicitly comprise an international dimension (2002). Importantly, the author does not offer a set of propositions that help explain interunit cooperation and competition in a balanced manner as competition is regarded as a moderating factor only.

Zhao and Luo (2005) examine antecedent factors influencing knowledge sharing. Their empirical study validates the factors of strategic interdependence and technological linkage with peer subsidiaries, which are supported by intranet infrastructures, incentive systems and knowledge encapsulation.

Smith et al. (1995) conclude that a wide variety of psychological and structural factors and trust have relevance to predicting cooperation. Psychological determinants include similarity in partners' values, the perceived status and legitimacy of partners and the perception that interactive procedures are just. Structural determinants comprise the number of partners in a relationship, the extent of prior social ties as related to perceived reliability and predictability, and the social context in which cooperation occurs.

Trust is also a key factor in collaborative relationships. It is typically built upon repeated interactions and contact among individuals, who over time develop mutual expectations and obligations (Coleman, 1990). Tsai's (2000) results confirmed that related BUs with high mutual trust in MNCs are more likely to form collaborations. Persaud (2005:416) found that "the more [R&D] personnel and managers trust each other, the more likely they are to establish close social networks and to collaborate with their colleagues in dispersed locations around the world." Rich social networks (e.g. more formal and informal relationships that have mutual trust) increase the formation and performance of cross-BU collaborations (Martin and Eisenhardt, 2010; Hansen, 1999; Tsai and Ghoshal, 1998). Additionally, Ellinger et al. (2006) found, albeit at the cross-functional level, that the levels of collaborative behaviour may be influenced by manager's attitude toward the other function.

At an interpersonal level, friendship has been found to enhance cooperation and mutual trust by reducing the hazards of opportunism and the need for elaborate formal governance structures (Granovetter, 1985). Consequently, the feelings of friendship between top executives can be expected to positively influence their collaborative interactions. Rank and Tuschke's (2010) investigation of collaborative relationships among a firm's upper echelons argue that perceived influence as well as friendship between any two managers can enhance the likelihood of the two managers collaborating with each other.

Furthermore, collaborative behaviour is built upon a culture of trust (Lado et al., 1997; Tsai, 2000). By communication and frequent interaction through corporate sponsored programmes, exchange visits, rotation of expatriate managers and interunit transfers (Persaud, 2005; Hansen and Nohria, 2004), subsidiaries are likely to become aware of opportunities to build trust and collaborate (Tsai and Ghoshal, 1998).

From an internal configuration perspective, Luo (2005) specifies several determinants that increase the levels of cooperation between subsidiaries: strategic interdependence as determined by global integration, technological linkage and a focal subsidiary's dependence on another unit for its technology and a wholly owned subunit form rather than a partially owned one to reduce transaction costs from greater centralisation and standardisation.

Gnyawali et al., (2007) propose that the greater the subsidiary units proximity in terms of culture, beliefs, and access to information about each other, the greater the likelihood that the focal subsidiary will collaborate with the subsidiary. Thus, rich social networks comprising formal and informal relationships increase the formation and performance of cross-BU collaborations.

Several empirical studies are consistent with the predictions of corporate-centric collaboration which indicate that goals and firmwide incentives for SBU executives (Gupta and Govindarajan, 1986) and centralised decision making (Hill et al., 1992) are correlated with the higher levels of cross-BU collaboration, which are in turn related to improved performance.

Alternatively, in the case of a decentralised structure and autonomy, subsidiaries will collaborate in accordance with organisational norms and values (Hansen, 2009). The willingness of a corporate venture capital (CVC) unit to collaborate is higher when the unit is structurally positioned within a corporation (Rauser, 2002). In the situation where subsidiaries are realigned to capture emerging market opportunities, Houston et al., (2001:31) suggest that further research can examine the structural and strategic processes that organisations employ to promote cross-BU collaboration.

Gnyawali et al.'s (2007) conceptual paper on the factors that motivate inter-subsidiary collaboration (measured as knowledge ties) proposes that the greater the subsidiary units' proximity to each other in terms of culture, beliefs and access to information (i.e. culturally and technologically similar), the greater the likelihood that the focal subsidiary will collaborate with another subsidiary. Their propositions extend to external environmental scenarios. Certain scenarios can motivate subsidiaries to collaborate to address the challenges of strategic vulnerability, for example, new companies entering the market or new laws in the host country. Proactively, a subsidiary will collaborate to enhance its competitive position; reactively, the subsidiary will collaborate to try and compensate for its strategic vulnerability.

Another group of studies highlights the importance of standardised operations and practices to support distributing work across boundaries. In this respect, several authors indicate that HR-related processes such as global career paths, international project staffing and training in intercultural aspects are conducive to collaboration among subsidiaries (Holtbrügge and Mohr, 2011). Research also suggests that companies must find a balance between the implementation of corporate-wide, unified processes that enable cross-border shifting of work packages and necessary local adaption in terms of specialised roles and responsibilities (Holtbrügge and Mohr, 2011; Goold and Campbell, 2000; Malnight, 1996). To this effect, the collaborative work of country subsidiaries also requires shared knowledge on processes, products and services. Thus, ensuring subsidiary managements' broad access to information and data of strategic significance is crucial to generate common ground and enable subsidiary collaboration (Subramaniam and Venkatraman, 2001).

Interventions, while not determinants, are enablers. HR practices (Koulikoff-Souviron and Harrison, 2010; Hansen, 2009), technology (Stank et al., 2001) and learning interventions (Martin and Eisenhardt, 2010) were found to be enablers of collaboration between organisational units. Collaboration needs to be constantly reinforced by senior management, even when corporate values encouraging collaboration are in existence (Koulikoff-Souviron and Harrison, 2010; Chen and Tjosvold, 2008).

Factors influencing subsidiary collaboration and competition that have been identified in empirical studies are summarised in Table F-1.

2.6.6 Benefits and drawbacks of inter-unit collaboration

The literature emphasises the positive contributions of both internal competition and collaboration. Only a brief mention is made of the negative consequences of collaboration. Hansen (2009) cautions managers on the potential cost that too much 'undisciplined' collaboration carries.

Cross-BU synergies (Eisenhardt and Galunic, 2000), in the form of cost savings and increased revenues, are reported as outcomes of intra-organisational collaboration (Boussebaa, 2009; Hansen and Nohria, 2004). Collaborative advantages (Hansen, 2009; Mena et al., 2009), resulting from more effective BU collaborations (Rank and Tuschke, 2010), collaboration capability (Liedtka, 1996) and the recombination and reconfiguration of resources (Martin and Eisenhardt, 2010) are all sources of value creation for a firm.

Learning occurs as an outcome of collaborations in the form of acquired knowledge on markets and technologies. Also, because of a greater appreciation of functional orientations resulting from cross-unit collaboration, colleagues are viewed more favourably (Allred et al., 2011).

The collaborative benefit from knowledge sharing refers to the collective use of shared knowledge in pursuing common interests, whereas competitive benefits refer to the use of shared knowledge for private gains in an attempt to outperform partners (Khanna et al., 1998).

A positive outcome of collaboration feeds back as a potential input and strengthens a given relationship (Das and Teng, 2000). Partners expect positive outcomes of collaboration and are therefore, more likely to engage in long-term relationships, a phenomenon which is called 'shadow of the future' (Axelrod, 1984) in experimental economics. I suggest that individual characteristics and social dynamics change during this process and over the duration of a long-term relationship.

Innovation can be achieved through either collaboration or competition. For example, as a result of interunit competition, new technology is integrated into existing products through competitive enquiry (Taylor, 2010) and also through the combination and cross-pollination of ideas which occur when knowledge is transferred through BU collaborations.

The major hurdles of collaborative relationships seem to be related to the availability of resources, the nature of resource exchange between units, and the efficiency of governance mechanisms of such exchanges (Rauser, 2002).

The factors that influence the choice of competition and collaboration are unclear. Historical or contextual factors or a leader's personal predisposition towards competition or collaboration may influence which approach is adopted.

2.7 INFRASTRUCTURE

In addition to the internal configurations of cooptation, Luo (2005) proposed that the 'organisational infrastructure' of intranet, incentive, encapsulation and coordination systems created by HQs were needed to help maximise the consolidated benefits of efficiency and synergy from cooptation. These four systems simultaneously enabled inter-subsidiary competition and cooperation.

Studies (see Houston et al., 2001; Hill et al., 1992) have noted that creating structural configurations to support both collaboration and competition within the same organisation is difficult. Moreover, there is little understanding of how to manage the resulting tensions, although authors (Luo et al., 2006; Tsai, 2002) argue that it is important for subunits to pursue both cooperative and competitive strategies. Indeed, Birkinshaw et al. (2005) claim that the blend is easy to achieve as it is no different from collaborating closely with colleagues with whom you are competing with for a

promotion. However, they are not explicit about where and how the inherent tensions are managed. How dual structures and internal configurations of competition and collaboration are achieved remains unclear owing to the lack of empirical investigation.

2.8 AREAS TO EXPLORE FROM LUO'S FRAMEWORK

Except for Zhao and Luo's (2005) contemporaneous study, which specifically focused on knowledge sharing with peer subsidiaries, Luo's (2005) integrated framework of cooptition remains empirically unvalidated. A closer inspection suggests a number of aspects for possible development. First, market and environmental conditions that impact on the subsidiary are not explicitly accounted for in Luo's model, although they may partially explain why various subunits have different levels of cooperation and competition and thus, different identities of cooptition from their corporate members.

Second, since the internal and external context and conditions change, and subsidiaries themselves evolve over time, the levels of collaboration and competition for a focal subsidiary are also likely to change. Thus, a subsidiary may not stay in a specific quadrant of the typology but may move dynamically with time. This dynamism is missing from an essentially static model. There is no indication of the factors that trigger movement or an indication of the resultant direction.

Third, a subsidiary within an MNC may have distinct and separate relationships with other subsidiaries in the same MNC. A focal subsidiary with multiple relationships may, therefore, simultaneously occupy different quadrants (i.e. differing levels of competition and collaboration) in the framework, depending on the nature of the focal subsidiary's relationships with each of the other subsidiaries. This notion is supported by Bengtsson and Kock (1999) who identified different types of cooptitive relationships (i.e. competition, cooperation, cooptition and coexistence) between firm competitors. Bengtsson et al. (2010) subsequently explored interorganisational cooptitive relationships.

2.9 CONTENT OF COOPTITION

The concept of cooptition has found far less consideration at an intra-organisational than an inter-organisational level. Few authors have adopted a balanced view of competition and collaboration between subunits. Instead, they have focused on either

competition (Williamson, 1975) or collaboration (Gupta and Govindarajan, 1986) in interunit relationships. Further, there is a lack of systematic studies on the various types of cooptition, including that between corporate subsidiaries when considering the international dimension of an MNC (Fang, 2006:436).

In Sections 2.5.1 and 2.5.4., I have broken down the two constructs of cooptition and focused on the determinants and content of each concept separately, both within a cooptitive environment and within either a competitive or collaborative environment.

Dividing the cooptitive relationship into its distinct elements is important to understand the cooptitive relationship (Bengtsson et al., 2010a). However, there remain two issues relating to the characteristics of subsidiary relationships and the nature of MNC strategy and impact on the relationships that have been identified under Luo's cooptition system but not discussed.

2.9.1 Cooptitive relationships

According to Luo, "each type [of subunit] has unique normative environments or conditions that justify the level of cooperation and competition consistent with its identity," (Luo, 2005:88).

2.9.1.1 MNE strategy

In the context of coordination, Luo (2005: 87) makes explicit reference to the effect of a company's strategic orientation towards inter-subsidiary relationships, when proposing that "cooperation will increase, and competition will decrease, if an MNE adopts a global strategy (i.e. relative standardisation across national markets, allowing strategic and operational control by the headquarters)." With his propositions, Luo provides important indications for the identification of both structural and strategic influencing factors. He suggests that global integration versus local autonomy has an impact on inter-subsidiary relationships as does the extent to which technologies and responsibilities are distributed across the organisation.

Furthering this notion, the conceptual work of Li et al., (2007) draws on organisational design and strategy implementation literature to suggest that subsidiaries' competitive and collaborative relationships are influenced by an MNC's international strategy as well as certain structural characteristics—the role of the HQ, inter-subsidiary social

communication and the reward system (Li et al., 2007). Competition is conceptualised as multimarket competition, where (divisional) products meet in the same market (Kalnins(2004), as well as rivalry for parent resources, market commonality and undefined responsibilities (Li et al., 2007).

Interestingly, Maurer (2011) draws certain parallels between Luo's (2005) four types of situations or identities within the MNC and Bartlett and Ghoshal's (1998) typology of multinational companies, again suggesting a link between MNC strategy and inter-subsidiary relationships. The 'aggressive demander' depends on corporate support to develop its country-specific capabilities (multinational company) demonstrating high competition and low cooperation. The 'silent implementer' produces and sells standardised products in his host market (global) where there is low cooperation and competition. The 'ardent contributor' is equipped with distinctive resources and knowledge (international company) in cases of high cooperation and low competition. Finally, the network captain, high in unit competition and cooperation and being considerably autonomous yet interrelated with its peers, has both local responsiveness and global integration duties (transnational company) (Bartlett and Ghoshal, 1998:68-70; Luo, 2005:82-84).

"Contrarily, competition will increase, and cooperation will decrease, if an MNE employs a multidomestic strategy. The duality of cooperation and competition is more salient under a transnational strategy than under a global or multidomestic strategy" (Luo, 2005:87). It is worth mentioning that the second part of this statement contrasts Li and Ferreira's proposition of competition between highly interdependent subsidiaries being relatively weak (2003:12). The authors of the two papers do agree, however, that competition is expected to be high under multinational strategy and low under global strategy.

Finally, the author accounts for the possibility that the propositions developed might change depending on the stage of internationalisation of the firm (Cerrato, 2006:273). Some agreement seems to exist on the fact that the role of HQ and an MNC's international strategy impacts on the relationship between subsidiaries.

2.9.1.2 Criteria for coepetitive relationships

Zineldin (2004:781) proposes seven criteria for a mutually beneficial coepetitive relationship between firms. The criteria have potential application to intra-firm coepetitive relationships as, above all, any individual or organisational relationship does with interaction and with exchange. Both Zineldin (2004) and Bouquet and Birkinshaw (2008) acknowledge that implementing a coepetition strategy is not easy, and is the most complicated game to play internally as it involves relationships, interactions, attitudes, motives, behaviour, needs, actions and satisfactions (Zineldin, 2004).

2.9.1.3 Shaping relationships

Processes shaping inter-SBU relationships are those of mixed-mode bargaining (Eccles, 1983). Mixed-mode bargaining processes between business units are a consequence of their simultaneously competitive and cooperative relationships. Because of the emphasis on systems to measure quantitative results, subsidiaries have an incentive to win at the expense of others. Structural interdependence, however, acts as an incentive for each subsidiary to be concerned with the performance of the other as it affects total corporate results.

These bargaining processes combine distributive bargaining of the competitive types with integrative bargaining of the cooperative types. Integrative and mixed-mode bargaining processes are complex and require that the managers involved have sophisticated conflict resolution skills. They also increase stress which, if excessive, can hamper performance.

2.9.1.4 Individual actor and coepetition

“Coepetitive relationships are like a contract in a win/win situation. This contract is made concrete because of individual features and inter-individual linkages,” (Geraudel and Salvetat, 2014:24)

Competition and cooperation have been investigated at the individual level with regard to how the individual manager will make his decision to collaborate or compete in each interaction. Geraudel and Salvetat (2014) partially investigate this question by analysing the disposition of managers to compete and collaborate as a function of their centrality to the network and their personality traits. Their study was conducted among managers

(as business students) in the context of the managers competing and cooperating with each other in group work projects. They conclude that some managers are able to create cooperation through common interest between competitors on the basis of their centrality in the network and a personality trait of agreeableness.

2.9.1.5 Emotions in cooperative relationships

A growing number of studies on emotions recognise that emotions are a natural part of organisational life but emotions are often discounted as irrational (Fineman, 1996). Whether an actor decides to compete or cooperate, or both, is certainly a question of reasoning and calculation, but the role of emotions in this decision process is often ignored, and in rational choice theory in general (Muramatsu and Hanoch, 2005).

Loch et al. (2006:218) interestingly explore the question of individual choice to collaborate or compete from a different perspective: “We have argued that emotional algorithms have become programmed through evolution and those, collectively, help us to manage the dilemma of taking care of ‘me vs. we’.”

Theories of emotion do not target the question of ‘me vs. we’ of competition versus collaboration within a group. However, Loch et al. (2006) show how they work together as a system to regulate group behaviour, balance each other and so, in as far as unrestrained competition or unquestioning cooperation may be destructive, and to help stabilise and improve functioning. The tension inherent to these opposing modes of behaviour, which at any given moment may pose tricky questions and painful emotional struggles for individuals, is in fact a natural consequence of human evolution. In general, balancing emotional algorithms was favoured because competitive or cooperative algorithms, working in isolation, would have been disadvantageous.

Raza-Ullah, Bengtsson and Kock (2014) take the emotional lens further by exploring the role of positive and negative emotions in the emotional ambivalence felt by individual and collective actors in cooperative relationships. They conceptually establish that a moderate level of tension, wherein both conflicting emotions are in balance, results in superior cooperative performance.

2.10 EXPLAINING RELATIONSHIPS OF COMPETITION AND COLLABORATION

In this section, I briefly outline the theories from the extant literature and assess their potential contributions to explaining simultaneous inter-subsidary relationships of collaboration and competition. More importantly, “it is important to reiterate a point that is often lost in debates about the relative merits of particular theoretical approaches: no single perspective or approach (network analysis and exchange theory included) can explain all social and cultural phenomena” (Cook and Whitmeyer, 1992:124).

2.10.1 Multiple theoretical perspectives

The theoretical perspectives of competition and collaboration are difficult to combine into one theoretical perspective to explain cooperative relationships between actors (Bengtsson et al., 2010a). Relevant studies are minimal as the common approach has been to focus on either the competitive or collaborative aspect of the interunit relationships (Tsai, 2002) and by doing so, simplify the reality that conceals the complex interrelationships (Lewis, 2000).

The potential of theory to help explore the notion of cooperation is reflected in Yami et al.’s (2010) comment that acknowledges there are many descriptive studies of cooperation, mostly at the inter-organisational level; however, they are short on theory. At the inter-organisational level, Clarke-Hill, Li and Davies (2003) propose a multi-paradigm approach, applying strategic positioning, the resource-based view and game theory to assist in exploring the paradox of competition and collaboration.

Identifying common factors that are valid for both competition and collaboration can be important to see how each theory might contribute to both elements and how they might influence the relationships that occur between the subsidiaries. This, however, is not the focus of this current research and provides an opportunity for more detailed exploration and explanation in a subsequent review of this study’s findings.

Table 2-3 summarises the economic and organisational theories applied in the extant empirical and conceptual literature to explain collaboration and/or competition between organisational units. Additionally, a table explicating specific theories and potential

reasons for application to the study of coopetitive inter-subsidary relationships within an MNC is shown in the Table G-1.

As the notion of scarcity is prevalent in the studies of competition, the theoretical perspectives offered by economics theories prevail to explain intra-firm competition. However, these more traditional economic and strategy concepts, which are primarily based on a competition hypothesis, can be challenged and complemented by the models of symbiotic relationships, the ecology of economic systems, co-evolution and complementarity (Faulkner and de Rond, 2000) and a sociological, structural perspective (Burt, 1992).

From a structural perspective, every organisation is a network (Podolny and Page, 1998) connected by ties of exchange and reciprocity (Powell, 1990). These ties or linkages between the organisational units (subsidiaries) can therefore be competitive (Burt, 1992) or collaborative (Tsai, 2002).

Cooperation is an organisational problem for all forms of organisations (Grant, 1996) and one that requires the reconciliation of conflicting goals among organisational members. Cooperation has been the emphasis of most economic theories of organisation. Both transaction cost and agency theories regard the primary organisational problem as the incompatibility of individual goals, with focus on internal structure and governance.

The summary table of the applied theories to intra-organisational competition, collaboration and coopetition (see Table 2-3) shows that evolutionary theory (Campbell, 1965) is an emergent theory that has also been applied in the conceptual studies of competition (Loch et al., 2006; Birkinshaw and Lingblad, 2001) as well as empirical studies on collaboration (Boussebaa, 2009; Eisenhardt and Galunic, 2000). Co-evolutionary theory may partially explain the adaptation of organisations over time as a result of the developing and changing interactions of competition and collaboration between organisational units.

Game theory has not specifically been included as it is predominantly experimental and mathematical simulation oriented. Furthermore, conflict theory (Rahim, 2002), which I perceive to address the outcome of competition, does not provide insight into the

antecedents of competition or collaboration. However, for example, dispute resolution may be relevant in terms of how a subsidiary or HQ manages the tensions that emanate from inter-subsidary cooperation.

2.10.1.1 Contingency and paradox perspectives

Contingency theorists focus on what constellation of organisational factors contributes to organisational success. Several contingency factors such as strategy, size, task uncertainty and technology, which are characteristics of the organisation, are influenced by the external environment in which the organisation is located. Contingency theory examines internal elements, and subsequent interactions adopted by business units, and how they 'fit' the external environment.

It explores selection conditions among competing demands such as collaboration and competition. Contingency models, in general, are challenged by Becker-Ritterspach and Dorrenbacher (2009:204) as incapable of explaining the many disruptions, inconsistencies and organisational oxymorons that surface in the process of intra-firm competition.

Alternatively, paradox studies adopt an approach to tensions arising from disparate demands by exploring how organisations can simultaneously attend to competing demands (Smith and Lewis, 2011:381). The organisation needs continuous efforts to meet multiple divergent demands (Lewis, 2000; Cameron, 1986). The paradox perspective which considers a "both/and" approach and specifically addresses the notion of tensions in holding both opposing forces has applicability to this study.

2.10.2 Conclusion on theoretical approach

From the existing literature, there is no one single theory that is compatible with both collaboration and competition to investigate relationships of inter-subsidary cooperation. However, a dualistic lens, as adopted in the paradox framework for exploring this complex phenomenon, may enable a more comprehensive understanding of their coexistence and interplay (Graetz and Smith, 2008; Gupta and Govindarajan, 2006; Lewis, 2000).

Table 2-3: Theories and perspectives applied in research (Source: Author)

Theoretical Perspectives	Inter-unit Collaboration		Inter-unit Competition		Inter-unit Coopetition/ Collaboration & Competition	
	Contextual Focus Of Theory	Authors	Contextual Focus Of Theory	Authors	Contextual Focus of Theory	Authors
Transaction cost theory (TCE)	Governance modes/mechanisms	Martin and Eisenhardt, 2010	Market based mechanisms	Cerrato, 2006	Joint venture failure (interfirm)	Park and Russo, 1996
				Chandy and Tellis, 1998	Emotions: individual self interest	Loch et al., 2006
		Mena et al., 2009		Bruggen and Luft, 2011		
Social exchange theory (SET)	CVC/BU collaboration	Rausser, 2002				
Agency theory	Governance modes/mechanisms	Rausser, 2002	Collective action	Houston et al., 2001	Agency and stewardship (interfirm)	Sundaramurthy and Lewis, 2003
Contingency theory	Mechanisms - information flow	DeLuca and Atuahene-Gima, 2007	Overlap	Khoja, 2008		
Game theory			Mergers, games	Creane and Davidson, 2004	Interest and goal congruence (interfirm)	Dagnino and Padula, 2002
					Knowledge sharing	Ghobadi and D'Ambra, 2010
Resource based view (RBV)	Dynamic capability	Allred et al., 2011			Knowledge sharing	Tsai, 2002
	Dynamic capability	Blomqvist and Levy, 2006				
		Hansen, 2009	Internal market	Cerrato, 2006		
		Rausser, 2002	Resource scarcity	Fong et al., 2007		
		De Luca and Atuahene-Gima, 2007				
		Liedtka, 1996				
Knowledge-based view (KBV)	Resources availability	Qureshi et al., 2006	Resource scarcity	Gammelgaard, 2009		
		Rausser, 2002	Organisational learning	Cerrato, 2006		
	Knowledge(info) sharing integration	DeLuca and Atuahene-Gima, 2007				

Theoretical Perspectives	Inter-unit Collaboration		Inter-unit Competition		Inter-unit Coopetition/ Collaboration & Competition	
	Contextual Focus Of Theory	Authors	Contextual Focus Of Theory	Authors	Contextual Focus of Theory	Authors
	Knowledge exchange - ties	Gnyawali and Park, 2009				
Relational view	Relationships (inter/intra)	Mena et al., 2009				
Resource dependence theory			Resource scarcity: survival	Fong et al., 2007		
Social network theory (MNC)	Resource exchange	Martin and Eisenhardt, 2010	Lobbying for parent attention	Gammelgaard, 2009	Coopetition game - power	Bouquet and Birkinshaw, 2008
					Knowledge exchange	Tsai , 2002
					Interfirm: power and dependence	Bengtsson and Kock, 2000
	Friendships	Rank and Tuschke, 2010			Centrality and personality traits	Geraudel and Salvetat, 2014
	Knowledge exchange MNC	Gynawali et al., 2009			Social structure of coordination	Tsai , 2002
						Luo et al., 2006
	Knowledge sharing MNC	Hansen et al., 2005				
Institutional theory	Human resources flow/ exchange	Boussebaa, 2009				
Social capital: social identity theory	Resource exchange	Barner-Rasmussen and Bjorkman, 2007	Patterns of social ties - charter	Houston et al., 2001		
Co-evolution theory		Boussebaa, 2009	Between resources	Birkinshaw and Lingblad, 2001	Coevolving	Bengtsson and Kock, 2000
					Coevolving	Eisenhardt and Galunic, 2000
					Emotions -individual	Loch et al., 2006
Organisational politics			Mandate charter change	Becker-Ritterspach and Dorrenbacher , 2009	Power	Bouquet and Birkinshaw, 2008
			Power, network and KBV	Gammelgaard, 2009		
				Luo, 2005		
Goal interdependence theory	Goal interdependence - western values	Chen and Tjosvold, 2008				

Theoretical Perspectives	Inter-unit Collaboration		Inter-unit Competition		Inter-unit Coopetition/ Collaboration & Competition	
	Contextual Focus Of Theory	Authors	Contextual Focus Of Theory	Authors	Contextual Focus of Theory	Authors
Social interdependence theory			Perception of goals as interdependent	Baer et al., 2010		
Structural adaptation theory					Changing mindset	Baer et al., 2010
Competitive advantage			Resource availability	Birkinshaw et al., 2005		
Paradox dialectical thinking					Paradox	Chen, 2008
					Dialectical view	Chen, Xie and Chang, 2011
Organisational learning	Global change: cost efficiency	Friesl and Silberzahn, 2012	Internal market MNC	Cerrato, 2006		
Mutual forbearance			Multimarket contact	Kalnins, 2004		

2.11 SUMMARY OF LITERATURE AND IMPLICATIONS

In contrast to traditional scientific enquiry which categorises phenomena into ‘either/or’ concepts (Lewis, 2000), this literature review encompassed the individual literatures of both interunit collaboration and competition (and cooperation) within multinational organisations.

By bringing both constructs of competition and collaboration together in one literature review, it has revealed that the concepts are often independently investigated and viewed as two contrasting perspectives (Dagnino and Padula, 2002:5). Alternatively, the intra-organisational ‘coopetition’ literature acknowledges the internal dynamics between competition and collaboration from a ‘both/and’ perspective, i.e. it recognises the existence of internal competition while collaborating.

While the focus on one construct and its antecedents and outcomes is invaluable, the impact on subsidiary interactions and outcomes necessary to create (and not destroy) value cannot be fully assessed without examining them from a more systemic viewpoint.

However, the literature is still ambivalent on the nature of the collaboration–competition relationship. Are competition and collaboration two ends of a continuum and therefore, mutually exclusive (Tsai, 2002) or are they two different orthogonal aspects of organisational behaviour? As the literature reveals, the absence of competition largely differs from proactive collaboration (Schrujijer, 2006). Are they competing or complementary aspects of organisational decisions and actions (Graetz and Smith, 2008)? Are the constructs of competition and collaboration one side of the same coin or are they orthogonally different?

Empirical evidence, nevertheless, demonstrates that collaboration and competition are simultaneously present between business units (Tsai, 2002) and their oppositional tendencies form a duality. This duality (Lewis, 2000:773) or “dualities-sensitive approach does not attempt to resolve or eliminate contradiction, but instead encourages a complementary interplay between the two processes or states” (Graetz and Smith, 2008:271). Instead of the conventional and divisive ‘either/or’ approach to managing competing forces, the dualities concept recognises the merits of both sides of the duality

continuum. In Luo's (2005:72) conceptual study, he advances the notion of internal competition and cooperation as a duality and that duality "has become a major challenge for multinational enterprises that seek to manage their intra-organisational knowledge flows, internalise globally coordinated operations, and differentiate various subunits."

Several examples emerge from the literature to support this paradoxical view of competition and collaboration: a decentralised organisational configuration can enable both competition and collaboration (Birkinshaw and Lingblad, 2005; Martin and Eisenhardt, 2010). A group identity that fosters collaboration over time, and is essential to successful collaborations, also encourages competition through the formation of a divisive 'us' and 'them' (Loch et al., 2006).

It is this contradictory duality of collaboration and competition and their interplay that form the complex business reality. It appears to be a business fallacy that business practices are driven by competition or collaboration. The strategic issue is not to choose between competition and collaboration but to manage the tension between the two (Clarke-Hill et al., 2003).

The influence of context may be underappreciated (Johns, 2006) or insufficiently explored in the extant intra-organisational competition and collaboration literature. I previously referred to studies which examined the relationship of the environment and organisational structure, where instability in the external environment favours less specialisation and formalisation, increased lateral communication and team work and decentralised decision making when pursuing a strategy of efficiency and flexibility (Cibin and Grant, 1996). The strategy-structure link has been insufficiently pursued in the literature on intra-organisational competition and collaboration, specifically in terms of how the organisation prefers the subunits to behaviourally execute the stated strategy (i.e. corporate culture).

Formal goals were used to generate competition between the business units. The nature of the goals, i.e. interdependent goals, have a more positive influence on collaboration, whereas independent goals have a more positive influence on competition (Tjosvold, 1988). If the business unit goals were independent of the other business units and hence, did not suggest or potentially require interaction with the other units, competition would

increase. This happens if the situation is looked at independently of collaboration. However, competition may also provide the impetus to collaborate with another business unit to access specific information or resources to compete (Taylor, 2010). This is one of the paradoxes that require further investigation when analysing the interaction of competition and collaboration within multi-businesses across semi-autonomous, independently goaled business units.

Socialisation mechanisms are predominantly used to facilitate a common culture to promote collaboration between subsidiaries. Socialisation mechanisms are rarely utilised in the competition literature. By establishing a group identity through the use of norms, values, and a shared vision at the business unit level, an identity over time is created that eventually those who are 'non-members' are perceived as competitors (Houston et al., 2001). Interventions used to facilitate cross-business interactions, such as team meetings and informal social gatherings, are deployed to promote collaboration within the organisation. The paradox exists in that the collective grouping, which is important to have collaborations succeed across the organisation, is the very mechanism that not only encourages collaboration but also fosters competition over time.

The literature reveals interventions and mechanisms that influence interunit collaboration and competition in certain contexts, resulting in organisational outcomes. While interventions and structural mechanisms may be part of the solution in our understanding of facilitating both competition and collaboration, the evidence suggests that both internal and external contextual factors shape the business unit decision to compete or collaborate with other business units.

Business units simultaneously compete and collaborate with their peers in multinational organisations as they attempt to operate in complex and diverse environments. The interventions and mechanisms can provide managers with an awareness of the structures and management levers available to support collaboration and competition within the organisation.

However, the literature fails to address how the structures and processes support the coexistence of competition and collaboration between business units as two alternate means of producing similar outcomes such as innovation. More empirical research is needed to investigate the interplay of competition and collaboration at the intra-

organisational level. Collaboration is acknowledged in this review as difficult to achieve and in need of an array of interventions to facilitate its occurrence. On the other hand, interventions to control or manage competition were evidenced.

The review confirms the challenges faced by management in understanding how to apply the various factors which facilitate both competition and collaboration, depending on the internal and external environmental situations. The achievement of an optimal balance is an obvious but allusive choice, seemingly requiring constant attention. Enough collaboration is sought to forge the integration necessary, for example, the development of innovative products, while sufficient competition can provoke the exploitation of those ideas to create added value for an organisation.

The adoption of an organisational level of analysis also prevented studies from shedding light on the role of individual-level contingencies on collaboration and competition, despite the fact that subsidiaries relationships are built at an interpersonal level (Ring and Van de Ven, 1994). In fact, Luo (2005) identified that an individual manager's perspective would enhance the understanding of MNE cooperation.

2.12 RESEARCH QUESTIONS

As a result of the review of the literature presented in this chapter and drawing on the shortcomings in the literature, the following research question and three sub-questions are proposed:

‘How, and why, do subsidiaries simultaneously compete and collaborate?’

Sub Question 1: What is the content of inter-subsidiary competition and collaboration?

Sub Question 2: What factors or processes influence inter-subsidiary competition and collaboration?

Sub Question 3: How do subsidiaries manage inherent tensions from simultaneous competition and collaboration?

The proposed questions serve as the research question for the three case studies, which are introduced in Chapter 4.

3 CHAPTER METHODOLOGY

3.1 INTRODUCTION

The first two chapters of this thesis introduced the research problem and contextualised it in the extant literature, from which the research question emerged. This chapter outlines the approach taken and methods used to address the research question, providing the rationale for the selections as well as their limitations.

The first section 3.2 addresses the philosophical approach adopted and argues the case for a critical realist perspective. Drawing on the approach and perspective, the next section 3.3 describes the research design and proposes a qualitative methodology. The third section 3.4 describes the process of data collection and the final section 3.5, provides a detailed account of the data analysis process.

3.2 PHILOSOPHICAL PERSPECTIVE

“A central focus for researchers within management and organizational sciences is producing knowledge about human action and activities in organizations” (Sandberg, 2005:41). The type of knowledge and strategies deployed to produce knowledge is influenced by management researchers’ personal experiences and expectations that shape their thinking (Chia, 2002). Each researcher, therefore, comes with an implicit set of assumptions that justifies their different individual orientations. Blaikie (2007:3) accords these different orientations as “paradigms which are broad philosophical and theoretical traditions within which attempts to understand the social world is conducted.” These philosophical orientations are defined through the researcher’s ontological assumptions about the nature of reality and their epistemological assumptions about how knowledge of this reality can be obtained.

The ontological assumptions about the nature of social reality are frequently reduced to two opposed, mutually exclusive categories: idealist and realist (Blaikie, 2007). An idealist perspective assumes that the external world is mere appearances and has no independent existence apart from our thoughts, whereas a realist assumes that both natural and social phenomena exist and are independent of the activities of the human observer (Blaikie, 2007).

For the realist researcher, objects of investigation such as an ‘organisation’ and its ‘structure’, ‘culture’ and ‘strategy’ exist and act, for the most part, independently of their observers or the individual actors themselves (Chia, 2002). Hence, they are considered quite amenable to systematic analysis and comparison in the same way as natural phenomena. Knowledge is, thus, advanced through the process of theory building in which new discoveries of the nature of reality are cumulatively added to what is already known.

How the researcher obtains this knowledge is correspondingly related to their ontological assumptions. Epistemologically, a similar dichotomy exists between positivism and interpretivism. Positivism assumes that the realist researcher is a sort of ‘spectator’ of the object of enquiry and that knowledge is generated only from observable phenomena. Theories should be tested in a hypothetico-deductive fashion as in the approach taken in the natural sciences. However, this approach ignores the subjective dimension of human action. The prime objection to positivism is that it fails to account for the social world, which is constructed through meanings and practices predicated on them (Hughes, 1991).

Anti-positivism, or interpretivism, assumes that knowledge can only be created from the viewpoint of individuals who live and work in a particular culture or organisation. Interpretivists assume that each of us acts in situations and makes sense of what is happening on the basis of our experience of that situation and the memories and expectations we bring to it. This means that there may be many different understandings and interpretations of reality, and interpretive epistemology that lead researchers to use methods designed to access meanings created by others and describe how they come to make those meanings. However, I am aware that our understanding of others is filtered through our own experiences and therefore, I can never be objective about the interpretations made by others.

“For interpretivism, the social reality is regarded as the product of its inhabitants; it is a world that is interpreted by the meanings participants produce and reproduce as a necessary part of their everyday activities together.” (Blaikie, 2010:99).

From a realist position, interpretivism amounts to relativism in that it promotes the belief that truth, meaning and knowledge are not universal but are relative to the context

in which they are produced. Meanwhile, from an interpretivist perspective, positivism amounts to determinism as it leaves little room for choice because human nature and action are causally determined.

Dissatisfaction with the two extreme philosophical perspectives and the perceived overdeterminism of positivism and the total relativism of interpretivism lead to various different philosophical stances aimed at addressing positivism within the organisational and management field (Symon and Cassell, 2012).

The philosophical stance of critical realism (Bhaskar, 1978) attempts to navigate a middle course through the extremes of positivist and interpretivist (also referred to as constructivist) epistemologies. Critical realism sees positivists as being blind to context, personal meaning and individual interpretations and they see social constructionists as being too subjective and relativist (Neuman, 2006). “Most phenomena in the social world are too rich to be understood adequately by any single person or perspective.” (Van de Ven, 2007:14). Therefore, critical realism consists of numerous perspectives which share an objective, realist ontology that presupposes the existence of a reality ‘out there’ and the ability of a theory to capture partial aspects of that reality (Van de Ven, 2007). Sayer (2000) describes critical realism by starting with the realist ontology of Bhaskar (1978) and then incorporating an interpretative thread (Blaikie, 2007).

My philosophical perspective is grounded in the critical realist perspective (Archer, 2010; Bhaskar, 1978), which sees the natural and social worlds as complementary and mutually informing expressions of the same underlying reality. The ontological assumptions of critical realism and epistemological assumptions of relativism inform my approach to the present research into how and why subsidiaries simultaneously collaborate and compete within multibusiness organisations.

3.2.1 Critical realism

Ontologically, critical realism (CR) is based on the following basic assumptions: existence of an independent reality; a stratified ontology comprised of structures, mechanisms, events, and experiences; emergent powers dependent upon but not reducible to lower-level powers; and an open systems perspective (Bhaskar, 1975, 1986, 1998; Collier, 1994; Danermark et al., 2002; Sayer, 1992). CR-based research focuses

on answering the question of what the components and interactions within this reality must be like in order to explain the occurrence of a given set of events (Bhaskar, 1975). Contemporary critical realism is largely attributed to the ideas of British philosopher Roy Bhaskar (1978:13), whose primary question regarding ‘understanding reality’ was “What properties do societies and people possess that might make them possible objects for knowledge?” An ontological focus on what produces events (or in this case experiences or interactions) rather than events per se is central because as critical realist researcher Margaret Archer (1995:1) explains, critical realism views society as “inseparable from its human components because the very social phenomena is achieved through revealing the mechanisms that produce them.”

Critical realism sees reality as composed of three overlapping domains: empirical, actual and real (Bhaskar, 1978; Collier, 1994). Empirical reality includes all possible events, observed or not, and the domain of ‘real’ is the expression of the processes, causal mechanisms and structures that generate actual events and empirical experiences and can only be investigated in its tendencies: “Real structures exist independently of, and are often out of phase with, the actual pattern of events [...] I will argue that what I will call the domains of the real, the actual and the empirical are distinct [...] The real basis of causal laws are provided by the generative mechanisms of nature. Such generative mechanisms are, it is argued, nothing other than the ways of acting of things. And causal laws must be analysed as their tendencies” (Bhaskar, 2008:3).

Table 3-1 summarises Bhaskar's domains of reality. Importantly, from a critical realist perspective, the 'real' is not fully knowable through scientific research but is "concerned with the generative mechanisms that produce actual events manifested in empirical sensations" (Mutch, 2010). The task of social scientists is, therefore, "to uncover these mechanisms and so approach better understanding, albeit that such understanding is always provisional, reversible and corrigible" (Mutch, 2010).

Table 3-1: Bhaskar's (2008) domains of reality

	Domain of Real	Domain of Actual	Domain of Empirical
Mechanisms	X		
Events	X	X	
Experiences	X	X	X

Bhaskar’s critical realism rejects the determinism and reductionism that are inherent in the regularity model. He ascribes causal power to human agency, i.e. an actor’s reasons for acting can play a role in causing that action (Collier, 2005; Outhwaite, 1987). Yet, at the same time, explanations cannot be reduced solely to human intentionality and agency, because human actors operate with already existing social structure (Welch et al., 2011). Social structures condition our actions, yet through our actions, we (re)produce these very social conditions. Explanatory accounts, therefore, need to encompass human intentionality—the articulated reasons of social actors—as well as an actor’s position in social structure. An underlying argument of critical realists is that the perspectives of social actors and their accounts of events as research participants are fallible. While I disagree with this perspective in that personal accounts are not necessarily ‘incorrect’ but project a certain view of their reality, the importance of analysing lay accounts is a key element of critical realism. Hence, while human action is inherently meaningful and purposeful, a causal explanation cannot be built solely from an actor’s own understandings and interpretations.

“Human meanings and intentions are worked out within the frameworks of these social structures - structures that are invisible, but none the less real...social phenomena, such as language, decisions, conflicts and hierarchies exist objectively in the world and exert strong influences over human activities because people construe them in common ways” (Miles and Huberman, 1994:4).

An expansion on Bhaskar’s critical realism by Margaret Archer and her morphogenetic approach offers us more in its formulations of the relationship between agency and structure (Mutch, 2010:509). Relating to the importance of concepts such as ‘stratification’ and ‘emergence’, critical realism holds that reality is “stratified, with phenomena emerging from a particular level, but not being reducible to that level. That is, once [a phenomenon has] emerged, it has properties that are proper to it as a system

at that level and reducible to biological components. In such emergence, *time* is of central importance. The consequence is that the methodological injunction is to construct analytical narratives in which the unfolding of events over time is the key to the isolation of causal mechanisms” (Mutch, 2010:509; [italics added]).

The concept of a morphogenetic cycle described an analytical approach to the study of social life and attempted to reconcile the traditional dichotomy between agency and structure (e.g. Giddens, 1984) using the concept of ‘social interaction’ (see Figure 3-1). As Archer (1995:91) explains,

“[...] every morphogenetic cycle distinguishes three broad analytical phases consisting of (a) a given structure (a complex set of relations between parts), which conditions but does not determine (b), social interaction. Here (b) also arises in part from action orientations unconditioned by social organization but emanating from current agents, and in turn leads to (c), structural elaboration or modification-i.e. to a change in the relations between parts where morphogenesis rather than morphostasis ensued.”

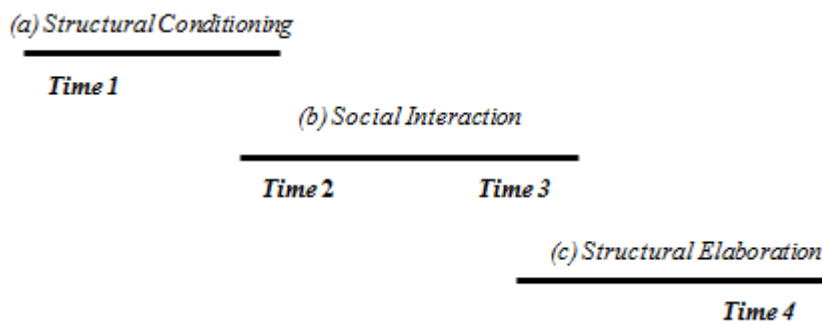


Figure 3-1: Archer’s (1995) morphogenetic cycle

In her more recent works (Archer, 2007; 2003; 2000), in the spirit of critical realism, Archer focused on uncovering mechanisms that bring humans into collision with the structures that other humans have created, and that both constrain and enable their actions (Mutch, 2010:509). The recent centrality of debates within organisational theory on the interplay of structure and agency (see Giddens, 1984), whether in the form of duality or dualism is prevalent in research relating to interunit interactions, leading to relations of competition and collaboration (e.g. Dagnino and Padula, 2002). In Archer’s view, structure and agency must be held apart to analyse the unfolding relationship over time. While the primary focus of the research is not on the relationship between agency and structure, their importance remains a common thread in both intra-organisational competition and collaboration research.

By understanding the social and cultural structures that form the context of subsidiary [A] and the socio-cultural structures that form the context of subsidiary [B], the emergent interaction may provide insights into the explanation for differing combinations of competitive and collaborative relationships between the subsidiaries.

Consistent with the critical realist perspective, the inter-subsidary relationship represents my main unit of analysis. The unit of observation and data collection for the study is the account provided by the subsidiary actors. The actors reside within a subsidiary and recount their interactions of collaboration and competition with other subsidiaries. The account is based on their recall of their interaction and the context and structure leading up to and surrounding that interaction.

3.2.2 Epistemological foundations

Going beyond the investigation of regularities to explore the underlying tendencies or powers to act in a particular way is called epistemological neo-realism (Blaikie, 2007). Blaikie states that “neo-realism accepts that knowledge of structures and mechanisms is always *tentative*. Knowledge obtained of the domain of the empirical, and the models that are produced to discover structures and mechanisms must be regarded as *tentative* (transitive) rather than absolute”, as not only are we impacted, and limited, by what we are able to both see and interpret, but it is also impossible to engage in research in a theory-neutral manner, as argued by Layder (1998).

Critical realist ontology and its acceptance of epistemological relativity (Archer, 2010) would seem to support the investigation of both constructs of interunit competition and collaboration, which traditionally have been approached from two different ontological and epistemological positions. Bengtsson et al., (2010) highlight that inter- and intra-firm competition has mostly been studied with objective ontology and positivist epistemology, while research exploring inter- and intra-organisational collaboration has used more interpretative approaches.

In my thesis, I build on the relativist epistemological foundation to ‘tentatively’ explore how intra-organisational theories of competition, collaboration and cooptition can shed light on how business units both compete and collaborate with each other within the same organisation. I do so using empirical knowledge gained by focusing on the

(coexistent) instances of interunit competition and collaboration, as perceived and experienced by subsidiary business unit managers within three multinational organisations.

Figure 3-2 highlights the ontological principles and epistemological assumptions that subsequently inform my research strategy, which I discuss in the following section. Although critical realism does not offer methodological tools, nor privileges specific tools (Saka-Helhout, 2014), the tenets of CR ontology (see Section 3.2.1) informed the primary methodological and analytical choices undertaken in the research. The methodological assumptions and choice of methods and analysis used in the study, referred to in Figure 3-2, are discussed in Sections: 3.3- Implications for the research design; 3.4 - Data collection and 3.5 - Data analysis.

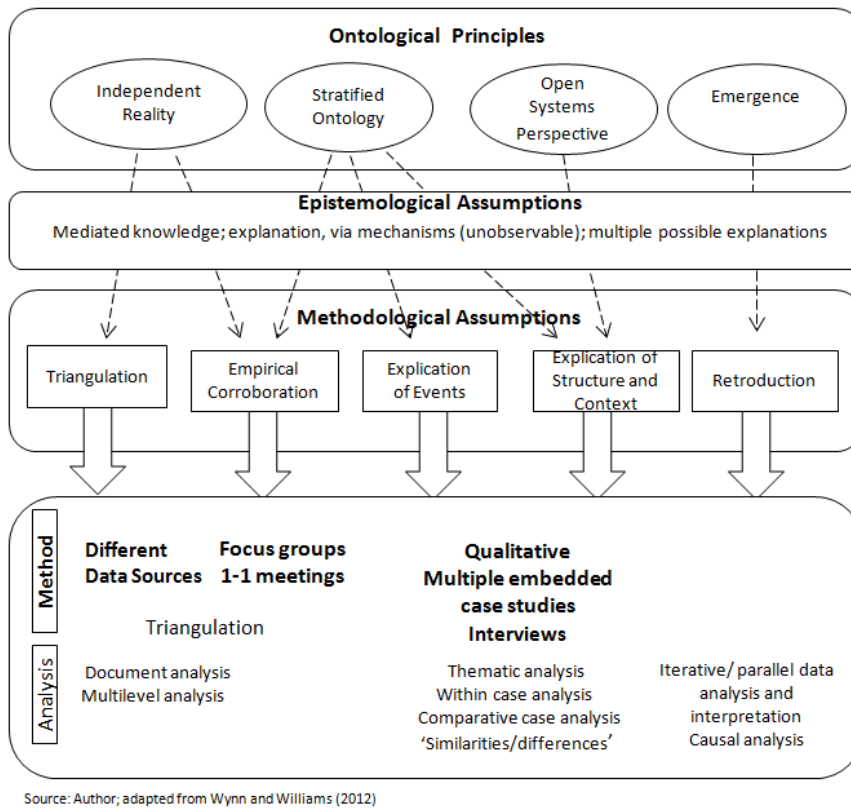


Figure 3-2: Influence of ontological principles on methodology and analysis

3.2.3 Research strategy

Blaikie (2010) recommends the selection of a research strategy or ‘logic of enquiry’ to ensure a consistent and valid approach to answer research questions. A key task for

critical realist researchers is not only to uncover structures or mechanisms but also to understand how these are activated, depending on different contextual factors (Blaikie, 2010). The research explores the phenomenon of simultaneous relationships of competition and collaboration (i.e. cooptation) between the subsidiaries in three multinational organisations and how they manage inherent tensions between the subsidiaries, resulting from these interactions and longer-term relationships.

Critical realism challenges the possibility of a purely inductive or deductive process of theory development (Welch et al., 2011:748). Both abduction and retrodution are analytical tools used in critical realism (Danermark et al., 1997). Retrodution is a “mode of inference in which events are explained by postulating (and identifying) mechanisms which are capable of producing them” (Sayer, 1992: 107). The retroductive research strategy, which is applied “to discover underlying mechanisms that, in particular contexts, explain observed regularities” according to Blaikie (2010: 87), is consistent with my critical realist philosophical perspective and research objectives. In seeking to understand how subsidiaries simultaneously compete and collaborate and manage inherent tensions resulting from interaction between subsidiaries, I attempt to understand the mechanisms subsidiaries use to balance the coexistence and simultaneous relationships of both collaboration and competition. An orthodox interpretive approach was considered unsuitable given my intention to derive tentative explanations from understanding how these relationships occur and exist simultaneously.

I believe the selected research strategy offers two unique advantages over other possible approaches. First, in contrast to the abstract and detached nature of the inductive and deductive research strategies, the critical realist stance allows me to explore the patterns of the managerial reality of everyday life in multinational organisations. Second, in contrast to the inductive or deductive approach, the constructionist version of the retroductive strategy enables me to adopt a ‘bottom-up’ rather than a ‘top-down’ approach by presenting descriptions and understanding that reflect the social actor’s point of view rather than entirely adopting the researcher’s viewpoint (Blaikie, 2010:90).

Unlike abductive inference, the theoretical frame is the starting point at which retroductive inference can be employed. There are five strategies that can be used to facilitate the employment and description of retroductive inference, regardless of whether the research is in line with critical realism (Danermark, 1997): counterfactual thinking, social and thought experiments, studies of pathological cases, extreme case analysis and comparative case studies.

In comparing different cases, the researcher can determine what (X) is and the mechanisms that must be in place for it to occur by identifying the different qualities and structures that are involved in different situations.

Although competition and collaboration coexist within an organisation, the constructs are often independently investigated, paying little attention to the dynamics created by their coexistence between the subsidiaries within the multinational organisation. The extant literature is unclear on how subsidiaries relate and respond to structures that promote competition, while culturally and structurally, the organisation demands greater collaboration between organisational units. Whereas strategic management and international management literatures recommend that organisations reap benefits from both competition and collaboration, how this can be achieved between differing logics remains unclear, particularly between subsidiaries within MNCs.

Critical realism is relatively tolerant with respect to different research methods (Sayer, 2000). A more intensive case research method is adopted and one which captures the contexts and experiences of the individual actors who recount their perceptions and experiences of inter-subsidiary relationships of competition and collaboration.

3.3 IMPLICATIONS FOR THE RESEARCH DESIGN

The implications of the critical realist view of reality are the foundations upon which critical realist-based epistemology and methodological practices are built. However, not only is it important to ensure these practices are consistent with the critical realist ontology, it is also necessary to consider the consistency of the research design with the state of prior relevant theory.

3.3.1 Methodological fit

The concept of a ‘methodological fit’ (Edmondson and McManus, 2007, see Table 3-2) suggests that in studies where the body of literature has established constructs, and the research questions propose relationships between the established constructs and is more fitting of a description of the intermediate stage of prior theory and research. However, while certain relationships have been established in the context of either interunit collaboration or competition through quantitative research (for surveys, see Luo et al., 2006; Persaud, 2005; Tsai, 2002) and provide some insights into when and how competition and collaboration occurs between subsidiaries, the focus has mainly been on competition and collaboration as independent variables with regard to performance of the firm rather than as dependent variables.

Both theoretical and empirical studies that have investigated only internal collaboration or competition are prevalent. That said, authors (see Khoja, 2008; Fong et al., 2007; Birkinshaw and Lingblad, 2005) acknowledge that empirical studies of internal competition are few and far between and as such, agree that the domain of internal competition remains underexplored between organisational units. Furthermore, the reviewed literature on the coexistence of intra-organisational competition and collaboration and ‘coopetition’ is an understudied topic.

Despite the increased number of publications (see Figure 3-3), the coopetition field remains in need of development and additional research to extend our current knowledge (Bengtsson and Kock, 2014; Bengtsson et al., 2010a; Gnyawali and Park, 2009; Morris, Kocak, and Özer, 2007; Walley, 2007).

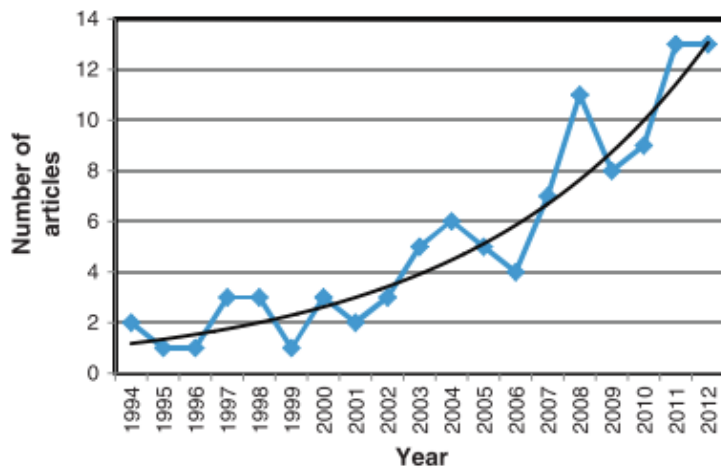


Figure 3-3: Published articles on cooperation from 1994 to 2012 (Source: Bengtsson and Kock, 2014:181)

The investigation into the coexistence of constructs and their interplay, tensions and balance remain at the nascent stage of prior theory and research at the inter-organisational level (Bengtsson and Kock, 2014), particularly between units within organisations. Therefore, my research will qualitatively pursue the topic of enquiry.

Table 3-2: Edmondson and McManus (2007) archetypes of methodological fit

State of prior theory and research	Nascent	Intermediate	Mature
Research question	Open-ended inquiry into the phenomenon of interest	Proposed relationships between new and established constructs	Focused questions and/or hypotheses relating to existing constructs
Type of data collected	Qualitative, initially open-ended data that need to be interpreted for meaning	Hybrid (both qualitative and quantitative)	Quantitative data; focused measures where extent or amount is meaningful
Illustrative methods to collect data	Interviews, observations and documents or other materials from field sites relevant to the phenomena of interest	Interviews, observations and surveys obtaining material from field sites relevant to the phenomena of interest	Surveys, interviews or observations designed to be systematically coded and quantified to obtain data from field sites that measure the extent or amount of salient constructs
Constructs and measures	Typically new constructs; few formal measures	Typically, one or more new constructs and/or new measures	Relying heavily on existing constructs and measures
Goal of data analysis	Pattern identification	Preliminary or exploratory testing of new propositions and/or new constructs	Formal hypothesis testing
Data analysis methods	Thematic content analysis coding for evidence of constructs	Content analysis, exploratory statistics and preliminary tests	Statistical inference and standard statistical analyses
Theoretical contributions	A suggestive theory; often an invitation for further work on the issue or set of issues identified by the study	A provisional theory; often one that integrates previously separate bodies of work	A supported theory that may add specificity, new mechanisms or new boundaries to existing theories

3.3.2 Qualitative case research

Qualitative research is conducted because a problem (or issue) needs to be *explored* (Creswell, 2013:47). Qualitative research is also used to follow-up quantitative research and helps *explain the mechanisms* or linkages in causal theories or models. These theories provide a general picture of trends, associations and relationships, but they do not tell us about the processes that people experience, why they responded as they did, the context in which they responded and their deeper thoughts and behaviours that governed their responses (Creswell, 2013:48). Qualitative research is used to *develop theories* when partial or inadequate theories exist for certain populations and samples or existing theories do not adequately capture the complexity of the problem being examined, as in intra-organisational coepetition. Qualitative methods enable the

observation of everyday life “through interpretative frameworks, to get close to the context of the study and to reveal unfolding social processes” (van Maanen, 1979:522).

My research approach adopts the qualitative comparative case study. Several CR researchers have identified the case study method as the best approach to explore the interaction of structure, events, actions, and context to identify and explicate causal mechanisms (Ackroyd, 2010; Dobson, 2001; Easton, 2010; Miles and Huberman, 1994). A case study “involves investigating one or a small number of social entities or situations about which data are collected using multiple sources of data” (Easton, 2010:119) which is not dissimilar to the Yin’s more positivist approach to a case study “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, 2003:13).

Multiple case studies were chosen to enable comparison not only between inter-subsidary relationships but also across three varied forms of multinational organisations, which typically fits a more positivist epistemology (Easterby-Smith, 2012). I follow an intermediate position which has been particularly developed from Kathy Eisenhardt’s work (Eisenhardt and Graebner, 2007; Eisenhardt, 1989), which draws inspiration from both the positivist and constructionist positions.

Multiple-case designs have distinct advantages and disadvantages in comparison to single-case designs. While single case studies can richly describe the existence of a phenomenon (Sigglekow, 2007), multiple cases studies typically provide a stronger base for theory building (Yin, 1994) because the propositions are more deeply grounded in empirical evidence (Eisenhardt and Graebner, 2010). As such, the evidence from multiple cases is often considered more compelling, and therefore, the overall study is regarded as more robust (Herriott and Firestone, 1983).

I follow replication logic as one would consider in multiple experiments. Multiple cases enable comparisons regarding whether an emergent finding is simply idiosyncratic to a single case or consistently replicated by several cases (Eisenhardt, 1991). The logic underlying the use of multiple-case studies is the same. Each case is carefully selected so that it either predicts similar results (a literal replication) or predicts contrasting results but for anticipated reasons (a theoretical replication). Eisenhardt and Graebner

(2007:27) argue that “theory building from multiple cases typically yields more robust, generalisable and testable theory than single case research.”

3.3.3 Case study selection

In pursuing a case study design, although not sampling research, case selection based on specific criteria for inclusion forms an important part of the research design and is a critical design decision (Stake, 1995; Yin, 1994; Feagin, Orum and Sjoberg, 1991).

Given the trade-off between the time constraints and depth of research, the selection of the firms was a critical element in the case study process. Eisenhardt (1989) and Pettigrew (1990) argue that researchers should consider choosing extreme situations which highlight a particular phenomenon being researched. Case selection, therefore, often relies on theoretical sampling to identify the outliers or maverick cases in response to the question, ‘What should we focus our attention on in order to develop our understanding of the phenomenon?’ Nevertheless, this does not rule out that cases can be emergent or self-selecting.

Three considerations go into a purposeful sampling approach in qualitative research. They are: (i) the decision on whom to select as participants (or sites), (ii) the specific type of sampling strategy and (iii) the size of the sample to be studied. Who or what should be sampled can be conceptualised as sampling of four aspects (Marshall and Rossman, 2010): events, settings, actors, and artefacts. In addition, several levels of sampling were considered: organisation, individual managers and relationships, in that order.

3.3.3.1 Case study organisations selection criteria

The first step was to identify and select the type of organisations for a meaningful study of the phenomena of interest. In selecting potential companies for participation in the research, the multinational context was sought as the primary criterion. The extant literature provides little evidence of investigations of inter-subsidary relationships at the corporate level of a subsidiary (i.e. those reporting to corporate or group HQ) and the parent company level (i.e. where the parent company of the subsidiaries is itself a subsidiary at the corporate level) within multinational companies (see Figure 3-4); however, this refinement of multiple hierarchical levels of subsidiaries is barely

delineated in the literature. This warrants an investigation at two different hierarchical levels of subsidiaries.

Competitive/collaboration orientation

From a theoretical sampling perspective, which simply means that cases are selected because they are particularly suitable to illuminate and extend relationships and logic among constructs (Eisenhardt and Graebner, 2007), my intention was to explicitly sample and compare organisations that professed a more competitive cultural orientation in their interunit relationships and contrast that with organisations that were more collaborative in their orientation. General research inquiries and informal discussions with consultants identified three multinational companies who would meet the competitive criteria. All three were contacted. One company remained particularly interested. However, a major restructuring of the organisation was announced, which meant that they regrettably declined the opportunity to participate in the research. The three companies that finally agreed to participate all publicly stated that they actively encouraged collaboration within the MNC. In eventuality, two of the three companies were in the early stages of moving from a competition-orientated approach to a more collaborative one and the third company was experiencing more internal competition than before while engaging in collaborative interactions and collegial relationships. This provided levels of variation and comparison that I was originally trying to secure.

Selection of the managers

The literature indicated that accountability and reward for unit performance were factors in internal competition (Eisenhardt and Galunic, 2000; Eccles, 1985). Nested performance measurement, therefore, suggested a sample of managers with profit and loss (P&L) accountability who managed a subsidiary either at the corporate or parent level would be appropriate. Thus, I selected managers that had P&L accountability for their units.

Also, the selected informants needed to both compete and collaborate with their sister units at some level and at some point in their relationships, consistent with Luo's (2005) typology that classified subunits according to the various levels of cooperation and competition with peer members. The request was therefore made to interview those subsidiary managers who were also perceived to have strong collaborative relationships and those whose relationships were more fractious and competitive.

At that stage, it became clear in discussing potential access to relevant subsidiaries with the sponsors that many units were perceived to have multiple simultaneous relationships with different units and that these changed over time. Thus, the Luo classification became less clear to apply. Additionally, he also analysed competition from a focal subunit's perspective with its peer subunits as an aggregated whole and therefore did not take into account specific inter-subsidary relationships.

As a result, rather than pre-selecting the subsidiaries according to Luo's typology, the managers of the subsidiaries sampled, both corporate and parent, were asked to identify with whom they collaborated and with whom they competed, both simultaneously and independently. The specific inter-unit relationships were subsequently categorised during the interviews according to their self-reported levels of competition and collaboration.

Luo (2005) posits that cooperation is stronger in wholly-owned subsidiaries than in international joint venture or cooperative alliances. The three companies selected had policies of 100% subsidiary ownership. However in EngConsult, the North American subsidiary, for historical and geographical reasons, was a joint venture. Nevertheless, this subsidiary was included in the sample as it operated as a significant and integrated

region within EngConsult's organisation. My sample therefore consisted primarily of 100% wholly-owned subsidiaries.

After the initial interviews were conducted at EngConsult, several other informants were sought on the basis of emerging themes, for example, recent acquisitions. The emerging themes influenced the final selection of informants from EventCo and PhotoCo as well. For example, the integration or lack of integration of acquired businesses into the MNC seemed to generate a level of competition owing to temporary overlapping skills and geographies. This potential theme was pursued in EventCo. In addition, the financial structuring of the acquisition agreement by way of an earn-out period had possible implications for inter-subsidary collaboration. Identification with and affiliation to the acquired or acquiree company was also pursued, in addition to its impact on collaboration and competition. Emergent themes relating to the lack of integration and the provision of an earn-out condition were explored to identify whether they had an influence on subsidiary-level engagement in competition or collaboration with its sister units.

In all cases, a small number of informants were selected from corporate/parent HQ to ascertain the nature of any influences on the inter-subsidary relationships as defined by competition and collaboration.

Theoretically, units can operate independently of each other within the MNC. The level of independence may require only basic interactions or communications, therefore, not having any necessity or willingness to interact with their sister companies. Subsidiaries (managers) who operated more independently, with lower levels of internal competition and collaboration, were also selected.

Case Relationships

As the study's aim was to investigate the nature of co-competitive relationships (i.e. simultaneous relationships of competition and collaboration), the identification of these types of interactions emerged during the interviews when asked as per the interview protocol (see Appendix L, p.316).

I also chose to interview informants from multiple levels within the MNC. For example, managers at the corporate HQ, subsidiary (corporate and parent) and divisional levels were interviewed, providing multiple perspectives of the phenomena (see Figure 3-4).

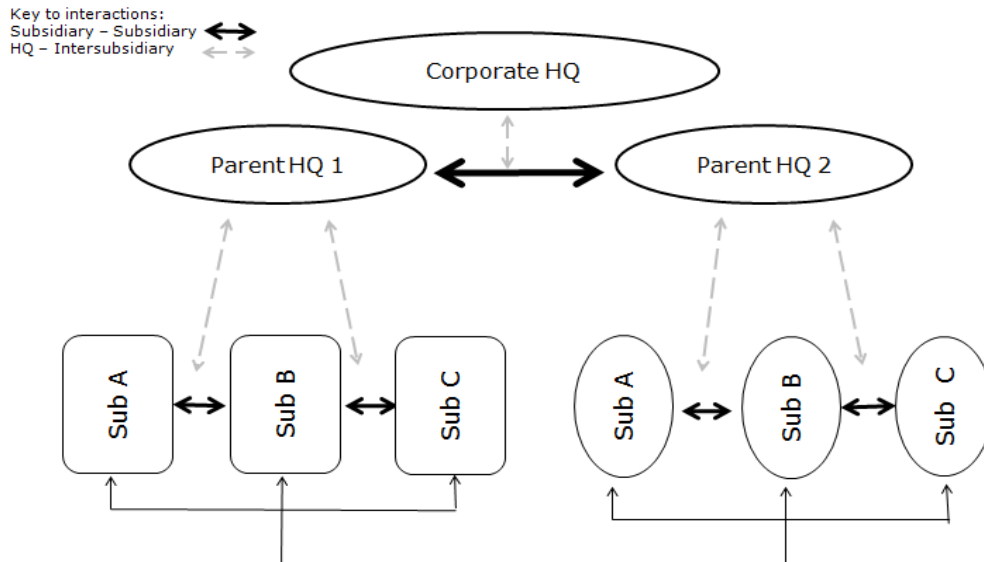


Figure 3-4: Sampling strategy

Three cases organisations with embedded cases were selected in this study which would provide ample opportunity to identify themes within the cases as well as conduct cross-case theme analyses. Having embarked on this approach, I was cognisant of the concern that the greater the number of cases being investigated, the more diluted the level of detail would be (Creswell, 2007).

3.3.3.2 Access to organisations

I was granted access to top management in EngConsult, EventCo and PhotoCo. The Chairman, (SBU) CEO and Group CEO in the respective organisations also became my research sponsors. In EngConsult, I was introduced to the Chairman by the account manager from Cranfield’s Customized Executive Development (CCED) unit. This introduction was the result of my initial approach to CCED to identify appropriate case study organisations after an unsuccessful, exhaustive effort to secure company participation through the CEO offices of the FTSE³ 100. The CEOs of EventCo and

³ Financial Times Stock Exchange (FTSE) 100 comprises the 100 most highly capitalised blue chip companies listed on London Stock Exchange.

PhotoCo were approached as a result of previously established personal contacts. All three company executives expressed interest in the research and felt that the study would be of benefit to their organisations. A formal proposal, outlining the objectives, involvement and potential outcomes of the research was prepared and forwarded to each potential sponsor. Upon reaching agreement to proceed, the criteria (Section 3.3.3) for informant selection and inclusion in the study were discussed.

Research participants were then selected and invited by my key sponsors (Creswell, 2007). Where possible, the sampling technique at the business unit level was applied in an attempt to capture one or more units engaged in the same collaborative or competitive interaction.

A senior point of contact was also appointed by the sponsor to obtain access to relevant internal company documentation, additional access to other informants and as a person to whom I could direct questions of clarification during the research period.

3.3.3.3 Research context

The research contexts were primarily selected on the basis of an organisation being a multibusiness multinational headquartered in the United Kingdom and operating across and within multiple countries. Two of the organisations are public limited companies (PLCs), while the third is a privately owned professional services firm (PSF). This provides a significant variation in context. The inclusion of the PSF can enhance the study as few studies have empirically explored the phenomenon within a professional services context, with the notable exceptions of Boussebaa (2009) and Liedtka (1996). I consider the PSF as an example of an outlier MNC in that it is not a public limited corporation (plc) and as a privately owned firm, is not listed on the stock exchange. In Table 3-3, the three organisations' profiles are compared. Each is described in more detail in Chapters 4, 5 and 6.

Table 3-3: Case organisation profiles

Case Organisations Profile	EngConsult	EventCo	PhotoCo
Country of Ownership	UK	UK	UK
Industry	Engineering and development consultancy	Global events-led marketing and communications services business	Products and services that support the capture of exceptional images
Focus	Professional services	Services/Communication (B2B)	Services/Products (Manufacturing and Wholesale—B2B/B2C)
Business Model	Related diversification Multi-skilled, multi sector	Related diversification Premium global events (brands)	Related diversification Premium global brands
Growth Focus	Organic & acquisition	Organic & acquisition	Organic & acquisition
Business Units	4 regions, 13 sectors	10 business segments	3 divisions
Geographic Diversity	50 countries	18 countries	12 countries
Employees	14,000+	5,500+	1,900+
Gross Revenue (2013)	£1,215m	£793.9m	£143.1m
Operating Profit (2013)	£56.1m	£165.9m	£17.9m
Cultural Aspiration	Collaborative	Collaborative	Collaborative
Organisation Hierarchical Levels (included in study)	Chairman Regional MD Business Unit MD Divisional MD Sub-divisional Manager	Group CEO Corporate Centre Heads CEO businesses	Group CEO Divisional Chief Executives Business Unit MD Parent HQ Functional Directors

It is worth elaborating on the decision to include a PSF as a specific type of MNC as an outlier. PSFs offer additional context for subunits that transact with each other in/between at least two countries (Sundaram and Black, 1992). Despite their growing prominence in the world economy, PSFs have received little attention (Boussebaa, 2009). The largest PSFs are ‘massive internal operators’ (Ferner and Edwards, 1995:343) and often bigger and more internationalised than their manufacturing counterparts (Greenwood et al., 2006). Whereas manufacturing sector’s growth is reportedly slowing down, that of the professional service industry is accelerating (Greenwood et al., 2006). This contrast sharpens in the broader context of economies

moving away from capital-based industries towards knowledge-intensive ones (Mills and Ungson, 2001). PSFs, thus, deserve particular attention (Boussebaa, 2009).

3.3.3.4 Access and ethical considerations

Obtaining access to undertake empirical research on a topic that is sensitive and commercially confidential was challenging.

Access to such sensitive processes, interactions and relationships of internal competition and collaboration at the top levels of an organisation would not normally be obtained without the creation of a certain level of trust and some form of reciprocity between the organisation and researcher (Pettigrew, 1990; 1992). At a minimum, all three organisations hoped to learn something from the research and expected useful feedback (see Appendix I, Figure I-1: Engagement process).

In all three organisations, I worked closely with the appointed contact persons who coincidentally are responsible for promoting greater collaboration among all organisational units and individuals. Indeed, my research is collaborative in that I, and my key internal contacts, shared our development of knowledge in our respective roles as researcher and practitioner; we both participated as equals (Balogun et al., 2003; Reason, 1994). Such a stance promoted close access and permitted the key contacts to have earlier insights into the enablers and barriers of collaboration, thus supporting them in their collaboration initiative. I also felt that the benefits that can be returned to the organisation were not only the price of access but also an important responsibility, given the time and effort required and freely given from each company and their senior management.

3.3.3.4.1 Semi concealed research

At the beginning of the research, I was very conscious of how I would position the research with prospective companies in anticipation of their reactions to the topic I wanted to pursue. I did not shy away from the fact that I wished to study both the collaborative and competitive relationships between the SBUs and subsidiaries within the organisation. Nevertheless, there is a subtle difference in positioning what is of interest to the leaders of the organisation, which is enhancing their levels of collaboration, and being able to authentically retain the emphasis of the study. The

project proposals, presentations and interview protocol, all of which were provided at the meetings on the provision of access, clearly addressed both competition and collaboration. In support of the companies' cultural emphasis on collaboration, the communications from the CEO's offices contained only reference to 'collaboration research' in the email subject heading. The company and I were both open about the exact topic and rationale for the study. While this action could not be described as covert research, the communications did semi-conceal the full research inquiry at the introduction phase. Perhaps not so unusually, the aspect of partial concealment in relation to the positioning was requested in these instances by the companies and not by the researcher (Easterby-Smith, Thorpe and Jackson, 2012).

My initial fear and ethical doubts were that by presenting the study as collaboration research, I would be presented with a company image specific to the informants' perspective, which would not address the 'darker' aspects of the subsidiary relationships. I was very clear to emphasise at the beginning of the research and in any communication prior to the interviews that the research and interview questions were about exploring instances of competition and collaboration as well as instances of simultaneous collaboration and competition. The research proposal was accepted in its entirety by the participating organisations and informants.

For example, during the initial presentation and discussions in EngConsult, my key sponsor and contact acknowledged that internal competition existed and that it acted as a barrier to collaboration between the subsidiaries. Subsequently, the research was pitched to the leaders of the regional divisions as a study that would help the organisation become better at collaboration. During the interviews, I did not experience any reluctance by the selected informants in discussing internal competition between the subsidiaries as all of informants recognised it as an inherent part of organisational life.

To counterbalance any concerns, prior to commencing the interview, I advised each informant of how the interview was structured and that it consisted of five sections: (i) strategic challenges and organisation structure, (ii) internal collaboration, (iii) internal competition, (iv) simultaneous collaboration and competition, and (v) perceptions of the company culture. I began the interviews by having them describe the business challenges they were currently facing and how they responded to those challenges. By

commencing with this topic, the senior managers were able to speak comfortably and began to feel at ease before I broached the more contentious questions.

3.3.4 Summary of the section

In accordance with my critical realist perspective and retroductive research strategy, I chose to use the multiple (embedded) case study approach (Yin, 2009; Eisenhardt, 1989) for both data collection and analysis.

3.4 DATA COLLECTION

Data were collected between August 2013 and June 2014, commencing with EngConsult during August–December 2013, followed by EventCo in October–December 2013 and PhotoCo through May and June 2014. Prior to data collection, initial planning meetings were held with each company to schedule the activities and confirm the logistics of access to the informants, and make arrangements for access to in-house documents and intranets. Once the email invitations, with a copy of the original project proposal, had been sent by the respective company’s chairman, the group CEO or executive committee member, I contacted the informants to schedule the time, place or medium for the interview (see Appendix J, p.314 and Appendix K, p. 315).

As appropriate, the initial list of informants was expanded as specific information emerged during the interviews which required more understanding; for example, the group HR director of EngConsult was sought to elaborate on internal transfers and mobility policy, which early on in the interviews were perceived to be barriers to cross-sector collaboration.

It is important here to acknowledge that all three organisations espoused an orientation towards collaboration. While every effort was made to secure access to organisations which espoused a more competitive orientation among its subsidiaries for comparison of polar types of cases (Pettigrew, 1988), I was unsuccessful in gaining final approval from the two organisations that were originally pursued and with whom I had several lengthy discussions. The reasons provided for the eventual decline to participate were similar in that both were about to embark on a period of significant organisational restructuring. As a result, they would not be able to provide the level of access required

and did not want to distract the executives' attention from the restructuring initiative by participating in the study at the time. This meant that the final three companies who agreed to participate were all driving collaboration initiatives to foster a more collaborative culture. However, they were all at different stages of implementation.

The informants were ensured anonymity and their consent was sought so that the interviews could be electronically recorded. All 98 informants gave their consent and so the interviews were recorded and later transcribed verbatim.

Data were collected primarily using semi-structured interviews, which were deemed appropriate to gain a rich and deep understanding of the interactions of competition and collaboration from the subsidiary manager's perspective in an under-researched area (Bryman and Bell, 2007).

Because agents are separate from social structures, critical realists acknowledge the limitations of purely interpretive accounts of social action for uncovering a rounded understanding of reality of social structures (Smith and Elger, 2012:4). A key feature of critical realism is that it stresses a layered ontology to social reality. This means that interviews might not reveal real causes of action and present only a partial picture. But it also means that without conducting investigations into action as experienced by actors, it is not possible to get insights into the actual and empirical representations of action. Given the autonomy of actors from structures, we need to have some means of accessing the individual experience and interviews are one such method.

A good deal of qualitative research has extensively relied on interviews as it is a highly efficient method to gather rich empirical data. The use of interviews, however, can also provoke a 'knee-jerk' reaction that the data are biased in which impression management and retrospective sense making are deemed prime culprits (Eisenhardt and Graebner, 2007:28). Johnson et al. (2007) also argue that interviews are not good at capturing micro behaviours and interactions and that in-vivo observation is an underused source of data. In this study, in-vivo observations become a less practical and feasible option when exploring interactions and practices within and between subsidiaries in geographically dispersed organisations.

The majority of the interviews were conducted over the telephone (see Table 3-4). Easterby-Smith et al. (2008:145) advises researchers to avoid telephone interviews, particularly if the researcher has never met the interviewee. Although I did not meet any of the initial interviewees prior to our telephone interview, I did not experience any resistance to answering any of the questions put to them, including questions pertaining to internal competition with sister subsidiaries. Thus, if researchers are able to establish a good rapport and trust at the initial contact stage, then even fairly unstructured interviews over the phone can be successful.

The challenge of any interview data is best mitigated by data collection approaches that limit bias. A key approach was to use numerous and highly knowledgeable informants who view the focal phenomenon from diverse perspectives. These informants included organisational actors from different hierarchical levels, functional areas, groups and geographies as well as actors from other relevant organisations and external observers such as market consultants (Eisenhardt and Graebner, 2007).

Table 3-4: Interview medium

Interviews		EngConsult	EventCo	PhotoCo
Telephone	70	48	7	15
Face-to-face	28	9	12	7
Total no. of interviews	98	57	19	22

I enhanced the effectiveness of my triangulation efforts by conducting interviews with the corporate management, in addition to operational and functional heads within the business units, subsidiary (divisional) managing directors across the three companies and obtaining further hierarchical perspectives at the sub-divisional and senior project management levels in the case of EngConsult. In total, I collected interview data from 98 informants: 21 Group/corporate managers, 26 strategic business unit (SBU) managers, 37 subsidiary managers, and 14 functional/staff managers (see Table 3-5).

Additional sources of data included company presentations, annual reports, selected documents and content from the companies' intranet and knowledge management systems and internal discussions with the author of an internal development research

report on collaboration at EngConsult. Furthermore, two conversations were held with external consultants providing services to EngConsult on how the firm could enhance the level of collaboration across the firm. The collection of multiple data sources enabled the triangulation of evidence which “can improve the accuracy of the researcher’s judgments” (Jick, 1979:602) and “strengthen the grounding of theory” (Eisenhardt, 1989: 533).

Alternative methods of data collection such as journal or diary entries by the SBU manager of the SBU and subsidiary relationships could have been adopted. While real-time data may yield more accurate information, this approach calls for considerably more data management time (Tushman, 1979) and informant time, which was an issue for senior executives. Appointment calendars, telephone (Skype, interlink) records, emails and minutes of meetings could all provide socio-metric data; however, these methods would not have captured the history of previous relationships and explanations of events with the same efficiency. Observational methods were less appropriate as it was impossible to visit all country offices where the subsidiaries resided.

All informants granted permission to record interviews. The interviews were subsequently transcribed within 48 hours by a transcription company (VoiceScript Ltd) or an independent transcriber, with whom confidentiality agreements were signed to ensure confidentiality of, restricted access to, and secure temporary storage of the data. Four PhotoCo interviews were not transcribed as above, but held as audio recordings within my NVivo folders using NVivo transcription tools. (See Table S-1, Table T-1 and, Table U-1).

A semi-structured interview protocol was prepared. All participants were briefed before the interview on the academic nature of the research, the support of respective sponsors and implications for collaborative efforts between organisational units within the each organisation. These safeguards encouraged informants to provide both positive and counterfactual evidence, as I report in the findings section.

Table 3-5: Informants per case organisation.

Cases	Business Level	Organisational Roles	Total No. by Role	Total
EngConsult	Group HQ	Chairman, Group HR Director, Development Directors , Practice Managers	14	57
	SBU /Regional	Regional MDs Business Unit MDs	18 17	
	Subsidiary Sub-divisional	Divisional MDs Sub-divisional/Senior Project Managers	8	
EventCo	Group HQ	Content, Marketing, Operations Organisation Effectiveness	4	19
	SBU Sub. Subsidiary	Divisional CEOs Business Unit MDs Business Unit Functions (HR, Legal, Content)	5 7 3	
	Group HQ	Group CEO, Group Business Development and HR Dir, Group CFO	3	
PhotoCo	SBU Sub.	Divisional CEOs	3	22
	Subsidiary	Divisional HQ Functions – Marketing, Procurement, Manufacturing, Finance, and Operations	11	
		Business Unit/Distribution Managers Functional Staff	2 3	
Total			98	98

The informants were asked to recall salient examples of interunit competition and collaboration in which the informant was directly involved in or observed first hand, as other people who are not directly involved may either have heard of what happened and/or know the principal characters involved (Symon and Cassell, 2012). The drawback of this approach is the inclusion of possibly distorted responses because of recall error, or self-serving responses (Patton, 2002).

The informants were asked to describe the following:

1. The background to the interaction, when and where
2. What exactly happened in the interaction and why
3. The reactions of the subsidiaries (managers) and the actions taken
4. The outcome of the interaction

The advantage of this approach is that real situations were discussed and thus, could provide genuine insight into the context, actual behaviours and outcomes adopted by the subsidiary in the interaction.

After each interview, I set aside time to reflect on and write notes about the general conduct of the interview, disposition of the informant and any themes or follow-up questions that emerged (see Appendix Q, p.325). A follow-up email was sent to all informants within 48 hours to thank them for their participation (see Appendix N, p.322) and confirmed the opportunity for a future conversation or contact by email (see Appendix O, p.323), should any elaboration or clarification of points discussed during the interview be required (see Appendix P, p.324).

The interviews were triangulated using various other sources. For example, I had access to the intranets of EngConsult and EventCo to view specific documents and understand how the intranet was used for resource searches of specific collaborations, policy documents related to key performance indicators (KPIs), inter-entity trading agreements and performance management processes. I had regular contact with the key informants from each company, in addition to regular updates of preliminary impressions and subsequent findings from initial coding and interviews analyses (see Appendix R, p.327). When conducting research on international business, and sensitive topics such as internal competition, the challenges of gaining first-hand exposure to the interactions under study, instead of relying on informant accounts, were evident. Individual accounts were the primary source when geographic distances precluded anything other than an individual account. The efforts to further triangulate emerging findings were corroborated by other informants within the organisation and face-to-face discussions based on the prepared interim findings reports with the company sponsors and nominated key contacts (see Figure 3-5).

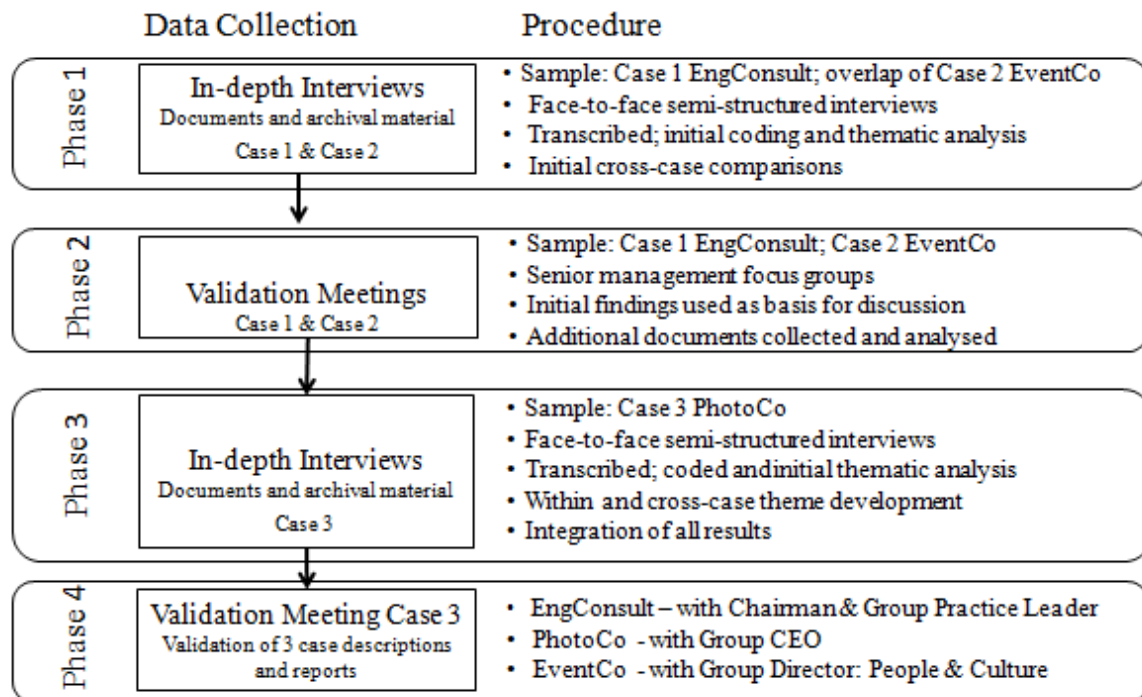


Figure 3-5: Phases of data collection (Source: Author)

3.5 DATA ANALYSIS

The data analysis approach adopted in the study is based on the principles of thematic analysis (TA) (Braun and Clarke, 2006; Boyatzis, 1998). As Maykut and Morehouse (1994:18) point out, “it is the task of the researcher to find patterns within the words and to present those patterns for other to inspect while at the same time staying as close to the construction of the world as the participants originally experienced it”. By choosing to conduct case studies, in addition to the understanding provided by an in-depth description of the case, a researcher can identify themes or issues and situations specific to study in each case. A complete findings section of a case study would, therefore, involve both a description of the case and themes or issues that the researcher has uncovered in studying the case (Creswell, 2013). The themes or issues in this study were organised and analysed within and across the case organisations for similarities and differences and presented as a theoretical model.

Before outlining the process I followed to conduct a TA, it is appropriate to provide a brief overview of the computer-assisted software tool NVivo (QSR International Pty, Ltd. Version 10, 2014) used to manage large datasets.

3.5.1 Qualitative data analysis software (NVivo)

Computer-aided qualitative data analysis software (CAQDAS) is the general term used to describe software packages, such as NVivo, which provide a researcher with a set of tools to analyse qualitative data. However, the use of a computer is not intended to supplant the traditional ways of learning from data but to increase the efficiency and effectiveness of such learning. 'Managing data' from an organised storage system and the ease of material location allows for more time to focus on ways of examining the meaning of the data recorded. The tools used are also 'method free' in so far as the software does not prescribe a method but supports a wide range of methodological approaches.

Concerns, however, exist about the impact of computerisation. The concerns centre around (i) distancing researchers from their data (ii) dominance of code-and-retrieve methods to the exclusion of other analytics, (iii) mechanisation of analysis and (iv) support for only grounded theory methodology (Bazeley and Jackson, 2013). A greater fallacy is that the computer will conduct the analysis and draw conclusion. Coffey and Atkinson (1996:166) reiterate that:

“No single software package can be made to perform qualitative data analysis in and of itself. The appropriate use of software depends on appreciation of the kind of data being analysed and of the analytic purchase the researcher wants to obtain on those data.”

3.5.2 Thematic analysis

Thematic Analysis (TA) is used to identify, analyse and report patterns (themes) in qualitative data (Braun and Clarke, 2006). However, it often goes beyond these and interprets various aspects of the research topic (Boyatzis, 1998). TA is suited to a wide range of research interests and theoretical perspectives. It can be a 'contextualist' method, as characterised by the perspective of critical realism (Braun and Clarke, 2006) in that it can report experiences, meanings, and the reality of the participants as well as capture the broader social context that impinges on the meaning that individuals make of those experiences. Thematic analysis can therefore be a way that works “both to reflect reality, and to unpick or unravel the surface of 'reality'” (Braun and Clarke, 2006: 9). TA is useful as a basic and flexible method because it (i) works with a wide

range of research questions, (ii) can be used to analyse different types of data from secondary sources such as from media to transcripts of focus groups or interviews, (iii) it works with large and small datasets and, (iv) can be applied to produce data- or theory-driven analyses (Braun and Clarke, 2006).

Framed by my focus of inquiry and subsequent collection of data from interviews, meetings and focus groups, the responses gathered from the informants are not grouped by rigid, pre-defined categories. Rather, salient categories of meaning and relationships between categories were derived through the data itself by a process of inductive reasoning known as coding. The TA approach offers the means, whereby the research may access and analyse articulated perspectives, such that they may be integrated in a model that seeks to explain the co-existence and simultaneous subsidiary relationships of competition and collaboration. Luo's (2005) integrated framework of inter-subsidiary competition guided the analysis in relation to identifying broad themes of content, determining factors and enablers of infrastructure. A template based on Luo's (2005) framework was not created as it is limited to conceptual typology to internally configured determinants of competition. This would have restricted the fuller exploration of competition and collaboration within MNCs which I felt could temporarily blind me from other factors.

The TA method involves breaking down the data into discreet 'incidents' (Glaser and Strauss, 1967) or 'units' (Lincoln and Guba, 1985) and coding them into categories.

3.5.3 Familiarising with the data

Immersion in the data is an essential part of the interpretive process. My review of the data and initial analysis began by listening to each of the recorded interviews. While listening, I made notes of my reactions to the responses I was hearing for the first time, in addition to revisiting the detailed notes and reflections captured on the completed contact sheet after the initial interview (see Appendix Q, p.325). Subsequently, I reread each interview transcript and made annotations in the margins for possible codes and then reviewed these against the existing notes taken from the listening process. The processes of listening, rereading and reflection helped sensitise me to the content and tone of the interviews. Now familiar with the data, I could begin to identify initial codes within which to structure the content of the interviews and documents (Patton, 2002).

After this first pass of the transcripts, I imported them and the secondary data into NVivo for further analysis.

While aware of initial a priori codes from the literature, and Luo's (2005) model, a template was not established as few instances in the literature investigated the simultaneous inter-subsiary relationships of collaboration and competition. The emphasis in the extant literature relating to collaboration or competition reflected competition, collaboration and cooperation as independent variables of subsidiary and firm performance, and not dependent variables of identified antecedents.

Thematic coding was complemented by process, causation and attribute coding (Miles and Huberman, 1994). Process coding, a method using gerunds ('-ing' words), captured actors' (subsidiary and subsidiary managers) interactions and consequences.

Causation coding methods extracted causal beliefs from informant data on not only how but also why particular outcomes came about. Causal attributions refer to the explanations each subsidiary manager gave for their and their unit's behaviour, that of other informants and units and the events they observed or heard about from others (Miles and Huberman, 1994). Typically, causal connective phrases such as 'because', 'so', 'therefore' and 'as a result' were used, while others only implied, rather than explicitly stating, a link. This method enabled a search for antecedents and mediating factors that lead to certain pathways. I was interested in attributions because of the way in which a manager explained an event could have influenced how they chose to respond in the interaction.

The attribute coding method captured basic descriptive information such as the fieldwork setting, informant characteristics, subsidiary context and other variables of interest. This was particularly useful as the study had multiple informants across multiple sites and cases.

Simultaneous coding was also used by applying two or more different codes to a single piece of text to indicate potentially multiple themes.

3.5.4 Searching for themes

The next stage of the analysis centred on collating the codes into various themes and then gathering the data into each potential theme (see Figure 3-8). This also included the secondary data collected and the relevant literature during the analytical process. Relevant documents obtained manually or online through the company websites, intranets and the internet were also transferred into NVivo as a data source and coded as appropriate; for example: business unit plans from EngConsult were coded to ‘external context’ and ‘internal context’; employee survey results from EventCo, which reflected the perception of the organisation’s espoused culture of collaboration, were coded to ‘internal context’; and recent organisation charts and the company’s annual report from EventCo were also coded to ‘internal context’.

3.5.5 Reviewing themes

‘Coding on’ involved breaking down the now restructured categories into subcategories to explore each of them to provide a more in-depth understanding. Exploration of divergent views, negative cases, attitudes and beliefs of the subsidiary or its various levels of management that might impact on the nature of the subsidiary relationship, was conducted (see Figure 3-6).

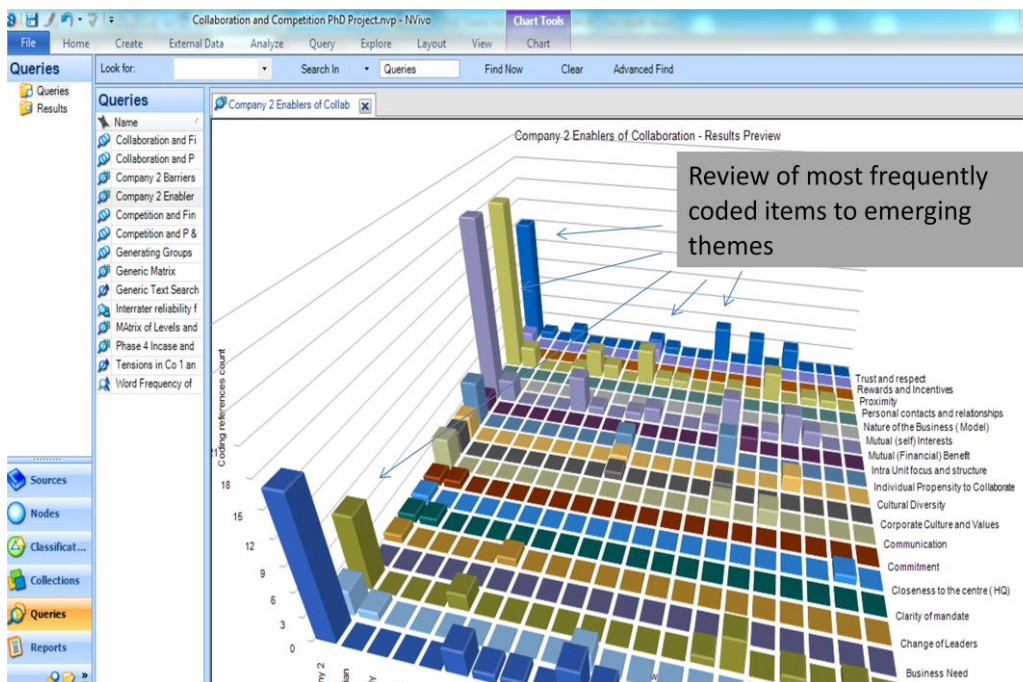


Figure 3-6: Review of emerging themes

3.5.6 Defining and naming themes

Data reduction, which involved consolidating codes from all three cycles into more abstract, philosophical and literature-based themes, was carried out to create a final framework of themes and used to explore their inter-relatedness for reporting purposes (see Figure 3-7).

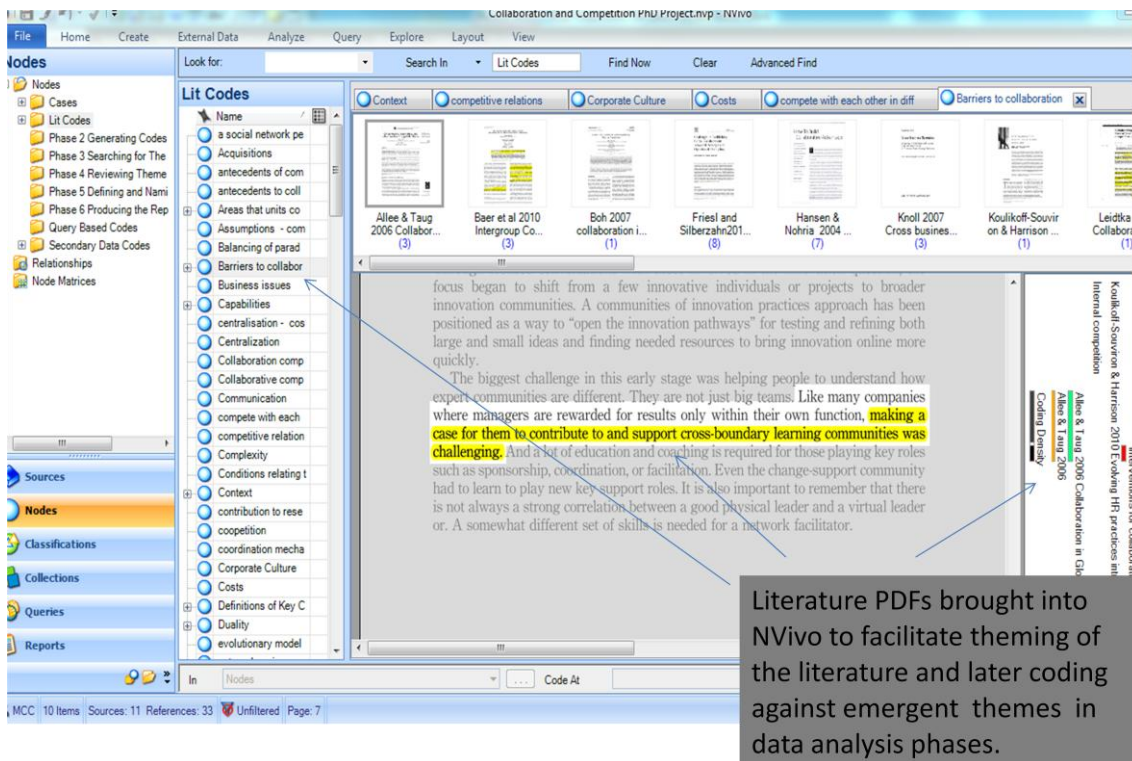


Figure 3-7: Inclusion of literature linked to emerging themes from the data

3.5.7 Producing the report

Phase 6 involved writing analytical memos against the higher level themes to summarise the content of each category and its codes and propose empirical findings against such categories (see Figure 3-8).

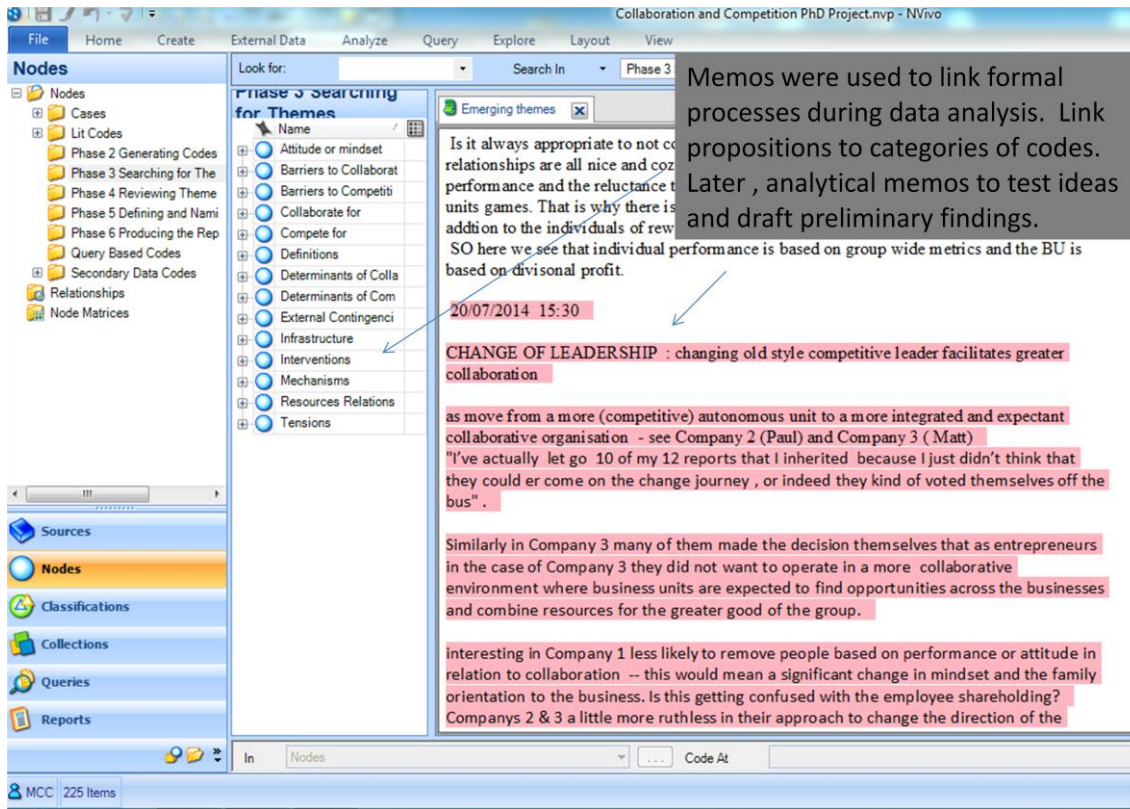


Figure 3-8: Example of analytical memo

Consideration was given to what was said when looking at the content of specific clusters of codes. For example, in the definition of competition, subcategories such as ‘healthy competition’, and ‘unintentional competition’ were included where, traditionally, competition is perceived negatively by managers. Consideration of the background information recorded against the participants was also reviewed. For example, the divisional managers as a hierarchical group were responsible and accountable for the unit’s performance, which was measured primarily by profit. The focus on profit attainment at this level was a primary factor leading to competitive relationships with other SBUs and subsidiaries. Primary sources were also considered in relation to the literature as well as identifying gaps in the literature (see Figure 3-7).

Phase 7 involved testing the accuracy of the findings and further interrogating the data by drawing on relationships between themes, demographics, observations and literature.

Phase 8 involved synthesizing the analysis to produce the findings report for each organisational case.

Table 3-6 links the stages and processes previously outlined, and conducted in NVivo, to the practical guidelines set out by Braun and Clarke, 2006. Their six-step approach to conducting TA is displayed in the first column while the second column displays their corresponding application in NVivo. The third column shows the strategic elements of coding as I moved from initial participant led descriptive coding, to the secondary coding, which was more interpretive in nature and as such was both participant and researcher led, to the final abstraction to themes which is researcher only led. The fourth column shows the more iterative nature of the tasks as the coding, analysis and reporting proceeds towards conclusion.

Table 3-6: States and processes involved in qualitative analysis (adapted from Braun and Clarke, 2006).

Analytical Process	Practical Application in NVivo	Strategic Objective	Iterative process throughout analysis
1. Familiarisation with the data	Phase 1 Transcribing data, reading and re-reading the data, noting down initial ideas. Import data into NVivo	Data Management <i>(Open and hierarchical coding through NVivo)</i>	Assigning data to refined concepts to portray meaning
2. Generating initial codes	Phase 2 - Open Coding Coding interesting features of the data in a systematic fashion across the initial case organisation	↓	↕
3. Searching for themes	Phase 3 - Categorisation of Codes Collating codes into potential themes, gathering all data relevant to each theme, triangulation with key informants	↓	Refining and distilling more abstract concepts
4. Reviewing themes	Phase 4 – Coding On Checking if the themes work in relation to the coded extracts and data set - generating a ‘map’ of the analysis	↓	↕
5. Defining and naming themes	Phase 5 – Data Reduction Ongoing analysis to refine the specifics of themes, and overall storyline(s)	↓	Assigning data to themes/concepts to portray meaning
6. Producing the report	Phase 6 – Generating Analytical Memos Phase 7 - Testing and Validating Phase 8 - Synthesizing Analytical Memos Final opportunity for analysis, final analysis of selected extracts, relate back to research question and literature - produce report of analysis	↓	Assigning meaning
		Explanatory Accounts <i>(Extrapolating deeper meaning, drafting summary statements and analytical memos through NVivo)</i>	↕
			Generating themes and concepts

3.5.8 Within-case analysis

Within-case analysis typically involves detailed case study write-ups for each case organisation. The write-ups are often simply pure descriptions, but they are central to the generation of insight (Gersick, 1988; Pettigrew, 1988) because they help researchers to cope early in the analysis process with the often enormous volumes of data. The overall idea behind the write-ups is to be intimately familiar with each case on its own (Eisenhardt, 1989). As the primary unit of analysis, the inter-subsidary relationship as described by the informants in terms of competition and collaboration, each case type of relationship was examined to determine the content of that interaction and the factors that influenced the nature of the relationship. The internal and external context of each case was described in detail to understand the impact of the external environment, as well as the internal structure including culture, on the cooperative relationships within the MNC. This process allowed unique patterns of each subsidiary interaction to emerge before generalising patterns across the three MNCs.

In the first instance, the case descriptions were presented back to the key sponsors within each company in a face-to-face meeting to ascertain the accuracy of the factual content, without interpretation, and review for any anonymity and confidentiality concerns. These meetings fostered further discussion and insight into possible interpretations.

Having consented to the case organisation description, the key sponsors reviewed the case write-up on completion some weeks later and were asked to comment again on my interpretation of events and conclusions and again provide their consent for use in the thesis. All three companies provided their consent to proceed.

After having analysed each respective case on its own using case description and within-case analysis, the final section of the chapter turns to the comparative analysis of the three case study firms. The analytical focus was on the detection of similarities or differences concerning structure, related processes, involved actors and the espoused tensions in the inter-subsidary relationships within the three organisations.

3.5.9 Cross-case synthesis

Cross-case analysis is driven by the reality that people are notoriously poor processors of information (Eisenhardt, 1989). The key to good cross-case comparison is counteracting tendencies of leaping to conclusions by looking at the data in many divergent ways (Miles and Huberman, 1994). These tactics improve the likelihood of accurate and reliable theory, i.e. a theory with a close fit to the data (Eisenhardt, 1989). Also, cross-case searching tactics enhance the probability that the researcher will capture novel findings that may exist in the data.

Several tactics were employed. Categories were selected and I looked for within-group similarities, coupled with inter-group differences. The categories initially followed the framework of Luo (2005) in terms of the content and determinants of inter-subsidiary cooperation and supporting (but not inhibiting) infrastructure. Additional dimensions evolved during the data collection which were followed up by reviewing additional literature and subsequently included in the analysis. For example, many informants spontaneously talked about “tensions” that arose from the coexistence and simultaneous occurrence of intense competition, while collaborating, a question that was not initially, nor explicitly, included in the interview protocol. A second tactic was employed in which I selected two of the case organisations i.e. those of EventCo and PhotoCo which are both MNCs but at different stages of maturity, and listed the similarities and differences between each pair. These two companies were then compared with EngConsult to identify what was similar in maturity and complexity of business operations and the impact, if any, that that had on relationships and tensions and how they were managed, i.e. what interventions were used. This tactic forced me to look for subtle similarities and differences between cases. The juxtaposition of seemingly similar cases by a researcher looking for differences can break simplistic frames; in the same way the search for similarity in a seemingly different pair also can lead to a more sophisticated understanding. The result of forced comparisons can be new categories and concepts which the investigator did not anticipate, for example, the evolution of MNC strategies of EventCo and PhotoCo expanded into multiple geographic regions and accompanying organisation designs, which appeared to influence the willingness and necessity of the subsidiaries to collaborate with others with less competition evident. A third strategy was to divide the data by data source. This tactic exploits the

unique insight possible from different types of data collection. When a pattern from one data source is corroborated by the evidence from another, the finding is stronger and better grounded. For example, interpretations of events and relationships were corroborated by the different hierarchical levels, usually from a bottom up perspective. This was not the case usually when taking a “top down” perspective as in Event Co, where the SBU CEO’s perspective was that there was less competition in interactions of new product development. However, until a fair transfer pricing situation was established, the hierarchical level below still perceived the interactions to be a competitive irritant in addition to being a major barrier to future collaborations.

Explanation building is a special type of pattern matching. Here the goal is to analyze the case study data by building an explanation about the case and gets closer to answering why the relationships, at one point in time, are the way they are.

3.5.10 Quality criteria

Case study designs need to maximize their quality through four critical conditions related to design quality: construct validity, internal validity, external validity and reliability (Yin, 2009). Validity is a concern in any piece of research and refers to “the extent to which a research procedure can be considered to capture meaningfully its aims” (Dul and Hak, 2008: 291).

To address some of these concerns the following steps were designed and used in the study:

(i) Construct validity: in case study research construct validity can be demonstrated through triangulating a number of data sources (e.g. intranets, interviews, documents and interim progress updates with key informants) that have been assembled as part of the case at the data collection stage, although this in effect may more appropriately address convergent validity (Jick, 1979). Construct validity is concerned more with how a variable has been operationalised. As such, the definitions of the constructs of competition and collaboration adopted in the literature were clarified in Section 2.2. The informants were asked as part of the interview to define and describe how the constructs are manifest within their organisations.

(ii) **Internal validity** refers to the presence of causal relationships between variables. While my research is primarily exploratory in terms of how subsidiaries both compete and collaborate within the MNC, and internal validity is not of concern to descriptive and exploratory studies, a portion of my research looks to the antecedents of inter-subsiary competition and inter-subsiary collaboration to identify any underlying mechanisms that may facilitate (or inhibit) both interactions occurring simultaneously and what the content of those interactions are. Therefore in the process of seeking how, I also sought explanations for why certain conditions were believed to lead to other conditions. This was helpful when I reviewed the patterns and addressed any rival explanations (Eisenhardt, 1989) that surfaced during the within-case and cross-case analyses.

(iii) **External validity** defines the domain to which a study's findings can be generalised. The external validity problem has been a major barrier in case studies. However, critics implicitly contrast the situation to survey research, in which a sample is intended to be generalised to a larger universe. This analogy to samples and universes is incorrect when dealing with case studies. Survey research relies on statistical generalisation, whereas case studies (as with experiments) rely on analytic generalisation. In analytical generalisation, the investigator strives to generalise a particular set of results to some broader theory (Yin, 2009).

(iv) **Reliability:** Within-case study research, transparency and replication have been suggested as key aspects of reliability (Gibbert and Ruigrok, 2010). Replication can be achieved through multiple cases in multiple settings (Eisenhardt and Graebner, 2007) as in this study. Further, Yin (2009) advocates a case study database. A database was developed and retained in an NVivo folder labelled "Data Collection Journal" (see Figure 3-9) which attempted to capture as many steps as possible in the research journal and was separate from all forms of raw data collected.

Generalisability relates to the belief that theories must be shown to account for phenomena not only in the setting in which they were studied, but also beyond these confines (Bryman, 2001). Multiple case studies can use the logic of replication and comparison to strengthen conclusions drawn from single sites and provide evidence for other than their broader utility and the conditions under which they hold. The bounding

of the research to inter-subsidary competition and collaboration in the intra-organisational context of the multinational company limits the generalisability. Any transferability (Patton, 2002) in the interpretivists' lexicon inferred in other settings can be provided by extensive background data and rich descriptions (Creswell, 2007) and leave it up to the readers to make their own comparisons.

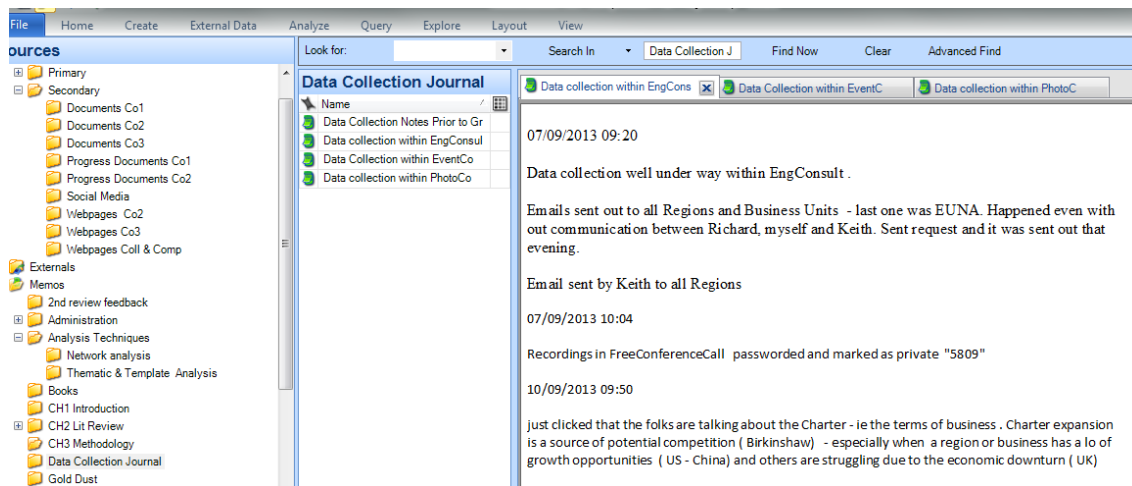


Figure 3-9: Data collection journal

3.5.10.1 Personal reflection

Because the researcher is the instrument in qualitative inquiry, it is also important to consider the experience, training, and perspective that I bring to the field. “The principle is to report any person and professional information that may have affected data collection, analysis and interpretation in the minds of the users of the findings” (Patton, 2002:566). In terms of my own background and interests, I had comfort in my knowledge of the complexities of operating within an MNC and hence felt that I brought an immediate credibility to the research. My background also enabled me to quickly connect with my informants, in both understanding their business and interpersonal issues, and the complexities of the existing organisational designs and coordination requirements, as well as having empathy for the sensitivities of intra-organisational relationships. Furthermore, having reviewed the extant literature and conducted some initial exploratory interviews about the topic prior to the formal study, I could say with confidence that the topic of enquiry was of interest to organisational managers. However, I refrained from the role of the consultant but did offer my

observations and any relevant knowledge and experience that I had gained in my previous roles in large companies for discussion.

3.6 SUMMARY

A critical realist informed approach is more likely to ask causal questions, and to seek processes that produce causes, than are other approaches (Mutch, 2010). By capturing the social actors' experiences and accounts of their inter-subsidary relationships (empirical), the study exposes the mechanisms (real) along with the interactions and outcomes (actual) through pattern seeking and comparative analysis.

The choice of more than one case helps to identify cross-cutting patterns or demi-regularities (Lawson, 1977) while at the same time signalling possible causes and the opportunities to follow them up through deeper analysis. Uncovering the mechanisms involves establishing patterns of events from the analysis and interpretation of the data. Several iterations of the data are required to reveal fundamental generative mechanisms responsible for observed events that describe the multiple and dynamic simultaneous relationships of competition and collaboration between the subsidiaries within the three MNCs in this study.

A critical realist approach is necessarily inclusive and incorporates the use of different data sources to reveal and explain patterns. The pool of data gathered from the interviews conducted with a number of managers, at different hierarchical levels and from multiple subsidiaries, comprise a rich account (drawn from managers' own descriptions and reflections about their competitive and collaborative interactions with other subsidiaries) in addition to other company documents and external data sources, and is intended to assist in maximising the learning from this study.

Emergent patterns of competition revealed different patterns of inter-subsidary interactions, which then led the researcher to retroductively consider how they might have emerged. The intention of this study is to offer an explanation of the inter-subsidary behaviours and relationships, motivations and underlying mechanisms that are more than just simple descriptions, which is consistent with the critical realist perspective (Sayer, 2010).

4 CASE ORGANISATION 1 - EngConsult

This section gives a brief overview of EngConsult (4.1), the external context (4.1.1), and the internal context (4.1.2) relevant to the study.

The description of the case organisation is followed by a within-case analysis (4.2) and presentation of the findings.

4.1 THE ORGANISATION

EngConsult is a global management, engineering and development consultancy serving the public and private sectors around the world. The Group was formed as the result of a merger of two well known international engineering consultancies in the late 1980s. Their diverse global consultancy works across 12 core sectors, ranging from civil engineering to international development. In 1996, EngConsult established a joint venture company to serve North America's booming transportation market. Today it has a 51.6% controlling interest as reported in the 2013 Annual Report.

The Group's long-term strategy is to provide an all-inclusive engineering, management and development consultancy on a global scale through organic growth and planned acquisitions, accelerating their growth and international expansion. In order to meet the evolving needs of their customers, they are continuing to increase their geographic spread, expand their range of services and introduce new expertise.

The Group is a privately owned company, one of the world's largest employee-owned companies, with over 14,000 staff. The Group perceives their ownership structure as enabling them to take the long-term view, acting in the best interests of their customers and staff. Their ownership and collective reward system promotes the achievement of the performance of the group.

EngConsult operates all of its core businesses in several subsidiaries across Asia, Europe, America and the Middle East. It has principal offices in nearly 70 countries and projects in more than 140 countries (see Figure 4-1). Over 75% of the staff work on projects overseas.

Adopting a collaborative way of working, both internally (and with external partners), their geographical and technical footprints combine to offer both local delivery and

international know-how to their customers and partnerships. In-depth insight and understanding of the client’s business environment, stakeholders, goals and challenges at a local level is complemented by their global experience and learning.

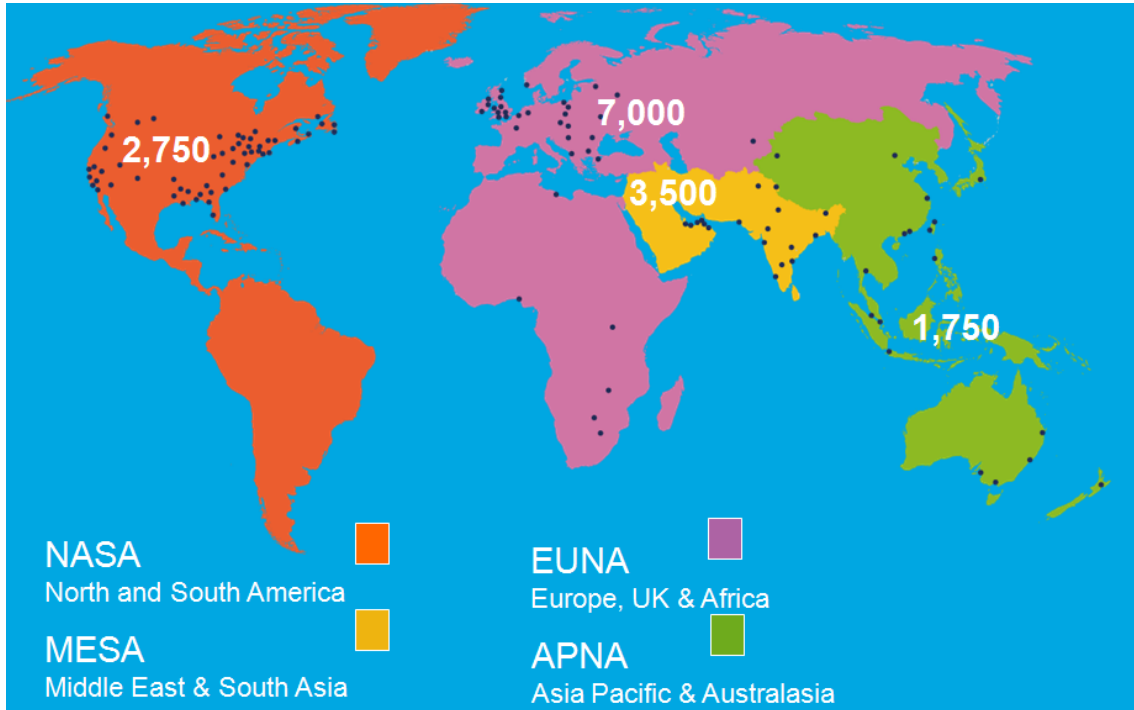


Figure 4-1: Regional map of worldwide office locations and staff of EngConsult @ 2010.
(Source: Firm presentation - external document)

4.1.1 External context

The global economic slowdown that commenced in 2008 adversely impacted on the Group’s core markets, with lower market volumes and competitive pricing pressures. The company’s diversification strategy has created a broad base to their business, protecting the company from the ‘peaks and troughs’ as a whole against market fluctuations. For example, “the UK division grew in 2013 and continued to benefit from the government’s recognition of infrastructure as an engine of growth” (Annual Report, 2013: 5) as other economies such as Australia began to weaken.

4.1.2 Internal context

In 2009/10, the Group redesigned the organisation from a globally coordinated sector-based organisation to a regionally structured one. The four regional business areas were established as: 1. Europe and Africa; 2. North America; 3. Middle East and South Asia;

and 4. Asia Pacific and Australia. The new structure effectively strengthened the local and regional management to be closer to the customer and positioned the Group to be better able to take advantage of future opportunities. However, it was clear that the continued implementation of the reorganisation in 2010 was going to be impacted on by the persistent economic recession. Double digit growth plans based on the opportunities foreseen in the regions were more conservative than planned. Specific subsidiaries experienced short term pressures as governments sought to tackle their fiscal deficits by constraining investments in infrastructure.

The four regions and 12 core businesses form a matrix and jointly bear the operational responsibilities of the Group. They operate with autonomy within the geographic and sector boundaries and policies determined by the Group Board. The businesses have entrepreneurial responsibility for their markets.

EngConsult's 12 businesses (e.g. TPN: Transportation) are sub-divided into 17 Divisions (e.g. Health and Education) and geographic sub-divisions (e.g. South Central, US) with unit P&L responsibility. The Division is EngConsult's lowest business planning unit. Figure 4-2 shows the organisation chart at the regional, SBU and subsidiary level for EngConsult.

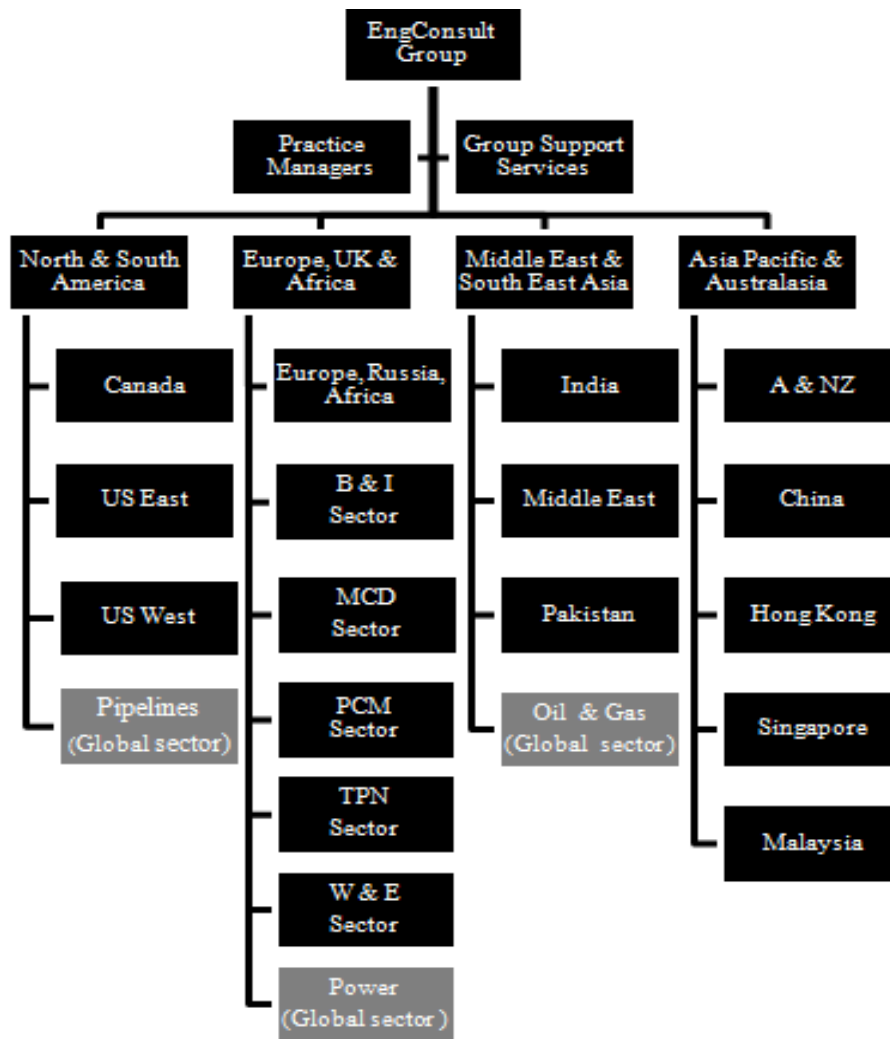


Figure 4-2: EngConsult - Organisation chart: Regions, SBUs and subsidiaries

4.1.2.1 EngConsult regional organisations

A brief description of the four regions (SBUs) and their subsidiaries follows.

The configuration of Business Units, Divisions and sub-Divisions varies within the regions, with some being based on practice (sector) activities, some on geographical locations, and others being a hybrid that will work across practice and geographical boundaries (see Figure 4-2). Three sector units retained a global structure in order to preserve their specific global client relationships (e.g. power, oil and gas and pipelines in the energy sector). The implication of the decision to retain the previous global focus for both units is that the resources are retained and controlled within the respective units and not allocated across the new regional framework and profit units.

Europe, UK and Africa Region (EUNA) consist of seven SBUs (five sectors, one geographic, and one global unit) which represent approximately 55% of the Group's revenue. This region contains many of the centres of excellence as the UK was the location of the original company with multi-sector skills. It incorporates both mature and emerging countries such as Russia and Africa, varying in economic, cultural and geopolitical challenges for its subsidiaries.

North America (NASA) is a joint venture and the four business units (three geographies and one global sector - Pipelines) represent approximately 24% of the Group's gross income. The region has previously shown strong growth but is recently being impacted on by a weaker economy and the impact of federal government liquidity problems.

The Middle East and South Asia (MESA) region in 2009 represented about 20% of gross revenue and now, i.e. in 2014, represents 11% of the Groups gross income. The MESA region is comprised of three geographic regions (India, Pakistan and the Middle East) and one global business (oil, gas and petrochemicals). This region is extremely diverse, with political unrest affecting some Arab States and the stability of the region. Nevertheless, many new entrants have entered the region since the economic downturn. Pricing remains under pressure for all subsidiaries in this region.

The Asia Pacific and Australia (APNA) region has increased from 5% of the Group's gross revenue in 2009 to 10% gross income in 2013. The potential for growth and investment exists in NZ as the Australian economy has slowed in line with hard commodities. This region consists of four geographically based subsidiaries: Hong Kong/Macau, South East Asia, China/Taiwan and Australia/New Zealand.

Table 4-1 summarises the financial contribution of each region, comprised of sectors and geographies. The table identifies the 14 out of the total 19 SBUs included in the research. The remaining five SBUs were unavailable in the time frame available.

Table 4-1: EngConsult - Four regions and subsidiaries

EngConsult Regions	APNA	MESA	NASA	EUNA
Financial contribution (2013)	10% of group's gross income	11% of group's gross income	24% of group's gross income	55% of group's gross income
Sector or geography	Geography (3)	Geography (3) & Global Sector (1)	Geography (3) & Global Sector (1)	Sector (5), Global Sector (1) & Geography (1)
14 SBUs participated	Australia/NZ, Hong Kong	India, Pakistan, & Middle East	Canada, East US, West US, Pipelines	Europe, Russia & Africa, TPN, W&E, PCM, B&I

Note: TPN-transportation; W&E-water and environment; PCM-programme consultancy and management; B&I- building and infrastructure.

4.1.2.2 Group practice leader roles

At the time of regionalisation in 2009, Group Practice Leader roles were also introduced. “When the company regionalised, it was recognised that someone would be needed to ensure that people and projects were joined up. There was a perceived danger that regionalisation could create more silos.” (Source: Internal document)

Furthermore, in 2013, EngConsult appointed a group practice manager for its building businesses who would also be responsible for promoting collaboration across the whole consultancy. The Chairman of EngConsult said: “Group practice managers are a key part of EngConsult’s organisational structure. The role [of the Buildings Practice Leader] will also channel emphasis on collaborative working driven by improved process and increased use of a common data base.” (Source: Firm website)

4.1.2.3 Collaboration initiative

Since 2009/10, the Group Board has consistently increased its focus on horizontal optimisation. Under the customer focus initiative of its Business Improvement Programme, the Board initiated the Collaboration Initiative. The goal is to foster horizontal collaboration between local business units and regional companies for the ongoing realisation of organisational growth and expansion. Collaboration across business entities within EngConsult is “entirely compatible with improved performance of the individual entities as well as the Group as a whole” (Source: Internal Document: Practice Leader).

However, contrary to this initiative, the Group recognises that where hybrid activity across practice areas and geographic boundaries is present, there is potential for overlapping or duplicated investment in the development of markets, products and processes, in addition to commercial behaviour that may not fully recognise the benefits of collaboration. Furthermore, where separate business entities are carrying out work in overlapping practice areas, there is a potential for competitive behaviour. While this may be seen to drive innovation and energetic Business Development activity, the Group recognises that it may also drive unwillingness to share best practice, resources and customers.

4.1.2.4 Demographic analysis

The length of tenure of the SBU and subsidiary MDs reflects a stable professional base at the highest levels of the organisation (see Table 4-2) and retention of highly skilled professionals across the organisation. While averages are provided per cell in Table 4-2, the figures belie the overall range of tenure and professional expertise that resides within EngConsult for the sample of informants, which ranged from two to 39 years.

The UK, which is now part of the EUNA region, was the original Headquarters for all Global Sectors prior to the regionalisation strategy.

The core technical expertise resided in the UK HQ. Senior management /consultants are now dispersed across the four regions to build capability and capacity in each geographic region.

Table 4-2: EngConsult - Length of tenure and time in role of senior management

Demographics		APNA	EUNA	MESA	NASA	Group
# Interviews by Region	Total (57)	8	21	6	18	4
Average Tenure (Yrs)	Avg. (19 yrs.)	16	24	21	18	13
Regional/SBU MDs (Yrs)	-	19	22	25	26	N/A
Subsidiary MDs (Yrs)	-	7	24	21	13	N/A
Average Time in Role (Yrs)	Avg. (7 yrs.)	4	4	14	7	2

4.2 WITHIN-CASE FINDINGS

4.2.1 Nature of relationships amongst the subsidiaries

In the investigation of the relationship consisting of competition and collaboration between the subsidiaries, the data suggest that the nature of the relationships between the subsidiaries is experienced at different levels and locations within the firm. Different hierarchical levels within the subsidiary have a different perspective on the interactions necessary to collaborate and the desired outcomes of collaboration resulting from consideration of their own unit's interests. Divisional and sub-divisional managers who are most closely tasked with running the businesses are focused on the profitability of their units but almost begrudgingly appreciate that on occasions, "they had to take one on the chin" for the good of the firm and for the long game. They struggled with the challenge of both collaborating with their counterparts, while focusing on achieving their financial goals.

"For most people if you're a divisional manager, like me, or sub-divisional manager, your focus is on delivering the budget you have set for the year, exceeding it if possible, and taking whatever actions are necessary to achieve that. And if one of the actions you're looking at is giving away some of it to someone else for the sake of collaboration, you're going to think twice about it."
[D#3]

"There are clashes, tension between the practices and the divisional managers....At the end of the day, if you like, I am the leader of the unit and I can decide... When it's global that gets a bit more difficult because you've got unit managing directors, regional managing directors, and potentially even the

group board involved in making those kind of decisions. And it just makes it that much more difficult if the parties can't agree between them." [B#15]

The findings also show that a focal subsidiary has multiple simultaneous relationships of competition and collaboration with their peers (see Figure 4-3). Using Luo's (2005) framework to illustrate, the new EUNA region/UK subsidiary might be categorised as an "ardent contributor" (i.e. high collaborator, low competitor) of expert resources to subsidiaries within other regions; for example, the Middle East countries, South Asia and Australia and NZ. Historically the technical sector expertise was centralised within a UK HQ global structure but the expertise was dispersed when the firm became a regional organisation. However, not only do the sector units from the UK subsidiary contribute resources through collaboration with others, they now compete for access to new markets that were previously not of relevance. The UK sector subsidiaries are also viewed by specific subsidiaries, and act, as a competitor with other units in their attempt to expand into geographies, such as the European region (ERA), in order to protect their own level of profitability, due to the decline of the UK economy. This suggests that a focal subsidiary could be both an aggressive demander with one unit and an ardent contributor with another, thus indicating various levels of competition and collaboration in the cooperative frame of that focal unit within the PSF network.

(i) With region competition

I also observed a greater level of collaborative interactions between the subsidiaries within their respective regions, with less interaction occurring across the regions (see Figure 4-3). For example, within the European region, two subsidiaries overlap in both skills and market due to the retention of the acquired business as a single unit and not being split across the existing related business. The intensity of the interactions was subjectively evaluated based on the tone and language used by the informants when talking about the interaction (e.g. "the whole thing starts with people glaring at each other and their arms folded," [B#20]) and was captured in the figure by using upper case lettering (e.g. C-) which represented a more tense and competitive relationship as in the case example between H&E and W&E. The overlapping skills in each of these units over time caused significant tension between the two units. The other symbols in the

figure are: c+ (lower case, lower level of collaboration) and x (an interaction but not noted as either competitive or collaborative).

Two other coepetitive relationships were identified.

(ii) Cross-region competition

The data suggest that coepetitive relationships across the regions also exist – for example, TPN and the three subsidiaries (Middle East, India and Hong Kong). The coepetitive relationship results from post regionalisation survival as insufficient resources of the required capability exist within the newly formed regions to win project work. The three subsidiaries identified as both competing and collaborating all have requirements for more TPN expertise and therefore are dependent upon the TPN sector operating out of the EUNA region for access to these resources. However, TPN resources are also prioritised against within region requirements. The three subsidiaries are not only competing with TPN for resources, but as I will discuss later, they are also seeking these resources at reasonable trading prices. Furthermore the three subsidiaries are also in competition with each other for TPN’s scarce resources.

Subsidiary	Region: Nth America	Canada	Pipelines	US East	US West	Region: A/NZ, SEAsia	Australia/NZ	China	Hong Kong	SEA	- Singapore	- Malaysia	Region: Middle East	India	Middle East	Pakistan	Oil & Gas (Global)	Region: Europe	B&I	ERA	PCM	MCD	- H&E	TPN	W&E	- ID	- Environment	Power (Global)
Region: Nth America																												
Canada		C+	c+/c-	x	x				C+									C+		C+								
Pipelines		C+/C-	x	C+/C-	x																							
US East		c+	C-	C+					c+																			
US West				C+	C+																							
Region: A/NZ, SEAsia							C+						C+					C+										
Australia/NZ	x						C+	C+					C+	C+					C+	C+								C+
China								x																				
Hong Kong			C+							x																		c+/C-
SEA											x																	
- Singapore												x																
- Malaysia													C+															
Region: ME													C+															
India														C+	x	c+												
Middle East																												
Pakistan																												
Oil & Gas (Global)																												
Region: UK/Europe		x											C-															
B&I		C+																										
ERA																												
PCM																												
MCD																												
- H&E																												
TPN																												
W&E		x																										
- ID																												
- Environment																												
Power (Global)																												

Figure 4-3: EngConsult - Inter-subsidiary relationships

(iii) Global sector /regional overlap

A further example of a cooperative relationship exists between the global units who operate without the imposed boundaries of any particular region, i.e. between Power which is a global unit and the newly formed ERA subsidiary. A further example is highlighted between Pipelines global unit and Canada. Pipeline is currently operating successfully in Canada and while collaborating on projects, Canada can also see the potential to develop the same capabilities so that it can pursue pipeline related work and grow its revenue as a result. This, however, could potentially reduce Pipelines revenue stream by up-skilling Canada.

The findings further highlighted that the relationship of a focal subsidiary with another changed over time in addition to having multiple simultaneous relationships of both competition and collaboration coexisting within the PSF.

The nature of the subsidiary relationships changed over time due to changing conditions within both the external (e.g. from a prosperous to austere economy) and internal environment (from global sector to regionally coordinated transnational firm). External factors such as a challenging economy or the competitive environment of new entrants to the market raised the focal subsidiaries' need for cost-effective resources. However, the respondents also recalled that when the economy was more buoyant, competition between the subsidiaries was tolerated by both HQ and their sister subsidiaries as there was a plentiful supply of work for all. Regionalisation changed the dynamics of previously established relationships under the global structure, creating competition as newly formed subsidiaries found themselves without sufficient resources to operate in the new regional divisional structure. This change in global structure led to units competing with other units with which previously they had long established relationships at the subsidiary and interpersonal level.

I illustrate this with an example between a sector and geographic unit. ERA (a geographic unit) and Power (a global unit) now compete for business opportunities. The Power unit pursues opportunities independently, having retained their position as a global unit to service the global nature of their clients. The Power sector continues to build up capacity, capability and profit, without needing to collaborate with ERA. I also noted that the inter-subsidiary relationships were asymmetrical and influenced by the

capability and capacity of resources at their disposal and the difficulty experienced in gaining access to specialist resources for collaboration from other subsidiaries.

4.2.1.1 Different hierarchical perspectives

Within the subsidiary there were different hierarchical perspectives and focus on the content of the cooperative relationship. Based on experience and position, the SBU CEOs encouraged collaboration as it was the right thing to do for the betterment of the firm. An understanding of the bigger picture helped the SBU CEO's to fulfil their adjudication role and raise issues or tensions above and beyond the profit focus of the subsidiaries to what is the best solution for the customer and the shareholder.

“As a Group Board member, not only the regional MD, my first responsibility is EngConsult and not the region.” [R#33]

“The [Subsidiary] divisional managers will by nature always fight for their bottom line.” [G#55]

“I believe culturally, because of the structure of the business, because of all these little tiny P&Ls that sit across the business, it makes it very difficult for individual subdivisions to be any way proactive in being collaborative when they feel that they are being threatened or are just looking at their bottom line locally, and so therefore will have difficulty in actually saying, yes we may share the profits, but if I only get 2% out of this big picture I need to get 10% locally because that's the only way I can survive. And so therefore I believe there are a limited number culturally that understand and can accept a collaborative way of working, and I believe there are too many others that are in the position of (a) not wanting to because it's actually affecting how they work (b) because they have to, because they're looking after a P&L or (c) don't actually understand the benefits of making it work.” [G#21]

“Equally the further down the pecking order you get, not everybody has access to the wider picture.” [B#23]

4.2.1.2 Tensions and interventions

The findings also identified tensions between the subsidiaries resulting from collaboration and competition. Collaboration was seen as an additional tension by those units in regions who were resource poor.

Opportunities for collaboration on various projects and bids were sought after from other units to utilise slack resources. A unit's request to collaborate, prompted by the need to increase its utilisation rate, was not always perceived positively by a receiving unit. The initiating unit believed that they were bringing significant resources to the

table for a particular opportunity but the receiving unit did not perceive the value of what was on offer because the capability was “overblown” [D#12] or actually not what the client wanted. Residual tension existed within the collaboration resulting from the perception that the resources offered were “not necessarily their best: in fact, you probably got leftovers” [D#12]. Had there been another option for either party, the collaboration between the two subsidiaries may not have occurred.

“They have no particular interest to put good resource into our project because whether they perform well or poorly, they’re still going to be able to charge us and pull in a bit of profit. So you have that tension all the time, that in a collaborative situation you don’t necessarily get the best team.” [D#12]

“It’s TPN Division *that* does water but it’s, as I said, the transportation division that does everything. So they will basically compete for similar work in the same sectors. I’m not sure of the detail of how they work it, what clients they go for and how they avoid one another but straight away there’s a competition there and a tension there.” [D#12]

“If you’re in a collaboration situation where actually for whatever reason you’re saying, right, we will collaborate with this team, but we’re not actually going to get any direct benefit out, it’s going to go to the group, that is where the tension comes in terms of trying to justify doing what you’re doing, which is perhaps impacted on your bottom line performance.....But it’s a really difficult one, the tension between the two. As I say, if it works it’s fine because it’s not a problem, but if it doesn’t work there can be a tension between the two of them” [B#4]

The reluctance of the Group to mandate practices and policies implies that HQ benefits from the flexibility that ensues. However, the subsidiaries have to cope with the resultant level of tension that comes from an element of inter-subsidiary competition. The benefit, as opposed to the tension experienced, is not consistently perceived throughout the hierarchical levels.

“Where there is occasional to frequent competition and I don’t know where it sits, but there is tension, which does take management time to sort out.” [D#22]

“Folks at the senior level are saying that is good to have the tension, but the folks who are doing it do not think that the tension is good.” [S#54]

Interventions were initiated to “sort out” the tensions and rebalance the levels of competition and collaboration between the units. These interventions ranged from simple dialogue between the competing subsidiaries to more structural interventions such as merging the competing units.

“I am at E grade --- a lot of people at E and F Grade kind of circumnavigate ... pick up the phone” [S#54]

“What we’re trying to do is these sorts of nitty-gritty disagreements and negotiations ... and set out a broad set of principles in terms of what the parties will be getting out of any sort of collaborations of that nature. ... we’ve been at this now for four and a half years [since regionalisation] and there are still many tensions in the business so let’s get the issues on the table: what does look like from your end of the telescope, and I’ll tell you what it looks like from my end of the telescope.” [B#23]

4.2.2 Determining factors of competition and collaboration

The data suggest nine determinants: four leading to collaboration and five to competition.

Luo (2005) identified a unique set of antecedents for cooperation and competition. This was not the finding in this study, however, as the complex mix in the cooperative relationship influenced the subsidiary interaction overall.

4.2.2.1 Strategic interdependence

Collaboration was driven by business need. This need was met by securing access to and leveraging existing and complementary resources located throughout the regions within the PSF. Collaboration between the subsidiaries was necessary due to the size and scope of the projects which required resources, in terms of both capacity and capability that were not within the individual subsidiary’s control.

The decision to organise the firm along regional lines meant that specialist sector resources which were previously located within their respective global units, were now required to be dispersed throughout the regions. Hence, the level of strategic interdependence was high and now required each subsidiary to collaborate with a sister subsidiary if it wished to pursue larger, multi-sector projects required by regional or global clients.

“We need help, we need support and so if we don’t push out the collaboration mantra, then it will be to our disadvantage.” [B#23]

“Because we’re divided geographically...and yet our clients are saying, we actually want you to be providing services from different parts of the globe. So our client base is driving the need for collaboration.” [R#40]

4.2.2.2 Top management commitment

The importance of collaboration was constantly communicated throughout the firm by the Group Board and top management, and acknowledged as an important factor in achieving the level of collaboration and commercial advantage that it provides (EngConsult Internal Collaboration Report, June 2014).

“You have to have the processes, you have to have the systems, but you have to have the leadership...and I don't know how else to put that, but if you don't have that it [collaboration] falls apart.” [R#41]

“The other thing our hierarchy does is encourage collaboration. Leadership has to be a key factor, it definitely has to be. It's got to come from the top.” [D#5]

Collaboration was modelled by the leadership at the Business Unit and Divisional levels of the subsidiary.

“We do everything we can just to lower the walls to get that collaborative support throughout. We talk about it at all of our meetings, the need for support and collaboration..... If I dug my heels in the ground and said we're never going to collaborate with that unit in a month of Sunday's, everybody would then follow my behaviours and it [collaboration] wouldn't happen.” [B#4]

“They [our parent companies] know how to do some give and take and just as any parent would for their own children, that really sets a good example of how we need to work together. So it does come from the top down.” [D#7]

However, at the same time, the senior management also makes it clear that each individual subsidiary must be profitable AND collaborative.

“Now if we, as leaders, use the bottom line strictly as the only indicator or basis for incentives, then we as leaders aren't doing the right thing regarding collaboration.” [B#3]

Nonetheless, there was recognition from some leaders that the commitment to collaboration between the subsidiaries was easier to advocate from the top.

“It's easier from the top to say, “Let's everyone collaborate,” than it is for someone managing a smaller group or sub division. They have pride, they want to make sure they're performing in the eyes of their leaders, and they want to be successful, and so there is tendency maybe on their part to hold on, to use their staff whether they're the right ones or not to be less collaborative than they should be. So what is getting in the way of collaboration? I think it's just the structure itself where we have to have a way to measure an area's commercial performance. So we have sub divisions, divisions and units, so obviously there is some kind of a structural wall between those.” [B# 3]

4.2.2.3 Trusted relationships

Both at the inter-subsiary and interpersonal levels, collaboration increased between the subsidiaries as a result of strong working relationships with trusted individuals with whom they had worked collaboratively on various projects over the years. Furthermore, if the collaboration were successful both were more likely to build on the relationship and engage in further collaborations with each other.

“So there’s a map or a network of relationships where I’ll get people calling me up to say, “We’ve got this opportunity,” and they’ll not call me because I’m the right guy that’s going to provide the solution for them, it’s because they know me and we know each other, and we’ve got the right relationship.” [B#16]

“He obviously had a lot of contacts within the business, so when we needed a hand with certain staff he could talk to the right person and get the right person to give us the support and overview that we needed....I mean it is collegiate but there’s nothing that beats that personalised relationship and trust, it just makes it so much easier.” [D#50]

On the other hand, where a lack of trust exists in the relationship from concerns about the subsidiaries capabilities or a prior broken commitment by that unit, the perceived risk of the collaboration is factored into the negotiated transfer fee from the selling unit.

“I saw the spreadsheet, and each people’s spreadsheet did not include just cost, they were cost with contingencies, and therefore they put in contingencies 'cause they don’t trust that unit to manage their part of the business properly.” [D#43]

On the other hand, competition between the subsidiaries and their subunits was shown to increase when: overlap of both markets and skills existed; subsidiaries and their subunits performance were publicly compared; individual subsidiaries pursued their financial objectives; and external economic factors challenged the unit’s survival. The external economic conditions of austerity, dwindling markets, and the need to compete locally for survival as a business, led to an increase in inter-subsiary competition.

4.2.2.4 Manager’s mindset

At the individual level, the mindset or attitude of the subsidiary actor influences the nature of subsidiary relationships. The mindset is part of human nature and the make-up of the individual. The situational decision to compete or collaborate in a specific instance was influenced by whether the short term benefits to be gained from competition with another unit (e.g. increase of unit P&L) outweighed the longer term

benefits from collaboration, hence sacrificing the short term gain of competition for the longer term relationship with the organisation.

“Some of the best collaborations are because the people concerned just have that kind of personal attitude to cooperation, and they see that being maybe that’s just their modus operandi”...However, “if the attitude is I’m better than you. I don’t need you for anything, or, I don’t have a willingness to collaborate, if that is the way they’re going to behave then that is the way they’re going to behave no matter how we’re organised.” [B#3]

“I think competition is good, whatever direction it comes from. So if we’re trying to improve our capital employed or trying to improve our profitability, or trying to improve the number of awards we win or whatever, we show which divisions and which subdivisions are doing better than others.” [B#15]

However, dissenting personal voices were raised as well as those who attached caveats to their comments.

“There is nothing wrong with a good bit of competition. But it’s for the common good.” [B#10]

“Internal competition I don’t see the need for it...you’ll always find a bit of it for good natured ribbing with each other, but spending too much effort on internal accounting is a distraction.” [B #38]

“It is a wrong strategy for getting people to compete within the organisation for growth and for profitability. It is not a competition.” [B#56]

4.2.2.5 Market overlap

The findings indicated that a growing, prosperous economy influenced the units’ willingness to tolerate market and capability overlaps (a state of internal competition) as plenty of work existed for everyone. When under-utilisation of people resources was prevalent during a period of economic recession, a unit attempting to collaborate can be perceived as competing for work and resources “by encroaching on another unit’s patch.” [G#52]

“We get odd parties...working on somebody else’s patch and not declaring that they’re working on that patch..... [They have] not called that in to the local manager to find out does he know any local knowledge or what’s the situation here, and meanwhile the local office has gone off with a local partner and we’ve found that two EngConsult teams have been competing for the same work, and weren’t aware.” [D#5]

4.2.2.6 Skills overlap

Similarly, an overlap in the availability of the same specialists' skills within different subsidiaries generated competition and tension when the subsidiaries sought to do similar work in the same sector. Examples of skills overlap were previously cited in Section 4.2.1.

4.2.2.7 Performance comparison

The subsidiaries were mindful of how well they were performing relative to the performance of other subsidiaries and regions which led to increased competition.

“Everybody is driven, they'd like to be successful, they'd like to be more profitable than they were last year, and they'd like to beat the regions or the unit next to them. And I think that competition is there, and so every unit level director would like to do it better than the others in his region.” [D#53]

The comparative analysis of performance against unit performance targets (see Table 4-3) was publicly shared at Senior Management meetings and generated an increased level of competition between the subsidiaries. The darker shaded cells in Table 4-3 quickly identified the units that were under target against the risk indicator on the far left of the chart, grey shaded cells were within the standard and the white cells exceeded the targets.

“I want to have better profit, commercially better thing, you know? But competition, it automatically reverts into competition when the other units see they are doing better, but making them a competition, that doesn't land you anywhere because there are side effects of that competition.” [B#56]

Table 4-3: EngConsult - 'Traffic light' monitoring of subsidiary KPIs

End December 2013					
Risk Indicator	Div 1	Div 2	Div 3	Div 4	Div 5
Project profit vs. 2013 budget <85% ; 85% to 105% ; >105%	104%	130%	55%	110%	105%
Overhead gain vs. 2013 budget <85% ; 85% to 105% ; >105%	63%	191%	234%	153%	159%
Profit vs. 2013 budget <85% ; 85% to 105% ; >105%	96%	141%	122%	129%	121%
Loss factor percentage >20% ; 20% to 10% ; <10%	18%	20%	57%	25%	26%
% Utilisation <82% ; 82% to 84% ; >84%	83%	83%	86%	87%	83%

(Source: EngConsult internal document)

4.2.2.8 Rewards and incentives

The findings show that financial rewards and incentives were a consistent driver of both collaboration and competition between the subsidiaries. While all were strongly encouraged by the Group to collaborate and on occasions altruistically “take one for the firm” [D#4], their subsidiary’s performance was measured on own profitability.

“Primary focus is to win the business, deliver the business, and satisfy the financial metrics to have a successful business, and that business being your profit and loss account....There’s no metrics at the moment which says, “and you have to collaborate, and you have to consider supporting others.” It’s very much you do what you can to deliver that P&L, get it done.” [B#18]

While bonuses were allocated on the basis of overall firm performance, the allocation of shares was based on aggregated profit centres. The tension between unit and group profitability was clearly tangible.

“On the one hand we’re all encouraged to collaborate together, work together for the greater good, but then I’m answerable on a month on month basis as to why I haven’t delivered my profit from a unit perspective.... if you’re in a win/win position then it’s fine because you’re collaborating and you’re both winning and getting benefit from it and contributing to the bottom line. If you’re in a collaboration situation where actually for whatever reason you’re saying, right, we will collaborate with this team, but we’re not actually going to get any direct benefit out, it’s going to go to the Group, that is where the tension comes in terms of trying to justify doing what you’re doing, which is perhaps impacted on your bottom line performance.” [D#4]

A subsidiary manager described the tension in terms of a basketball analogy.

“... if you watch any of the American commentators on a basketball game and they’re chatting about the performance of the players, you’ll find they’ll spend equally as much time talking about the number of assists a player makes, as well as the number of baskets that he scores. And it’s possible to have the most valuable player on the court as the one who gives the most assists, the one that helps many of his team mates to score baskets. The challenge in EngConsult is that we have very hard metrics for rewarding baskets, but we have very soft metrics, and in some cases no metrics at all, for rewarding assists. And the baskets are hitting your P&L and other KPIs which are really hard wired performance measures.” [D#23]

A heightened level of tension was expressed at lower levels within the organisation (i.e. at sub-divisional and project management level).

“There is real anger about being beaten up about utilisation and P&L.” [P#54]

4.2.3 Internal structures and interventions

The firm’s existing infrastructure supported both collaboration and competition between the subsidiaries. Structural mechanisms were put in place and interventions (see Table 4-4) implemented to increase the level of collaboration which also served to manage the level of internal competition between the subsidiaries. As one regional MD pointed out, “[collaboration] won’t occur unless the environment and infrastructure is set up correctly for it.” [R#17]

There were three notable elements: e-business technology; accounting systems; and, formal organisational roles.

4.2.3.1 E-business technology

E-Business and Information Technology (IT) were viewed as critical to increasing the subsidiaries’ opportunities to collaborate within and across geographic and cultural boundaries and time zones. Collaborations were made possible by software applications and online databases, intranet to facilitate the staffing of client projects, and linked, global telecommunications systems to quickly enable conversations and teleconferences.

Corporate management systems, knowledge management systems, service delivery tools, IT infrastructure and standards all served to facilitate collaboration between the subsidiaries.

“We need to move, which we are doing at the moment, to better systems, in terms of IT infrastructure and systems, to support working in a collaborative manner. The thing is when you are trying to move large amounts of data around, and you are trying to respond quickly to the need whether they are client needs or our own needs you just need that sort of infrastructure.” [B#14]

4.2.3.2 Accounting system

It was not evident that the Group intentionally implemented structures or processes to encourage inter-subsidiary competition. Yet, the accounting system of profit allocation engendered significant levels of competition between units.

“I think because we all have to measure the beans one way or the other there is the competing forces of everyone wanting to meet their bottom line, or their revenue projection. So that gets in the way of collaboration to some degree.” [B#1]

“The accounting policy required trading agreements between subsidiary collaborations involving different countries and legal entities because of tax and statutory accounting regulations. Although many different inter-entity agreement templates were provided by Group to cover general principles and frequent scenarios, the firm did not impose any of them in the belief that the fairest way to progress the collaboration was to let the two (or more) willing parties ‘*sort it out*’.” [G#57]

“The only way we could think of making it fair was to have two willing parties agreeing to a deal, but the downside of that was negotiation cost and time and other people spending weeks arguing with each other about what the deal was. And the relationship too, it can get frictional.” [G#57]

While a win/win situation is possible for both collaborating units, it is not easy to represent the positive contributions of both parties in the accounting practices of EngConsult.

“It’s very difficult to achieve a P&L representation of that win/win situation, and is sometimes impossible because sometimes you can have the local work accounted by the local company, and the international work accounted by the technical unit, but it’s not entirely the answer, not entirely satisfactory. There is no formal recognition for collaboration as such, unless that collaboration led to an increase in your net revenue or an increase in profitability.” [R#41]

An element of game playing and self interest became evident during the transfer pricing negotiations, in the subsidiaries attempts to persuade another to collaborate.

“Because there was profit to share; ensures that they get a reasonable slice of the cake in terms of doing the actual work and a chance to make reasonable profit. However, they may not have understood but [there was] also an element of con, in that they wanted to drive the supply cost down.” [B#4]

The lack of a more centralised decision making process was lamented at times by the subsidiaries where more clarity and mandated direction would have facilitated collaboration and balanced the level of competition generated by the firm's profit-centricity.

“We're not an authoritarian kind of company so there isn't somebody on the group board normally who's going to say, right, this is how we'll do it, you, you, you and you. We don't do that. We tend to be much more collegiate in the way that we operate.”
[R#40]

4.2.3.3 Formal organisational roles

(i) Adjudicator

When negotiations for staff resources and profit share which occurred during the project bidding phase reached an impasse, senior management or indeed Group Board management were asked to intervene and adjudicate. Firm ownership by top management satisfied management's self-interest in terms of rewards and incentives, and provided the mutual interest necessary to collectively encourage performance for the betterment of the firm. Thus, the Group Board was able to maintain the firm-wide perspective needed when adjudications were called upon in instances when subsidiaries were required for firm-wide or strategic reasons to sacrifice their own (financial) interests for the bigger picture and overall, longer term benefit of the firm.

“I mean, although the profit motive is very high I guess when you look around sort of the Group Board level, or the leaders of the business, they've probably actually got to those positions because of their ability to manage interfaces and to actually... they probably stand out because they're actually able to make profit but actually also not to go on the dark side in order to do it. You know, they can do both you know.” [B#24]

The Group Board's perspective of overall group performance and profitability overrode the more focused commitment to the local P&L statement of a subsidiary manager. Although collaboration was enabled through the process of adjudication, relationships and trust were sometimes damaged in the process. This impacted on future collaborations between these subsidiaries.

“I'd say, 'Look, this is good business for EngConsult. If you're incapable of coming to a sensible conclusion, this is how it's going to be' And that usually sorts it out. But, of course, you've lost to an extent then, because inevitably the whole thing therefore

starts with people glaring at each other with their arms folded and, you know, that's not a good collaboration." [R#20]

(ii) Practice Leader

Seldom were subsidiary leaders knowledgeable about every activity within their own subsidiary, let alone the totality of possibilities throughout the firm. The practice leader role was established to facilitate the awareness of opportunities and available resources within the technical sectors that cut across the regional structure; the practice leader has no P&L responsibility therefore is able to look at resources on a broader scale with relative neutrality.

"So when our business went regional, we then split into four, the then Chairman decided that we needed these cross-cutting people." [G#53]

"They are a key part of the collaboration across the boundaries. The company did, wisely and quite rightly, provide the process and the mechanism." [B#15]

Table 4-4: EngConsult - Mechanisms and practices

Conditions when:	not enough (increase)	too much (manage)
	Mechanisms - <i>interventions</i>	Mechanisms - <i>interventions</i>
Collaboration	Formalisation/standardisation - <i>inter entity trading agreements</i> - <i>policies, systems and processes for project bids</i> - <i>E-business technology</i> Lateral relations - <i>global sector practice leaders</i> Communication - <i>dialogue</i> - <i>training, business meetings, social events, network gatherings</i> Socialisation - <i>management commitment</i> - <i>subsidiary identification</i> - <i>collaborative culture</i> - <i>one company identity</i> - <i>shared values</i> - <i>inter-unit transfers , job rotation</i> - <i>group-wide incentives</i> Trust	Control - <i>prioritisation</i>
Competition	Formal Structure - <i>overlap of skills</i> - <i>flexible charters and boundaries</i> Decentralisation - <i>regionalisation strategy</i> - <i>subsidiary profit centricity</i> - <i>no central mandating of practices</i> Formalisation/standardisation - <i>group-wide rewards and incentives</i> - <i>accounting policies of negotiated transfer price</i> - <i>peer performance comparisons</i> Internal market-based mechanisms - <i>no financial recognition of collaborations</i> Transfer pricing mechanism	Formal Structure - <i>clarify charters and markets</i> - <i>merge competing units</i> Decentralisation Formalisation/standardisation - <i>established rules: notification of entrance in country</i> - <i>collective not individual KPIs</i> - <i>call together quickly - sort it out</i> Communication - <i>dialogue</i> Spatial separation - <i>management role as adjudicator</i>

4.2.4 Content of competition and collaboration

The content of inter-subsidiary collaboration and competition centred on each subsidiary ensuring that they had access to and utilisation of the necessary resources that they needed to pursue and win profitable business opportunities (see Table 4-5).

When skill sets within the subsidiary were limited by capability, complementarity or cost, collaboration with other subsidiaries within or across the regional areas enabled access to markets that they alone could not pursue internally (see Figure 4-4).

Regional and sector expansion and growth were achieved through internal collaboration. Subsidiaries in the newly formed Middle East, Europe and Asia Pacific regions did not have fully developed capabilities necessary to pursue the available work in each of their regions as in the entrepreneurial nature of the subsidiary in Figure 4-4. They drew on duplicate and complementary resources and expertise available from the more mature subsidiaries such as the UK and joint venture partner in North America.

“Strategically, we’re only going to be able to build the international base by leaning upon UK skill sets and reputation and track record” [B#24].

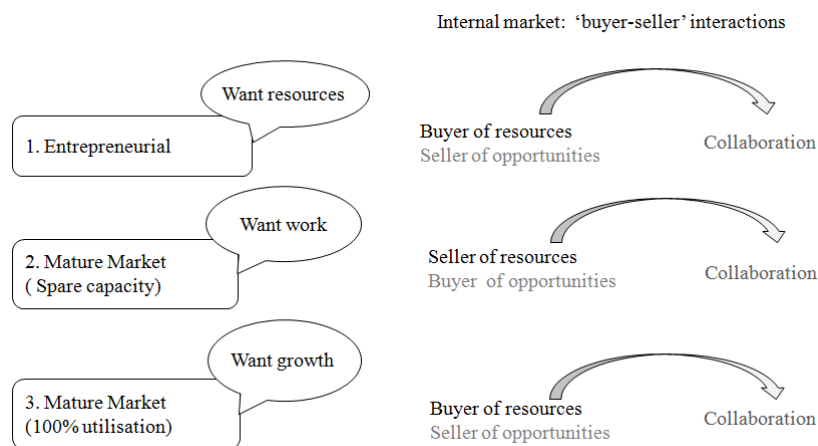


Figure 4-4: EngConsult- Subsidiary requirement for resources (Source: Author).

By collaborating with other subsidiaries and subunits, and leveraging complementary resources, whether as a buyer of resources or a seller of opportunities, the subsidiaries won business, built up their own capability over time, shared the potential risks associated with uncertain projects across subsidiaries and regions, and sought to increase their level of profitability. By collaborating they were able also to balance the tension between opportunity/risk and revenue/cost.

“...we need to have a situation where all parts of the business are collaborating and working together, and the sharing of resource and capability is a two way flow. So it’s between mature units and businesses, it’s not all being sucked out of the UK but it’s

going to be a two-way [flow], because it's not possible for the UK to support the rest of the world. The Middle East has been a classic example of having a huge market, lots of opportunity and not having the capability to attack it." [B#8]

"You can only win those on a collaborative basis 'cause no one centre would be able to deliver those projects because in addition to the size of them, they're also multi sector because there are a lot of different skills required, they're not all, say, building bridges. You have every discipline, you have the civil structure and mechanical environmental contractual elements to these projects, and with a lot of resource required from all of those areas." [D#12]

Use was also made of lower cost resources existing elsewhere within the group (e.g. India for design drawings) to supply a certain element of the work involved in a particular project. If there was an opportunity to win a project in a country such as South Africa, where salaries were comparatively higher, the subsidiary looked at utilising resources from a lower cost country such as the Czech Republic. Rather than supplying all the resources from South Africa which made the fees too expensive for the project, the firm looked to supply certain elements of the work at a lower fee to be more competitive for that particular tender.

In the new regional structure, specialist resources from other subsidiaries were often required from within or beyond their regions to win client business. Occasionally, units would compete for business opportunities outside of their established boundaries by choosing not collaborate with another sector so that they might achieve their own key performance targets of staff utilisation and profit.

As the subsidiaries became the new profit centres, efforts to gain financial recognition for sharing resources often became a point of negotiation and competition.

All subsidiaries sought to maximise the utilisation rate of their staff, a KPI of subsidiary performance, which reported the measurement of staff time chargeable to a client. Full utilisation enhanced the subsidiaries', and the Group's, profitability.

Tasked with growing their businesses and expanding their markets, and to bolster their own financial performance, the subsidiaries intentionally and opportunistically competed for opportunities that were beyond their charter or geographical boundary.

"The way things are structured in EngConsult, you're being very competitive if you're looking for projects that other divisions can do, that's really being very competitive." [D#12]

Although potentially attractive opportunities for collaboration exist, a subsidiary may prefer to focus on their own clients and grow the necessary skills within their own unit. In this situation, the subsidiary refused to take on any additional resources needed, in part because this would negatively impact on their own utilisation rate and potential profitability, specifically if they were unable to effectively charge the new resources out for future work.

“If you look at it competitively in order to meet those goals there may be a push to hold onto projects without offering or asking for support from others, even though they might have a better resource to do the work. You just may want to have your staff, our staff, working on it rather than some other’s staff.” [D#1]

On a limited number of occasions, financial resources were sought for joint initiatives where two or more subsidiaries worked collaboratively to pursue an opportunity which was beyond their combined financial and resource capacity. Subsidiaries competed for access to limited Group funding as other combinations of subsidiaries also vied for limited Group support.

Table 4-5: EngConsult - Content of collaboration and competition

Content of Collaboration	Content of Competition
Knowledge and resource sharing - bidding for large scale projects	Market expansion [competing for potential new business area]
Some cross-selling of services across sectors within region	Corporate/ parent resources
	Centres of Excellence : - Design - India and Czech Republic

4.3 ENGCONSULT SUMMARY

Content of competition and collaboration

The content of inter-subsidiary collaboration and competition centred on each subsidiary ensuring that they had access to and utilisation of the necessary resources needed to pursue and win profitable business opportunities. In EngConsult the strategic orientation of the PSF highlighted a number of outcomes resulting from the relationships, however, healthy (medium) levels of competition were more advantageous than continuing high levels of competition for long term benefit (see

Figure 4-5). However, the aggregated view of the perceived organisational outcomes ignores each subsidiary's circumstances.

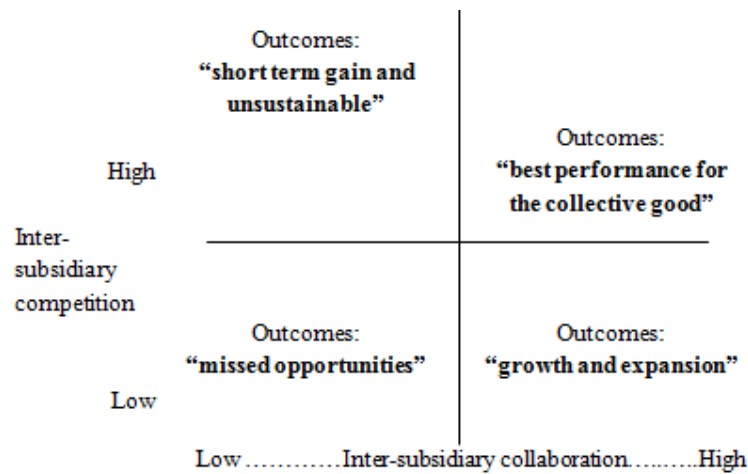


Figure 4-5: EngConsult - Perceived organisational outcomes (Source: Author)

‘Forced’ collaborations were a natural outcome of the adjudication process when unit profitability was the source of tension. ‘Healthy’ competition was positively perceived as it can raise the game for everybody; high levels of collaboration were perceived by some subsidiaries as a threat to their unit profitability.

Nature of inter-subsidary relationships

The within-case findings of EngConsult were presented in relation to the nature of the subsidiary relationships: the existence of multiple relationships of competition and collaboration which changed over time dependent upon circumstances, for example organisational redesign and tensions within the relationships that emanated from balancing the requirement to grow and expand through collaboration, and access to and utilisation of internal resources to deliver the unit performance in profit terms. The source of tension was experienced by different roles at different levels within the internal market operating within EngConsult. One mechanism that enabled the management of simultaneous competition and collaboration was the separation of roles between SBU top management, as the adjudicator of disputes, and the subsidiary managers responsible for driving the growth and profit for the unit.

The findings also indicated that there was more collaboration among the subsidiaries within regions than across the regions as under the new organisational design, the

regions had become the new profit centres. Across regional interactions showed greater variation in the levels of competition and collaboration which depend on with whom the resources resided and the negotiated terms for the transfer or exchange of those resources.

Antecedents

External, organisational, subsidiary and individual manager antecedents highlighted salient determining factors in the cooperative relationships. These are summarised in Table 4-6.

Table 4-6: EngConsult - Salient determining factors of cooperation

Salient Factors	EngConsult: inter-subsidiary cooperation	C+	C-
External factors			
Economy	Efficiencies	↑	
Market uncertainty	Global design centres		↑
Organisational factors			
Strategic Interdependence	Integrated -split of sector and geography	↑	
- <i>organisation design</i>	Transition from global sectors to regions		↑
- <i>strategic orientation</i>	Transnational	↑	↑
- <i>clarity of boundaries</i>	Regional/sector boundaries		↓
Top management commitment	Top management commitment Collaborative culture	↑	-
Trusted relationships	Collegial, long term Professional identity Geographic identity	↑	
Market overlap	Overlapping sectors		↑
Skills overlap	Share knowledge Internal market for specialist resources	↑	↑
Performance comparison	Peer comparison Best practices	↑	↑
Rewards and incentives	Group-profit share -SBU performance Subsidiary performance	↑	↑
Subsidiary characteristics			
Strategic vulnerability	Less resources for local requirements	↑	↑
Individual manager characteristics			
Individual mindset	ONE firm Healthy competition	↑	↑

Note: C+ = collaboration; C- = competition

Internal structure and practices

Structural and relational interventions, practices and mechanisms were identified to facilitate or hinder the levels of competition and collaboration within the relationship. These were also identified as mechanisms to rebalance the relationship between the subsidiaries as a result of tensions that had reached a point where they were no longer tolerable to the subsidiaries involved or to the Group Board, for example, as in the Middle East business model of growth and limited access to local resources.

5 CASE ORGANISATION 2 – EventCo

5.1 THE ORGANISATION

This section provides a brief overview of EventCo, its organisational structure, the SBUs, the collaboration initiative and its internal systems and policies relevant to the study.

EventCo is a leading global business media company and is engaged in the provision of live media and Business to Business (B2B) communications, marketing and data services. It informs markets and brings the world's buyers and sellers together at events, online, and in print, focusing on serving professional commercial communities as diverse as doctors, game developers, journalists, jewellery traders, farmers and pharmacists.

The company operates more than a dozen businesses in three main segments: (1) events, targeting, distribution and monitoring (2) digital news and content services and (3) online marketing services, progressively focusing on its global portfolio of industry leading tradeshows (see Table 5-1). As such, the events segment provides face-to-face interaction by exhibitions, trade shows, conferences and other live events. Revenues are generated by exhibitors purchasing space at the tradeshows, through event sponsorship and attendee entrance fees. The digital news and content services segment provides communications products and services to professionals working in marketing, public relations and corporate communications or investor relations roles. This segment also helps identify target audiences and monitors how effectively customers' messages have been communicated. The marketing services segment carries out campaigns on behalf of clients looking to enhance their branding, customer awareness, reach, and engagement or generate sales leads. Revenues are generated through advertising, lead generation services, organising events and building or managing community websites on behalf of clients.

Table 5-1: EventCo - SBUs

Company Details	Events Businesses			Marketing Services	Content
Strategic Business Units (SBU)	Events -Asia	Events - Europe	Events - Tech	Content	News
No. of Employees (5,500)	~1300	~2460		~240	~1500
Domain of Focus	Geography	Sector	Sector	Sector	Sector
Subsidiary HQs	Asia	UK	US	US	US
Financial contribution (2013) of group revenue	58.3%			16.3%	25.4%

5.1.1 Company history, ownership and structure

Early in the company’s incorporation, it operated as a conglomerate of independent and diversified businesses. Units were very autonomous with a thin umbilical cord to the centre. SBUs were mainly self-sufficient with their own structure and P&L. Within the last 30 years, EventCo has owned and sold a wide range of media businesses. Much of where the company is today is influenced by a group that was once a ‘buy and sell’ organisation. Historically, there was no real interest in drawing out the synergies between the businesses. As such, culturally, there was no drive for centralisation or standardisation. The organisation, as a result, was becoming ‘siloes’ and management was constantly finding duplication of resources and common business challenges. There was no mechanism by which the SBUs could connect to each other for support or resolution. Top management was finding that there was “significant reinvention of the wheel.”

Today, the interdependencies among the businesses are being exploited to take advantage of the emergence of a global economy, coupled with the shift towards digital media, which leads the company to believe that diverse geographic experience and infrastructure is advantageous (see Figure 5-2). It also provides the company with access to high growth opportunities in emerging markets and quality revenues from more mature markets (see Figure 5-3).

A recent example of the more synergistic relationship between the businesses of events and content assets is shown in Figure 5-1.

Synergistic Relationship Between Events and Content Assets

Fueling Engagement Across Platforms

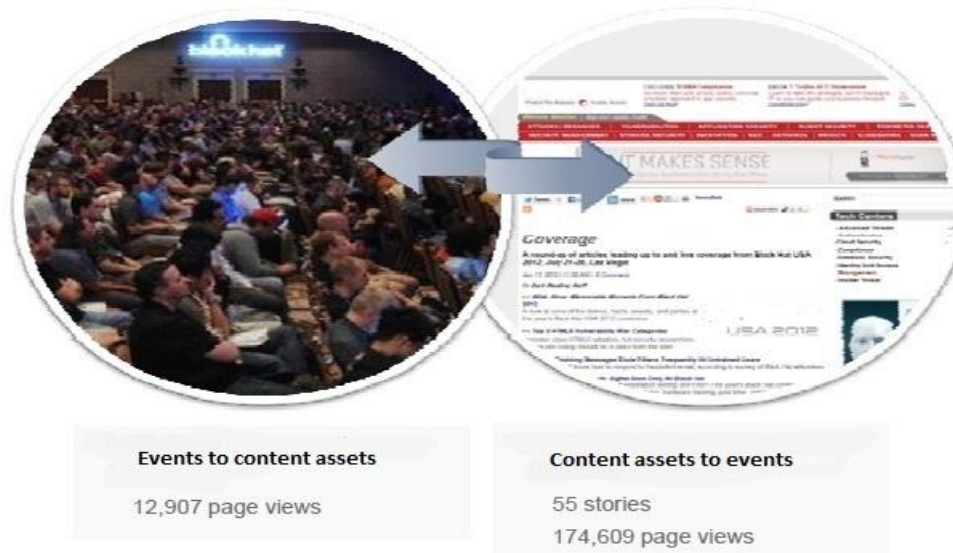


Figure 5-1: EventCo - Synergistic collaborative relationships (Source: EventCo's Annual Report, 2013)

The company has grown organically and through acquisitions. In 2009, the company reported 61 bolt-on acquisitions in adjacent businesses or geographies. The majority of acquired companies are now integrated; however, full integration still does not mean a high level of centralisation. Only recently, in 2013, did the company establish an executive committee to coordinate the integrated activities among the various BUs. Consequently HQ influences the subsidiaries more, especially in facilitating the sharing of best practices. At the same time, HQ is providing its units with general support, such as finance, marketing and policies on people and culture. The company is also undertaking a major finance systems project to establish a common platform. This level of standardisation was unheard of in the earlier phase of the business where independent BUs operated.

Subsequent to the arrival of the previous CEO, and under his significant influence and guidance, the company changed from a decentralised structure of autonomously operated businesses with units competing against one another, to a more integrated one in which businesses are increasingly influenced by standards and policies established by

the HQ. However, culturally, the CEO still encouraged a devolved authority, and not a centrist authoritarian style, thereby maintaining a high level decentralisation.

5.1.2 Overview of divisions

The events businesses, which consist of one geographically focused (Asia) unit and five market sector focused units, form a diversified portfolio which targets defined markets, has an inherent high growth outlook, focuses on globalising verticals and aggressively launches in emerging markets to establish the lead in relatively immature segments.

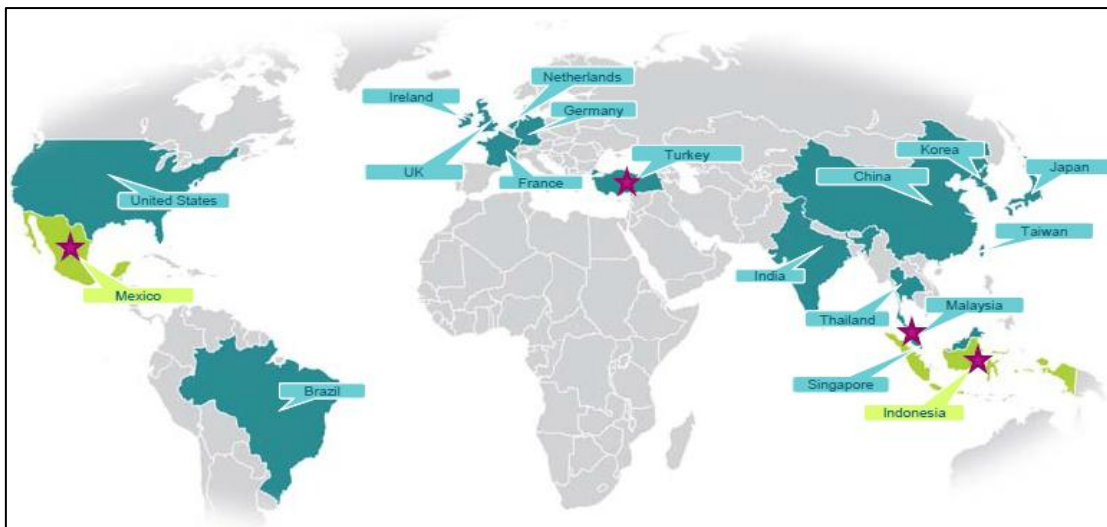


Figure 5-2: EventCo - Global footprint (Source: Company presentation 30 Oct., 2012)

The Asia division has 1300 staff and is located in 24 cities. In 2013, they held over 200 exhibitions and conferences serving EventCo's ten verticals: advanced manufacturing, built environment, fashion, health, ingredients, lifestyle, paper, technology, trade and transport, and other (Investor Day presentation, 20 June 2014).

Continued growth is anticipated to come through existing exhibitions, adaptations of existing exhibitions in multiple geographies, other launches with focus on China, India and SE Asia and acquisitions. The 18 events acquired since 2010 have added approximately £41m to the 2013 revenue. Revenue at acquisition was £27m (52% growth).



Figure 5-3: EventCo - Systematic expansion by vertical brand

(Source: Company presentation 30 Oct., 2012)

The digital news and content business is a global provider of multimedia platforms and provides end-to-end solutions to produce, optimise, and target content—from rich media to online video and multimedia. It then distributes content and measures results across traditional, digital, mobile and social channels, using multi-channel, multi-cultural content distribution and an optimisation network with comprehensive workflow tools and platforms. The business serves tens of thousands of clients from offices in 13 countries (in the Americas, Europe, the Middle East, Africa and the Asia-Pacific region) and has approximately 1,500 employees.

5.1.3 Demographic analysis

The average tenure of the informants was 14 years with three years in their role as a result of frequent reorganisations due to divestiture and acquisition activity. However, the length of tenure among the five business CEOs ranged from six through to 25 years (see Table 5-2).

Table 5-2: EventCo - Informant demographics

Demographics		Group	Events -Asia	Events- Europe	Events- Tech	Content	News
No. of Interviewees by Division (i.e. SBU)	Total 19	3	2	4	3	3	4
Average Tenure (years)	Avg. 14 yrs.	10	13	15	18	14	16
SBU CEOs	-	13	6	16	22	25	4
Average Time in Role (years)	Avg. 3 yrs.	3	5	5	1	2	5

Figure 5-4 illustrates EventCo’s organisation chart.

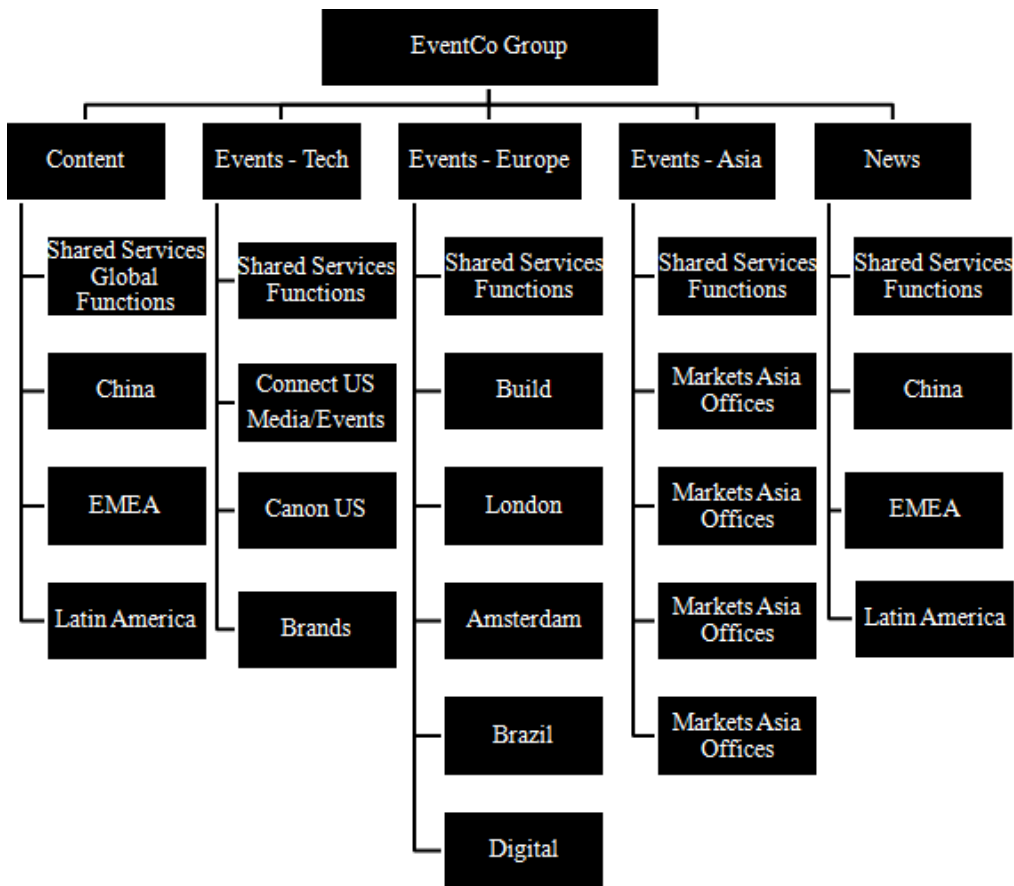


Figure 5-4: EventCo - Organisation chart as of November, 2013 (Source: Company documents)

5.1.4 External context

The company has been exiting print and gradually reducing its exposure to declining margins in this medium, which has led to a number of disposals since its review of publishing assets in 2010. With the shrinking capability of publishing, it has reassessed the role of content within EventCo. Key findings of the Convention 2020 study⁴ found that respondents listed quality of content, interaction, technology and networking as the main drivers of an effective and exciting event. In the future, people in the communities that the businesses serve would not be just passive recipients of information, but participants in the conversations of those communities. Hence, a change in the business model was required to reflect the move away from one-time interactions to multiple occasions to create a community of like-minded professionals and industries. Industry threats were already coming from self-organising communities such as those on LinkedIn (a business oriented social networking service).

Fundamentally, the company sought to establish deeper relationships with its customers, and engage with them in a new way which was not the same as selling the more traditional transactional relationship. The new model reflects the emerging process where customers want to build relationships with their customers and EventCo can provide the means to do that.

Consequently, over time, the company is changing from being a publishing-led business to a global events-led marketing and communications services business.

Further to the overall industry conditions described above, each subsidiary of EventCo operated in a specific external and local environment.

The relatively strong economy in the Asian region facilitated favourable conditions for growth, while the subsidiaries operating in the UK and European regions were challenged by the significant slow-down in the economy and contraction in the market since 2008. The UK market began to look further afield for opportunities while reassessing the strength of their brands for development.

⁴ Convention 2020 is a 'strategic foresight' study, launched with seed funding from the founder sponsors, International Congress and Convention Association (ICCA), (International exhibition for the worldwide meetings, events and incentive travel industry), IMEX and Fast Future Research. The study is designed to help all members of the meetings industry prepare for the decade ahead to ensure they stay competitive.

The top management recognised that most of the leadership in the exhibition industry globally was in the UK, even though the market was declining. However, most emerging learnings began technologically in America and moved eastwards. Typically, Asia has taken a second mover advantage as Europe and America ‘wrap it up in a bow’ for Asia. More recently, Asia has been innovating and transferring their innovations. The overall growth and innovation within Asia has led to an increased number of collaborations with other subsidiaries from Europe and the US.

The marketing services businesses were predominantly traditional print businesses. All print content was being converted to digital content which required different skill sets. During the transition from print to online services, the businesses were concerned about the ‘cannibalisation’ of the print content and loss of alternative revenue.

Businesses headquartered in the US market were largely focused within the US because of the size of the US market. There was little interest in collaboration from the US as they had sufficient resources and market size to meet their growth objectives. Therefore, the US businesses were perceived by those units outside the US as difficult to collaborate with.

“The US are a nightmare. It’s just because they’ve got a massive domestic market. They’re in a highly competitive market, they’re not as events focused, they’ve tried it [collaboration] several times and it didn’t work and therefore they’re less responsive to it.” [D#74]

5.2 WITHIN-CASE FINDINGS

5.2.1 The nature of relationships between the subsidiaries

The findings suggested that the collaborative relationships existed between the SBUs and subsidiaries as a result of the Group CEO’s commitment to collaboration, following his appointment eight years prior. This commitment extended to him removing specific leaders who were perceived to be obstacles to collaboration. As a SBU CEO asserted:

“Removing certain people that were obstacles to collaboration was an accelerator for pulling down those silos.” [D#65]

Existing silos within the previously independent events portfolio of businesses were softened as events SBUs sought geographic expansionary opportunities through joint

collaborations with complementary events businesses. However, relationships between European and Asia-based events and US media-related businesses remained strained as they struggled to identify and execute joint collaborations because of differences in the nature of their service product, size of market, customer base, and history of ineffective collaborative interactions.

The lack of interaction between the previously autonomous brands further reinforced the picture of independently operating businesses and the realisation that greater efficiencies could be achieved through awareness and collaboration.

“[The relationship between the two businesses is] like two friendly neighbours. Well, you live in your house, I live in mine, and we see each other ... out on the street. We kind of know what’s going on in each other’s lives but the impact of one to the other isn’t direct and always meaningful.” [D#60]

Recent transfers of senior members of management from one division to another led to greater awareness of potential synergies and opportunities for collaboration.

Figure 5-5 shows that while there are examples of collaboration between subsidiaries, e.g. Asia and Europe-based events SBUs, and some intra-SBU collaboration with other geographies within the region or brand, there were fewer cross-SBU interactions reported.

Subsidiary relationships not only changed as a result of the CEO’s emphasis on collaboration, but subsidiaries experienced multiple and simultaneous relationships of both competition and collaboration in the cross-sectional study (see Figure 5-5).

Parent (SBU)	Subsidiary	Brand /Unit	MediaCo	Group	Content	GEM	Operations	Events -Europe	Turkey	Brazil	Amsterdam	Pharmaceutical	London	Office Design	Security	Build	Events - Asia	India	China	South East Asia	Connect	Can/Med (Media)	Can/Con (Events)	Mexico	Events - Tech	Media	Elec	ElecDN	DM	Events	News
Group								x									x				x									x	
	Content				x	x	x										x				x					C+/C-			C+/C-		
	GEM				x		x						C+			C+/C-	x													x	
	Operations																														
Events - Europe																															
	Turkey					x							X								C-										
	Brazil																														
	Amsterdam																														
	Pharmaceutical					x											C-	C+	C+												
	London																C-														
	Office Design																														
	Security					x																									
	Build				C+	x+	C-	x	C+				++/C+	C-	C+	C+	C+	x/C+	C+	C+				C+						C-	
Events - Asia						x																									
	India					x																									
	China					x																									
	South East Asia					x																									
Connect						x																									
	Can/Med (Media)					x																									
	Can/Con(Events)																														
	Mexico																														
Events - Tech						x																									
	Media & Partner Solutions																														
	Elec																														
	ElecDN																														
	DM																														
	Events					x-																									
	Fut. Cities																														
	IT Show																														
News																															

Figure 5-5: EventCo - Inter-subsidiary relationships

For example, Events-Tech and Brand: Build (coded C+/C- in the matrix of relationships) were both competing and collaborating for a new business development opportunity where both felt they had the capabilities and know-how within their units to pursue this initiative. They were collaborating on building the portfolio in the marketplace and simultaneously competing to have ownership of the new business.

Another instance of a simultaneous collaboration and competition interaction is highlighted between Events-Europe and Brand B and the development of a new venture of office design.

“We’re collaborating on building as a business and the two of us sit on the same board, so we’re both trying to obviously push forward the [unit] strategy. We’re responsible for two different P&Ls.” [D#67 and D#74]

“So we are absolutely collaborating in everything we do and yet one of the products that we have is competitive.” [D#74]

The relationship map also highlights other differences. Two of the four events businesses (Connect and Events-Tech) had significant online businesses based in the US, but Events-Asia and Events-Europe less so. When looking at the relationships

between Asia and Europe, they are mostly collaborative with little interaction with Connect and Events-Tech (both US-based businesses).

5.2.1.1 Interpersonal cooptation

While the inter-subsiary relationship is the primary unit of analysis, the findings also identified examples of cooptation at the interpersonal level, thereby demonstrating a multilevel phenomenon.

The nature of the relationship at the interpersonal level is captured by a subsidiary CEO's comprehensive account of simultaneous competition and collaboration with his then colleague, in relation to achieving individual sales targets with the same customer.

“I was working with a colleague to put together a proposal to [Company Blue] which we were collaborating on before it was kind of trendy to collaborate on it. At the same time I had a \$5 million goal to hit from this particular account, and my colleague I think had a \$3 million goal to hit, and the budget was about \$6 million, so something somewhere was going to give...but no we were definitely in both phases of collaboration and competition, So how we managed it ... There was a sort of a personal trust[and] an innate or a deep held belief that if we don't do this we're going to be talking about lower money anyway and that didn't seem to be the right thing to do.

A lot of it was about that interpersonal relationship and... the trust that we built on top of that. And then when it was clear there was going to be a winner and a loser, that we were able to articulate that it wasn't about us or what we put together, it was about the client's decision, and the client wanted more of one target than another, and that was just the way it was. And I think [my colleague's] rationalisation at the time was, hey I got a million where I probably wouldn't have got anything in the past, and you got five million and good for you, you're the right product at the right place at the right time for this client.”[B#69]

Their personal friendship and trust enabled them to explore alternatives to the competitive situation and to appreciate that if they both continued to compete, they may both miss their targets. In competing and collaborating simultaneously, however, “one has to be in a clear ascendancy. I think you can do both but not equal. I don't think you can dial it up to 10 on competition and dial it up to 10 on collaboration and everything's going to be great ... I don't think that is possible.” [B#69]

However, not all informants recognised the phenomenon of having both a competitive and collaborative relationship due to the nature of their organisation design. The organisational boundaries of each SBU and subsidiary were clearly defined which tended to limit the occurrences of internal competition resulting from the overlap of subsidiary responsibility (charter) or the external market and customers.

“I can’t think of an example where you’ve been collaborating and competing, because of our structure.” [G#62]

5.2.1.2 Different hierarchical perspective

The experience and hierarchical level of the CEO’s appeared to alter their perspective on the role of collaboration and competition in their relationships with other units.

“There is a wide level of collaboration horizontally across the business in the upper echelons of our event management structure.” [G#62]

“If you were talking to me eight years ago it would probably be very different. I was less mature, I don’t think I intentionally undercut anybody or anything, but I probably was a little bit more controlling or possessive. I think as you mature as an executive and a person, you get better with that.” [D#72]

5.2.1.3 Tensions and interventions

Tensions were generated in relationships where there was a high level of competition and apparent collaboration. For example, when a corporate subsidiary was tasked with introducing content platforms for the wider group, an SBU decided to “go it alone”, jeopardising both the cost benefits and implementation schedule originally agreed upon. When the tensions went beyond a tolerable level and were both adversely affecting the collaboration and the interpersonal relations such that they could not work together, the aggrieved unit required the issue “to be sorted out.”

“So what they did was they will tell you to your face that they’re supporting you and they believe in what you’re doing, but what they do is they go round the back ... and they start building up their own site, their event site and copying some of the things on your site ... and they want to show that yours is a failure. And there was a team who were actively out to kill off the thing we were creating. And I took this to the CEO in the end because I felt that we were being stitched up.” [G#58]

“No way is their relationship going anywhere in that situation. So either we stop working together ... or, there’s a reset and we start again. I think in those situations given the desire for a collaborative approach at EventCo which is a good thing ... most people choose to keep their job and that’s a good thing.” [G#58]

In the instance where one senior manager felt that their unit was “being stitched up” because the resultant tension from the competition for the development of the best technology platform was becoming impossible to manage, he took the issue up with the Group CEO for adjudication.

In other instances of tension that resulted from inter-subsiary competition, the units got together and explored options for joint resolution. If a joint solution for either the group-wide business or the customer was not satisfactory, the matter was raised to senior management for adjudication. The outcome of the discussions or adjudication was often to find a way to collaborate and combine their resources and knowledge on the continued development of the overlapping product. Alternatively a temporary decision was agreed upon until a longer term solution could be found.

“This is resolved by sitting down and seeing what is best for the business that would be down to the relationship that I have with her and that would allow us to have a constructive conversation.” [D#74]

Tensions also emanated from the lack of any corporate intervention when competition involved the overlap of internal responsibilities. The units looked to the HQ to mandate certain areas of responsibility and processes which would facilitate greater collaboration or mitigate the level of competition. While the cultural context of collaboration was often insufficient, mandating was antithetical to the organisation’s culture.

“Well there is a tension here about at what level do you mandate. And we are not big mandators; some of us would like a bit more mandating.” [G#58]

“Now some of that is antithetical to a notion that’s held, because EventCo was a very decentralised company, to the notion of all these individual standalone businesses. They’ve been really run as independent separate businesses, in some cases because we bought these firms as acquisitions and never really fully integrated them at a technology level or a process or a systems level.” [B#68]

Several types of tension were evident from the interactions of differing levels of competition. The News SBU perceived the tension generated by simultaneous competition and collaboration as a positive tension. As such, News opted to put in differential performance and rewards to create this kind of tension between the subsidiaries rather than the current profit share programme.

Tensions also occurred as a result of not addressing performance management issues within the collaboration. The data suggest that performance discussions were rarely held if one subsidiary was dissatisfied with the performance of another subsidiary in the relationship. For a unit to question the capability of another unit’s resource was considered challenging and to have the kind of constructive conversation necessary for improvement was deemed to be “non-collaborative”.

The tension that occurred between the SBU and subsidiaries both competing and collaborating was not always viewed negatively.

“So before I apply a little bit more of the competitive bar and start to raise that across all our geographical units or our internal business units, I want to make sure we sort of at least given them foundationally the elements of, you know, investment in order to get the common business process and a foundation and so a technology, etc.” [B#68]

5.2.2 Determining factors of competition and collaboration

Seven determining factors of competition and collaboration were identified: the external environment, trusted relationships, top management commitment, market and charter overlap, peer comparison, rewards and incentives and the manager’s mindset.

5.2.2.1 External environment

Changes in technology and customer preference indirectly impacted on the subsidiary relationships in terms of internal competition and collaboration. Prior to the advent of the online publications, the company was predominantly a print media business where content was king. Historically, the print and events businesses had not collaborated well. The business was being reoriented to be an events-led business with the company exiting from paper-based publishing to more on line support to complement the events portfolios. New skills were required within the online environment to support the physical production of events, conferences and shows.

As a result, the dynamics between the events and media relationship changed. At the same time, there was a fundamental shift in the media businesses within the organisation. They were moving away from being a broadcaster to becoming one of many voices in the community of social media. The company no longer required a big team of journalists to write content; the lower cost model now only needed a few editors to promote and monitor content contributions by the external community. The involvement of the external event community transformed what was once a one-off event to EventCo to one of a longer term, ongoing engagement with the event community. The new business model required greater collaboration between events and media content units.

“... the content operation within a business that is changing towards an event led business and for that mutual respect to build up.” [G#58]

5.2.2.2 Trusted relationships

Collaborative relationships between the SBU and subsidiaries were strengthened as a result of personal relationships and trust that had developed over the years.

“We have a collaboration in Brazil, we have three collaborations in China, we have one in Singapore, one in Turkey, two in Europe, all in the space of 18 months ... And again it’s come down to a lot of trust.”[B#69]

“We have to leverage this strong relationship we have to collaborate and sort of be honest, not only with each other, but with ourselves. I think it’s important to frankly spend time out of the office and get out of the zone that you’re in because what that tends to do is keep you in a bit of a silo.”[D#72]

The stability of the top management team (see Table 5-2) enabled long-term relationships to develop even though relationships at lower levels of the subsidiaries were frequently disrupted because of the constant acquisition and divestiture activity of the organisation in a fragmented events industry. The processes of reshaping and reforming personal and unit relationships were vital in facilitating greater collaboration across the subsidiaries within the company in the new organisational climate.

Job rotations and cross-divisional assignments were facilitated by the Group’s HQ to create greater awareness of each others’ businesses and collaborative opportunities with trusted partners. For example, the CEO Content was previously the CEO Tech. The new CEO Tech was the previous Head of News. Sharing the knowledge gained from these positions enabled further cross-business, cross-subsidiary linkages and exploitation and leveraging of existing capabilities across the Group.

“For the first time we have somebody who is both at a level within the organisation and who intuitively understands the value of News, and he’s really driving cross collaboration between the businesses.” [D#61]

Significant importance and investment was placed on encouraging networking and socialising between the events-related businesses and between the subsidiaries within each business. The events subsidiaries preceded each collaboration with a ritual known as “breaking bread” which facilitated the alignment of expectations and relationship building by understanding the other cultures involved when different from the dominant British and American cultures. Not only does the networking within and across the

subsidiaries encourage social interactions but the frequency creates awareness of the businesses activities and contacts to connect with when searching for information.

“We’re an events business, we’re a face-to-face business. So just by putting people together, so to bring a Chinese team together with a Dutch team and put them in a room together and talk about the project and talk about who’s going to do what and go out to dinner and share some wine and get to know each other as friends.” [G#62]

5.2.2.3 Top management commitment

The Group CEO sought to address the issues of ‘silos, reinvention of the business through a different type of relationship between the businesses, and deal with problems that stemmed from people and units with common challenges being unable to connect with each other. Collaboration, as a way of working, was incorporated into their corporate values, supported by collaborative practices and tools; for example, a Wiki-based intranet and Group-level positions. Both interventions were introduced specifically to facilitate the sharing of best practices among the respective events and content businesses, encourage learning and create opportunities for collaboration.

Collaboration was vigorously driven by HQ and SBU-CEOs within their subsidiaries.

“Collaboration is very much supported and advocated by top management in London, and also by the CEOs. Collaboration is part of our culture, and you should have a good reason not to collaborate if there was an opportunity.” [B#63]

“I often refer to culture as the lynchpin to the success of companies. It’s often described by words such as collaboration, trust, transparency and belief. Across EventCo there has been huge progress in developing a culture which holds these values.” [Divisional Strategic Announcement, April 2013]

Their corporate values statements included the specific value of working collaboratively.

“At [EventCo] we connect and work collaboratively to deliver exceptional results for our customers. Our teams and partnerships, locally and globally, allow us to explore different perspectives, to learn from each other and achieve great things together.

What this means is:

- We build and maintain strong working relationships
- We foster partnerships and networks
- We share and learn from each other
- We show trust, honesty and openness”

[Values Statement on Collaboration: Internal company document, accessed May, 2014]

Furthermore, EventCo specifically ask their employee population three questions relating to their perception of collaboration within their 2013 Global Employee Survey (see Table 5-3). In response to Item 33: “there is good collaboration across businesses and business units”, the information supports a level of interaction with Events Asia. The percentage is lower across the whole population within Europe and the Americas. The survey data also identifies that Executives respond more favourably to this question (67%), Senior Management (57%) and Middle and First Line Management (50%).

Table 5-3: EventCo - Employee survey (2013) - collaboration

33. There is good collaboration across businesses and business units.

	Business Units & Demographic Units	Number of Responses	Favourable = Strongly Agree + Agree	Neutral	Unfavourable = Disagree + Strongly Disagree	% Favourable	Prior Year	Ext. Norm	ME*
	All	4,690	8 42	32	14	50%	~~	59%	68%
	All-Americas	2,090	9 40	31	15	49%	~~	59%	68%
	All-Asia Pacific	1,392	9 51	29	9	61%	~~	59%	68%
	All-Europe	1,159	5 32	37	20	37%	~~	59%	68%

ME* = Most Engaged teams

The SBU CEOs expressed their disappointment that while the organisational emphasis on culture was positive and necessary, it was insufficient on its own to drive collaboration throughout the organisation. The organisation’s legacy of a competitive past was a barrier to collaboration as a result of too many political battles and behaviours such as position taking, lack of honesty, and protecting of own turf.

Reliance on creating a culture of collaboration without additional, supporting infrastructure was perceived to be a barrier to inter-subsiary collaboration.

Conversely, top management’s enthusiasm to foster greater collaboration led to ‘forced’ collaborative interactions, ultimately resulting in under-explored opportunities, unsuccessful collaborations and tarnished relationships.

“Sometimes we’ve tried to kind of force collaboration opportunities only to have to admit a little bit further down the road that maybe we’re kind of shoving a round peg into a square hole.” [G#62]

5.2.2.4 Manager's mindset

At an individual level, top management acknowledged that competition was part of their nature and that they drove themselves and their subsidiaries to achieve personal excellence. They had a natural propensity to compete, which influenced the relationships that they had with other subsidiaries.

“I am competitive and I do like to win and be successful, but I do get a positive jolt when I help others as well, and I consider my organisation to be all one organisation, whether you're talking about EventCo or [other SBUs] or my own group. So I'm naturally somebody who enjoys working with others, but you know I would never take that as the priority over hitting numbers, driving business, being successful, ensuring people are paid well, keeping their jobs, etc.” [D#66]

Other leaders did not perceive any benefits from competing.

“I see it [internal competition] more as a disturbance and not good for our clients” [B#63]. “I really try to stay away from internal competition because I feel like it's just not value additive to the whole.” [B#70]

On the other hand, some CEOs described their individual propensity to collaborate as “it's just part of who I am”, without ego, and led by example.

“That whole issue on ego and absence of the ego is absolutely critical to be able to collaborate.” [B#70] “Ego's always an issue; the people being secure with themselves, so they don't feel they have to protect things and not share things; people not necessarily needing to have the entire spotlight.” [D#72]

Interestingly, one group executive commented on the generally positive perception of collaboration. Extending this observation he noted that:

“Non-collaboration has a negative [connotation] attached that it doesn't have for two independent parties.” [G#59]

5.2.2.5 Market (and charter) overlap

Market and charter overlap invoked a level of competition between the corporate subsidiaries (SBUs). A new business opportunity which explored the future of cities and brought together property owners, city authorities and technology companies, was served by two subsidiaries within different SBUs. Both legitimately claimed that they possessed the expertise and client base to provide the new market offering; a combination of building aspects or technology. Both subsidiaries knowingly overlapped during the development phase to create the maximum customer interest for the new

event and were left “to fight it out” [G#58]. With a focus on what was best for the customer, the two brand teams sat down and discussed with the client what their most important market was. On that basis, the two groups collaborated and eventually decided on where the business would reside by considering it from the customer’s perspective. They both advised the client to exhibit in a specific market.

“We’re collaborating on Europe-Build as a business and the two of us sit on the same board, so we’re both trying to obviously push forward the SBU strategy. We’re responsible for two different P&Ls. And so she has one P&L, I have another and we have a show, in this case in energy, and we feel that it’s actually part of what we do and she feels its part of what she does. And we’ve launched a product, she’s got an existing product, she’s saying you’ve launched that, you’ve kind of cannibalised this.” [D#74]

Internal competition resulting from the development of similar products more often occurred inadvertently. Considering the number of events, products and services developed by the company, this type of competition was rare due to the clarity of responsibility, e.g. brand ownership of the verticals within expanded geographies which reduced the potential for inter-subsidiary competition. Usually the driver of this type of competition was due to ignorance [D#74]; either a lack of awareness of existing products, which resulted from infrequent interaction, or the lack of foresight that a new product would have on a related and existing customer base. Senior management acknowledged that sometimes, however, this form of competition was more difficult to prevent with joint venture partners.

When the subsidiaries realised that competition existed for the same customer, the situation most often led to the subsidiaries collaborating on the joint development of the market (or product) for the sake of the customer.

“We develop our products well, so that there is not too much overlap in products. So there’s no position in terms of saying the office in Hong Kong is running a business in say, South Africa and has got a P&L there, and also the business in the UK is going to start a business in South Africa and is going to start a P&L there. There is no competition because that just wouldn’t happen.” [B#63]

Subsidiaries were tasked with growing their own businesses by seeking opportunities for expansion in other established countries as discussed previously in relation to Events-Tech and India. This would occur by the brand initiating a request to another country to host the show, or alternatively in the case of India, the country would reach

out to the brand (Events-Tech) to become their host. Several factors would influence the decision to collaborate with a specific country.

“Amsterdam has the brand for [X] and Turkey is very interested in growing its event business. However, government regulations are promoting [X] business in Vietnam and therefore the SBU responsible for brand [X] will make the decision as it is very clear and a known rule that the brands make the decisions. They will likely collaborate with Thailand initially to investigate the proposal and leverage the existing infrastructure and local knowledge to explore opportunities in Vietnam thereby. Thereby, Amsterdam makes the strategic decision to pursue Vietnam ahead of Turkey.” [B#73]

Interestingly in this scenario the Turkish subsidiary is competing with Vietnam for the opportunity to grow their business with Brand X by collaborating with Amsterdam.

Furthermore, by establishing an ‘internal’ joint venture in which brand X was exported through the InfraCo structure, and “double accounting”, any financial competition was removed. To explain the InfraCo structure, I take the example of the newly established base in Turkey. EventCo bought its first business in Turkey to use as an InfraCo, a hub from which EventCo can bring other brands to Turkey and share the local knowledge of the acquired business on the variations of how to run exhibitions in Turkey, of which EventCo did not have experience.

“When that first started happening, collaboration was falling foul because there were arguments about, ‘it’s my brand, you do it this way’, with Shanghai saying, ‘but this is China, you can’t do it that way.’” [G#62]

The Events and News businesses were sufficiently different that there was no overlap within the marketplace. In those cases, the SBUs and subsidiaries were not in competition.

“I really don’t think of us as in competition with our sister companies. Our sister companies are so different from us.” [G#75]

“News position within the business, as a non-exhibition industry element, doesn’t really compete with anything.” [D#66]

5.2.2.6 Peer comparison

Open comparison of subsidiary performance encouraged a level of competition between the units.

“[SBU CEO] certainly wouldn’t say that but... we want to be the most successful, the most profitable part of EventCo. We also want to be part of a very healthy, successful

EventCo, but at the same time there is a natural internal competitive [part] and I don't think that is unhealthy." [D#74]

However, there were no "dunce caps" [G#58] for the comparisons made against the agreed standard of performance as measured by the subsidiaries' KPIs. The comparison was motivated by corporate and SBU management to enable help to be offered to those subsidiaries who were struggling. The lack of performance in this context was confronted with frank, honest and open conversations. It depended on the tone in which the support was being offered, for example, "What can we do to help them be successful?" as to whether the intention of help was appreciated by the subsidiaries.

Conversely, in the context of collaboration, leadership accountability for performance conversations was less clear. As discussed in Section 5.2.1, conversations of underperformance or issues relating to the capability and quality of resources assigned to the collaboration were perceived to be contrary to the spirit of collaboration, more akin to saying: 'don't look a gift horse in the mouth'.

"Often there is a lack of honesty about people's capabilities. But, because we are collaborating, no one's allowed to say anything and I think therefore you need on one hand the respect for people to learn, but we need to be able to say that in this team Frank is a weak link ... and that to be honest Frank needs to go and do something else. Because actually accepting that Frank's not a problem means that other people feel, well if he's allowed to get away with being hopeless, why am I committing to this? And all of those tensions that you would get in a physical team happen in a virtual team." [G#58]

Competition, in the form of comparison with another subsidiary, was generated as a result of the sense of identity created by the SBUs. The SBU leaders each built up the sense of pride for one's SBU and as such the employees' identities were tied up with the unit.

"I think even though I said we're a very flat structure and a very matrixed structure, there is no doubt that having the divisions - which we all agree is a terrible word because it implies divisiveness as opposed to collaboration - you can't help yourself, if you're associated with [SBU] then I think that occasionally drives some competition. It's quite a challenge to build up culture and motivation within a division without trying to drive that division in competition with the other division, because obviously competition is one of the tools you can use to drive pride and enthusiasm, and yet not using that as one of your tools can be a bit of a challenge." [B#73]

5.2.2.7 Rewards and incentives

Performance incentives for the SBU CEOs comprise elements of individual, business and Group-wide performance. Incentives are based on KPIs, with targets varying for each business. Key metrics for each subsidiary (as a profit centre) relate to revenue, margin and profit.

At the next subsidiary level in the structure, the overall SBU performance forms a part of the subsidiary incentive plans.

“We do have [parent] company goals built in financially to our incentives. So a portion of my profit incentive plan is tied to the overall success of the SBU. So there really is a financial component and there is then very much an incentive for [CEO] and I to make the right decisions for the organisation.” [D#65]

As increasing revenue is a key metric in the incentive plans, every effort is made to achieve the targets set. The accounting policy of double counting revenues earned from inter-subsidiary and inter-SBU collaborations was perceived by senior management and their business leaders as positively contributing to greater collaboration. Full revenue and profits are calculated for each business involved in the collaboration. If this were not the case, it is unlikely that the number of collaborations would be as many, or happen as quickly.

“I think [corporate] has done a very smart thing in allowing double counting of revenues towards incentive plans. Before that ...it was so hard to come to agreement on whether we should do it or not because there would be a bunch of staff time on one side and maybe a lot of risk on another, and you weren't sharing the common financial goals. And, so it was ... it would be purely altruistic or just absolutely top-down, “You will do this, or else!” It has definitely been a way to ensure that we get good behaviour and everybody feels like they're on the same team and really there are no barriers, it removes barriers. There's no reason not to do it if you both think there's an idea worth doing.” [D#64]

To illustrate the practice: if Events-Tech has an IT event that another subsidiary wishes to develop for their country, for example in Mumbai, India, the Events-Tech team will work with the team on the ground in Mumbai by coming up with an agreed definition of the product, the size of the event, the proposed marketing of the event, the revenue goals and the level of financial contribution requested, if any. They develop a service level agreement (SLA) to capture the terms which reflect that Mumbai, India is using Events-Tech's brand and that their regional team is executing it. The two subsidiaries count the

revenue for it. There is no negotiation of how much expense is taken up by either subsidiary. There is no arguing about whether it is a 60/40 split of revenue earned. Both collaborating subsidiaries acknowledge that the double accounting policy “actually removes all the financial barriers to collaboration.” [D#65]

Recently acquired events businesses were an interesting case. Their willingness to collaborate was influenced by a negotiated “earn out” clause; a contractual provision stating that the seller of a business would obtain additional future compensation based on the business achieving certain future financial targets. As the seller typically owned and operated specific events, they were indirectly incentivised to collaborate with different subsidiaries via their “earn-out” clause.

“On the plus side if we bring in their business, and we actually leverage it and open up sister shows overseas, and those are envisaged by the earn-out arrangement, we can effectively be handing them extra money. So ... they are keen [on the collaboration] basically the earn-outs make people very short-sighted.” [G#59]

Conversely, the seller of the business was also concerned that the buying company would load it with costs, resulting in driving profits down and the seller unable to maximise the “earn out” takings. The acquired businesses wanted to continue without too much interference from the new parent. The more they were required to participate in the parent’s cooperative and collaborative activities with uncertain returns, which in turn potentially limited their opportunity to sustain or increase their previous level of revenue generation, the less willing the newly acquired businesses were to collaborate.

5.2.3 Internal structures and interventions

5.2.3.1 Wiki-based intranet

The intranet was used extensively to share information and knowledge across all geographies and businesses. It shortened the length of time taken for information searches by posing questions to specific or general community members. Communities of practice (CoPs) were established and dissolved via the Wiki-based communication and search tool. Contests encouraged individuals and units to contribute and share information and best practices, and respond to requests for information. Status rewards drove the continued use of e-business collaboration tools.

“The hub’s been a great tool for collaboration for demonstrating collaboration and for highlighting instances of collaboration. It’s also been something that’s pulled the regional barriers down.” [D#65]

Few standardised systems existed within EventCo and where they did, they were primarily to foster greater collaboration across the Group. A group-wide ERP platform was being installed, and within the SBUs, sales and customer databases were installed to encourage greater collaboration through search opportunities and cross selling or client referrals.

“We implemented Sales-force chatter for the entire organisation [SBU – parent company to leverage in order to learn, in order to report best practices, key wins, celebrate success, share [external] competitive information. If somebody on the Media side or on the Events side sees that one of their peers is working with a company that they’re not working with, and can identify that there’s an opportunity there, they can collaborate and work on it together.” [D#72]

The intranet and e-business knowledge databases were implemented and used for collaboration. No mention was made during the study of their use for competitive purposes.

5.2.3.2 Management accounting practice

The company’s relatively recent adoption of the accounting policy of “double/shadow or mirror” accounting between the SBUs permitted the recognition of revenue and profits in both SBU and subsidiary P&L accounts when they were collaborating. This policy was attributed with the removal of many financial barriers to collaborating. It removed the flaws of the previous profit sharing approach which led to significant disagreements about staff time utilised or recognition of risk. The benefits were identified as “Less time was wasted trying to disentangle who did what ... you can just get on with it” [D#74]: “I mean it’s kind of false, but ... collaboratively, it changed things overnight.” [G#62]: “We consistently find that, unless we apply that rule, [collaboration] doesn’t work.” [B#16]

The mechanism by which the collaboration is captured is through the ‘infrastructure company’ described in Section 5.2.2.4.

5.2.3.3 Formation of Executive Committee

The formation of a broader Executive Committee (Exec Co) 18 months ago not only increased the interaction and communication among the leaders of the five SBUs but also began to dispel some of the distrust and silo behaviour that hung over from the company's prior history.

“That opens up a world of collaboration that never previously existed or really would have been too difficult to try and establish.” [G#76]

“We're some way down our collaborative journey and we all have very strong personal relationships around that table anyway, that actually coming together seemed extremely natural.” [G#62]

5.2.3.4 Global events initiative

Corporate HQ invested in the creation of two centralised units at HQ level to foster the identification and sharing of best practices across the sector and regional events and content businesses. The roles expanded to include coverage of all the events businesses so that there was some commonality and standardisation about how they were run and best practices shared across the divisions.

The initiative was not without its detractors as some CEO's of the subsidiaries perceived the corporate units to be competitively expanding their remits such that there was an overlap of responsibilities.

“Thinking, why are you doing that, we're doing that? They think well I'll have a bit of your business as well, and that and that and that, so that I justify my existence here. It's extreme internal competition.” [D#67]

5.2.3.5 Adjudication process

Top management of EventCo acknowledged that one of their roles was to adjudicate when requested to intervene in tensions resulting from internal competition between the SBUs. Their role was also to gauge when competitive tensions were escalating and becoming intolerable. Top management also intervened to move the issue forward to enable collaboration.

“My role there is to go straight to [name], who's my counterpart who runs that business. We're going after the same exhibitor pot ... we're cannibalising, we need to stop it now” [G#58]. “I can play my part in ameliorating and forging stronger relationships between people in support of the CEOs who feel challenged.” [G#62]

“And so therefore the people higher up will step in and say, come on guys this is not going to do the company any good if you continue bickering over a certain element here. We want to make it work so let’s make it work together.” [D#66]

5.2.3.6 Decentralisation

Culturally, there was little enthusiasm for high level centralisation or standardisation. The Group CEO encouraged a devolved authority approach and not a centrist authoritarian style from the Head Office. He preferred not to control and mandate practices from the centre. However, too much autonomy was perceived to be a barrier to collaboration and created some competition.

“You don’t want sort of top-down control, but I think a bit of mandating and a bit more rigour would give us more chance of being successful in an environment where we’re trying to foster collaboration. Whether it’s [competition] happening by accident or, people go off because there’s so much decentralisation here, do their own thing, we do need a bit of control over what we’re effectively spending the shareholders’ money on.” [G#58]

On the other hand, centralisation, in the form of being told to do something, did not achieve collaboration either.

“Are we doing it because [EventCo] have told us to? Well that’s no good, don’t want to do it then, let’s do something else.” [G#59]

Although decentralised, the clarity of each subsidiary’s charter and role within the organisation reduced, although did not eliminate, competition. There was also little or no overlap with the other units e.g. brand ownership of the verticals within expanded geographies, with the exception of the cases previously mentioned regarding new business development.

“We develop our products well, so that there is not too much overlap in products. There is no competition because that just wouldn’t happen.” [B#63]

5.2.3.7 Standardisation

Standardisation also remained antithetical to the prior ethos of independent standalone businesses. Within the SBUs at the subsidiary level, greater centralisation of efficient back office operations occurred through the standardisation of processes and practices. As more back office functions were integrated, greater interdependence occurred which required the subsidiaries to leverage existing resources and infrastructure in each of

their geographies. This action supported both the growth of vertically branded events and the subsidiary in a specific geographic location.

A SBU CEO stated:

“I am not keen to have a lot of regional direction set for technology because I’d like to be able to consume, purchase, procure, and apply technology on a global level. I want there to be a global set of standards and objectives and processes that are then implemented and in respect to local laws, practices, customs, accounting standards if they are different.” [B#68]

5.2.3.8 Socialisation

Numerous interventions were initiated by HQ and the subsidiaries to foster relationships with the belief that positive relationships stimulated collaboration when the right opportunity presented itself. However, to know when opportunities exist, the businesses needed to be aware of what their sister subsidiaries actual functions were. Through networking and the Wiki intranet, greater awareness of other areas and their products and areas of responsibility overcame instances of competition that occurred through ignorance of activities and lack of interrelatedness of the businesses.

Geographic and cultural diversity were initial barriers to collaboration. To offset the challenges of communication and misunderstanding, EventCo supported face-to-face meetings, for example, sending people to various subsidiaries to participate in exchange programmes. The global leadership development programmes and senior leadership team meetings were seen as valuable networking and knowledge sharing opportunities and often the forum for the formation of long-term relationships.

“I think doing the [development] programmes was a huge catalyst. Because all of a sudden you have people throughout the organisation that are meeting for the first time and are learning about the business that other people are coming from, getting to know each other, and what the roles look like. And then starting to work on projects together, which is unique because you have people literally from across the globe, and across all of our organisations, working together on a common goal. And you get to know each other that way and suddenly that really starts to trigger how we can leverage each other.” [D#75]

While great efforts were made to socialise at senior levels across the organisation, at the interpersonal level, managers strongly identified with their professional and organisational identities. For example, news and events professionals not only had

different interests but also different cycles of work, which dampened collaborations between these subsidiaries. An extreme example is reflected in the following statement:

“I don’t know what you’re doing in this company, EventCo should sell you.” They see it as, “I have enough on my plate trying to sell our own stuff. Why do I need to be bothered with selling press releases to our exhibitors?” [D#75]

5.2.4 Mechanisms and interventions

A summary of the mechanisms and interventions that were identified in Section 5.2 to foster inter-subsidiary collaboration and competition are captured in **Table 5-4**.

Table 5-4: EventCo - Mechanisms and interventions

Conditions when:	not enough (increase)	too much (manage)
	Mechanisms - <i>interventions</i>	Mechanisms - <i>interventions</i>
Collaboration	Formalisation/standardisation - <i>'double accounting' policy</i> - <i>internal joint venture</i> - <i>internationalisation strategy</i> - <i>established Exec Co</i> - <i>charter clarity and alignment</i> - <i>service level agreements</i> - <i>'forced' collaborations</i> Lateral Relations - <i>event's best practice initiative</i> - <i>content best practices</i> Communication - <i>E-business technology e.g. 'wiki' net</i> - <i>building relationships through training, business meetings, social events, network gatherings</i> Socialisation - <i>collaborative culture & values</i> - <i>inter-unit transfers, job rotation</i> - <i>one company identity</i> Trust	Control - <i>prioritisation</i>
Competition	Decentralisation - <i>business/professional identity</i> - <i>product cannibalisation</i> Formalisation/standardisation - <i>evaluation of unit performance</i> - <i>no central mandating of practices</i> Control - <i>reluctance to mandate decisions</i> - <i>SBU profit centricity</i> - <i>peer performance comparisons</i> Socialisation - <i>foster subsidiary identity</i>	Formalisation/standardisation - <i>adjudication & dialogue</i> - <i>clarify roles, charters and markets</i> - <i>collective rewards – profit share</i> - <i>'ONE' EventCo</i> Communication - <i>swift action to pull subsidiaries together</i>

5.2.5 Content of inter-subsidiary interactions of competition and collaboration

The content of the subsidiary relationships of competition and collaboration is centred on the sharing of best practices, geographical expansion of vertical brands, new product development, the expansion or overlap of internal ownership and accountability of emerging business opportunities.

“The biggest living examples of collaboration at EventCo are the internal joint ventures which are driving our growth. We have a couple of examples in China, or in Asia of standalone events that are big and sizeable that Asia are running on their own but we have more examples of Asian shows growing which are in collaboration with one of our other businesses.” [G#62]

However, as the coverage of primary and then secondary geographic locations increases, competition for customers is envisaged to emerge between the subsidiaries.

“Certainly when you “geo-adapt” a lot then it does happen that customers have to make a choice. Do they accept that we do it here in Singapore or in Saigon or in Hong Kong, or in India? You could say there is competition there.” [B#63]

Additionally, cross-business collaborations in the form of client referral activities and cross selling were accompanied by a level of competition. Both parties offered the same resource or competency to the same client but for different client purposes and cross-selling opportunities were mostly thwarted because of the focus on meeting their own financial targets.

“We get invited to a seat at the [client] table and begin to show EventCo as not as content or trade-shows or news independently but to begin to show EventCo as an integrated marketing services company with specialities in a number of areas.” [D#61]

“And the worst thing is where, and this happened in this case, where people are literally going to the same customers and competing against one another undercutting one another.” [G#58]

Competition between the subsidiaries existed when the development of new business areas overlapped or cannibalised existing products or services or when different subsidiaries perceived the prospective business opportunity to be an extension of, and therefore incorporated into, their current capabilities and charter (i.e. internal area of responsibility). The resultant charter and market overlap was temporarily tolerated through an understanding among the subsidiaries until the overlap was “sorted out”.

In other instances HQ tolerated the competition between the subsidiaries as in the case of the obsolescence of printed magazines and the adoption of online media services.

“We [HQ] want some competition. I mean I think that’s different. If you set this up and say right actually you know what, we’re going to allow the children to eat the parents. ...And there are circumstances where that’s okay where you think a product might die out and you want to incubate a new one.” [G#58]

However, the lack of awareness at lower management levels within the subsidiary can also create temporary states of inter-subsidiary competition.

“I have an interiors portfolio of shows and in one of those shows we’ve launched a new zone several months ago about office interiors. In London they run a series of shows also called by the same name, but they are for facilities managers, so it’s a completely different market and they launched an office zone and that event manager was like we’ll target all of the interior customers because ...well, it’s a direct strike. My Group Director of that portfolio got sent a piece of marketing, and he was like what, hold on, we are head to head competing here.” [D#67]

The outcome of the decision was resolved internally and based on the stronger brand before any impact was felt by the external customers.

There was some competition between the subsidiaries for financial resources, parent attention and contribution, but there was no tension felt in these instances. This was natural and anticipated.

“It does become a little bit competitive because we all compete for resources and attention and contribution. The more contribution you make, the more highly regarded you are, the more closely you’re watched, I guess there’s some of that, but I don’t know that we’re competitive within the same markets.” [D#61]

“We’re always competing because there’s only a limited amount of opex and capex. So, everyone is always competing for the money.” [D#71]

The organisational design of global vertical brands, and subsequent clarity of charter boundaries, limits the competition between the subsidiaries.

“There’s no real competition between the three geographies [of Asia, European/US and US businesses] to be quite frank and only one which then strives to promote collaboration.” [D#66]

As a sales organisation, sales were an area where competition was both fostered and expected.

“There were some areas of competition, I’d say they were largely in the sales arena of course where competition is fostered because sales people are largely coin-operated, and they’re incentivized on commission. I’d say there is intra-company competition happening there because whereas the, say media sales people would be selling a product for \$5,000 let’s say, the events people would sometimes sell them for \$2,000, in some cases talking to the same client. So we were in some cases causing internal channel conflict.” [B#69]

Table 5-5: EventCo - Content of competition and collaboration

Content of Collaboration	Content of Competition
New product/service development	Market expansion - competing for market expansion in potential new business area
R&D in media products - Event (T)/Content /News	Parent resources and attention
Cross selling - marketing campaign at tradeshow	

Understanding collaboration

The findings from subsidiary management showed that they distinguished between collaboration and cooperation, which are often used synonymously.

“I think cooperation is, someone will come and ask you something and you say yes, I’ll do that...I’ll cooperate with that. Collaboration is if the two of us sat down and had a proper conversation - what you think we might achieve... There always has to be a desired outcome. There always has to be some kind of measurable success criteria ... and milestones ...and what I see sometimes is, collaboration being confused with cooperation.” [D#67]

There was also evidence suggesting that the subsidiary management viewed collaboration and competition as orthogonal constructs and not on a continuum.

“There was tension between Asia and Miami because they were being run by different business units. They couldn’t get their act together to collaborate properly but where, I think that there’s change afoot now with this other potential acquisition, it will get sorted. ...I don’t think they were competing; it’s just that they weren’t collaborating, because they’re all in kind of shipping, but they’re still different. And I don’t think that by not collaborating as well as they might’ve done, anyone lost a dollar or fought over a dollar. It’s just that there could’ve been a few more dollars if they had collaborated maybe.” [G#62]

If there was non-collaboration between two distinct external businesses, interestingly one executive questioned whether it mattered if they collaborated or not, saying “when

you are sister companies in an organisation, there's an underlying assumption that you should work together.” [G#59]

5.3 EVENTCO SUMMARY

Focus on competition and collaboration

The content of the subsidiary relationships of competition and collaboration centred on the sharing of best practices, geographical expansion of vertical brands, new product development and the expansion or overlap of internal ownership and accountability of emerging business opportunities, in addition to competition for parent resources and attention.

Outcomes

Positive outcomes from collaborating with other subsidiaries were learning and appreciation of other units' capabilities, understanding of geographic challenges, better collaborations, growth and international expansions and developing a sense of 'it's our sense of identity', whereas competition raised performance and developed entrepreneurial ownership and behaviour.

Nature of the relationships

Multiple simultaneous relationships of competition and collaboration were less evident in EventCo as a result of the organisational design which separated the SBUs and global vertical brands. The SBUs developed collaborative relationships to pursue growth and global expansion of their brands within other countries with established infrastructures. The relationships with other subsidiaries changed over time as a result of external, e.g. government regulations or obsolescence of print media, and internal events e.g. change in strategic priorities, such as focus on events with media support. Tensions were generated as a result of competitive interactions between the subsidiaries and interventions by both HQ and the subsidiaries were introduced to rebalance the level of competition.

As evidenced in Figure 5-5, groupings within PhotoCo showed natural collaborations for geographic expansion occurring among the Events SBUs as they were similar in nature and could easily combine their resources to support each other. Traditionally,

there was little collaboration between the media and events professionals. With the changing emphasis of the group on the events portfolio, the dynamics between media and events were being “forced” to collaborate with their colleagues both within and across the subsidiaries. The US-based businesses also demonstrated less collaboration with their Asian and European colleagues. News had very little interaction with the rest of the Group as it was a different business with less in common and lack of understanding of the contribution they make to the Group.

Determining factors of cooptation

Eight determining factors were identified, although not unique to either collaboration or competition; external environment, rewards and incentives, management commitment, trusted relationships, external market and internal charter overlap, peer comparison and individual mindset.

Significant structural elements and interventions were highlighted; accounting policy, wiki-based intranet, and formation of ExecCo, global Events and Content units, adjudication process, decentralisation, standardisation, and socialisation mechanisms.

Table 5-6: EventCo - Salient determining factors of cooperation

Salient factors		EventCo: inter-subsidiary cooperation		C+	C-
External factors					
Economy	Efficiencies	↑			
Market uncertainty	Print/online				↑
Organisational factors					
Strategic Interdependence	Split of geography and sector	↑			
- <i>organisation design (MNC)</i> - <i>clarity of boundaries</i>	Geographic expansion Global vertical brands				↓
Top management commitment	Top management commitment to collaboration Collaborative culture/shared values	↑			
Trusted relationships	Long term, professional identity Geographic	↑			↑
Market overlap	Business development				↑
Skills overlap	Share knowledge	↑			
Performance comparison	Peer comparison of performance				↑
	Best practices	↑			
Rewards & incentives	Group/SBU/individual - profit centre level	↑			↑
Subsidiary characteristics					
Individual manager characteristics					
Manager's mindset	<i>One</i> company	↑			
	Healthy competition				↑

Note: C+ = collaboration; C- = competition

Mechanisms and interventions

A significant amount of effort was put into ensuring successful collaborations and organisational integration through normative mechanisms, i.e. cultural values and socialising activities, both formally, e.g. global leadership development programme, and informally, e.g. use of wiki-net. Connections and networking is EventCo's business and collaboration is how they put together events, which differs from the way the news and media sides of the business operate.

While a *single* 'one' company organisational identity for EventCo can create a strong sense of identity to encourage greater collaboration, it can also give rise to conflicts with the entrepreneurial orientation of the company's acquisitive heritage. Tensions existed between different professions which also presented a challenge for collaborative opportunities.

There was little evidence of perceived, or experience of, internal competition arising from the need to be responsive to local demands. The subsidiaries were able to

collaborate and leverage local resources to establish or expand their businesses within the vertical brand.

The double accounting policy mitigated any competitive financial barriers from cross-SBU collaborations. Each SBU received financial recognition of their contribution of revenue and profit to the collaboration. Recent acquisitions still in their earn-out period post acquisition were encouraged to collaborate and expand as a result of the ease and recognition of financial performance.

6 CASE ORGANISATION 3 – PhotoCo

The objective of this final case is also to explore and describe the interunit relationships of competition and collaboration at PhotoCo. A brief overview of PhotoCo is provided, followed by the findings of the within-case analysis.

6.1 THE ORGANISATION

PhotoCo, headquartered in London, England, designs, manufactures and markets broadcast video and photographic camera support equipment. It serves the broadcast, photographic and military, aerospace and government (MAG) markets. Geographically, the group's operations are classified into four segments: the Americas, the rest of Europe, the rest of world, and the UK. For the end of the fiscal year 2013, 45% of the Group's revenues by destination came from North America, with the remainder split between Europe (31%), Asia Pacific (18%) and the rest of world (6%). The company currently has a direct presence in 12 countries: Brazil, China, Costa Rica, France, Germany, Israel, Italy, Japan, Netherlands, Singapore, the UK, and the US. Geographic diversity enables the group to mitigate various risks associated with the over dependence on a specific market. It bestows PhotoCo with a wide customer base, strong brand presence and growth opportunities across different markets. The company employs approximately 1,800 people.

Acquisitions are a key part of PhotoCo's growth strategy. Over the last four years, PhotoCo has invested over £40 million in earnings enhancing acquisitions. The acquisitions supplement the company's core growth and assure the ongoing expansion of its business, including new technologies, additional products and geographic reach. PhotoCo also seeks to capitalise on its existing market position by penetrating newer distribution channels such as consumer electronic stores and online platforms for its product offerings.

The current group structure is organised into three SBUs (see Table 6-1). The fourth SBU retains its P&L for internal management reporting and reports directly into the broadcast division for organisational reasons.

The broadcast SBU is a manufacturer and supplier of specialised, high quality equipment for professionals engaged in globally producing video content for the media industry, i.e. broadcast, film and live events. Its products are distributed in nearly 100 countries, either through dealerships or directly to the end user or corporate sector. The company has manufacturing facilities in four countries.

The photographic SBU provides premium photographic and videographic equipment to both professional and non-professional users. The equipment primarily consists of camera support, tripods, equipment bags, lighting support, light emitting diode (LED) lights and lighting accessories. This side of the business has been driven by the rise of the digital single reflex lens (SLR) camera, where acquiring and sharing pictures and video clips is the new way of communicating and socialising. This has boosted the emergence of 'pro-sumers', i.e. consumers seeking professional quality equipment.

The services SBU, which reports directly into the photographic SBU, provides services such as broadcast equipment rental and technical support to television production teams and film crews globally. This sector enables the company to closely monitor changes in technology and showcase their products. The division has a strategy to focus on events where higher levels of service are most needed.

The MAG market is serviced by a separate SBU which provides high-definition microwave technologies and antennas for mission critical application. They continue to have significant contracts with law enforcement and defence sectors.

At the SBU level, value is created by receiving feedback from end users, designing and developing innovative products and service offerings for their brands, sourcing and lean manufacturing, working with global logistics providers and setting up a global distribution and sales network to serve their customers and end users.

Acquired businesses had typically not been integrated into the company immediately after acquisition, but were left to operate as independent, semi-autonomous entities, previously with little or no collaboration within or across sectors required or expected.

Because of a lack of centralisation and a strong decentralised approach, there are few common systems and platforms established at this stage of their organisation development to effectively coordinate activities across the three divisions. At the Group

level, the Group creates value through setting medium-term strategies, budgeting and monitoring, governance framework and policies and people talent management. The Group’s finance division provides a centralised function for the divisions.

However, since the appointment of the current Group CEO, greater collaboration is actively promoted between and within the divisions to exploit the anticipated synergies of the previously independent businesses.

Table 6-1: PhotoCo - Corporate subsidiaries (SBUs)

PhotoCo SBUs	Broadcast	Photographic	Services	MAG
Sector/Geography	Sector	Sector	Sector	Sector
Market	‘Provideo’ (B2B)	‘Prosumers’ (B2C)	Event services (B2C)	Military, aviation and government
Employees (~1,900)	~800	~800	~200	~100
Financial contribution to group revenue (%), 2013	45%	44%	1%	Incorporated in broadcast figures

6.1.1 External context

Developments in technologies, to shoot photos and video and for viewing processing, management, storage and sharing, continually expand the scope of the photo and imaging world. Technical progress brings novel products and services with changing consumer habits and, consequently, changing markets for the photo and imaging industry. Over 4.4 billion capturing devices, including camera mobile phones, smart phones and camcorders, are being used globally. Connectivity between all types of imaging and the swift and easy exchange of images worldwide are characteristic of the current trend in photo and imaging technology.

An increasing number of people are using smartphone devices to take photos and are not upgrading to previously used camera products. A significant challenge is to respond to the growth of the smartphone as a photographic device when a core part of the business of PhotoCo is ‘supports’, e.g. tripods, pedestals and bags, for traditional photographic equipment. The size of the device was effectively reflected in the price and as size decreased, the supporting devices became smaller. The ratio of the price of a camera to that of support remained proportionate. Logically, support products may also be provided at a lower price than before, impacting on the company’s margins.

As a result of changes in the industry and consumer choices, traditional products offered by the two main divisions, broadcast and photographic, are converging. The consequence of this convergence is that the positioning of the products is being adjusted and the impact has led to a 'collision in the middle'.

Further changes in the photographic industry are impacting on PhotoCo. Traditionally, it has been dependent on mechanically engineered products but increasingly newer products are being developed with greater electronic and software components. However, the electronic components market is intensely competitive. It is characterised by short product lifecycles, continual performance enhancements, rapid adoption of technological and product advancements by competitors in the retail market and price sensitivity in the original equipment manufacturer (OEM) market. Many of the competitors operating across the categories and markets have greater marketing resources and brand recognition. In addition, continuous convergence of the markets for computing devices and consumer electronics has further increased competition. Furthermore, rising demand and cheap availability of counterfeit products in the electronic components market have the potential to adversely affect the company's customer base and overall business of the Group.

Economic conditions remained challenging in 2013. While seeking greater efficiencies and implementing greater cost control management, the company streamlined the business and restructured two of its three divisions into more integrated, functionally matrixed businesses. The restructuring consolidated activities in several countries (the UK, Israel and the US) and transferred a portion of their manufacturing capacity from the UK to an existing manufacturing plant in Central America.

6.1.2 Organisation redesign

The organisation redesign of the divisions from independent, autonomous businesses and subsidiaries (see Figure 6-1 and Figure 6-2) to a global functional matrix was implemented to facilitate greater synergies between the disparate business entities within the divisions through greater collaboration. The implementation of the redesign was given greater priority than previous attempts as PhotoCo came under enormous pressure from not only new competitors entering the market but also economic uncertainty that pervaded both consumer and business confidence.

As a result of the changes impacting on the photographic division, the roles and expectations of the sales force were altered. The sales force had been stable in terms of tenure and were used to selling only one product. Now, the sales force were targeted and incentivised to sell multiple brands within the portfolio of the division. Thus, in addition to the scope of sales increasing, the product mix was expanded. A willingness to sell other products was necessary as was the individual salesperson's capability to sell electronic products, in addition to more the traditional mechanical componentry. Significant investment in training and development was initiated to enable the sales force to upgrade their existing knowledge of a wider range of products. The personal time required to invest in and ensure a new sales administration system within the division, not across the divisions, was also installed to facilitate cross-selling of the aggregated range of products.

Prior to the reorganisation, broadcast SBU was best described as a collection of independently managed businesses, each with its own CEO and individual centres of focus. The division was an amalgamation of independent businesses that had no particular necessity to talk to each other. One of the challenges of implementing the new structure of a divisional functional matrix (see Figure 6-2) was to encourage collaboration between the previously separate autonomous entities. Before the acquisition, the challenge was exacerbated because the CEOs of the businesses, who were the original founders or owners, were retained to independently grow his or her business, but as part of a larger Group structure. During the integration phase of the organisation redesign, some founders found the transition to greater collaboration to be too challenging, both for themselves and their businesses and, therefore, chose to exit the organisation. Notwithstanding, the divisional CEO remained committed to an entrepreneurial and collaborative culture, encouraging the sharing of resources to extract the potential synergies from within, and across, the division.

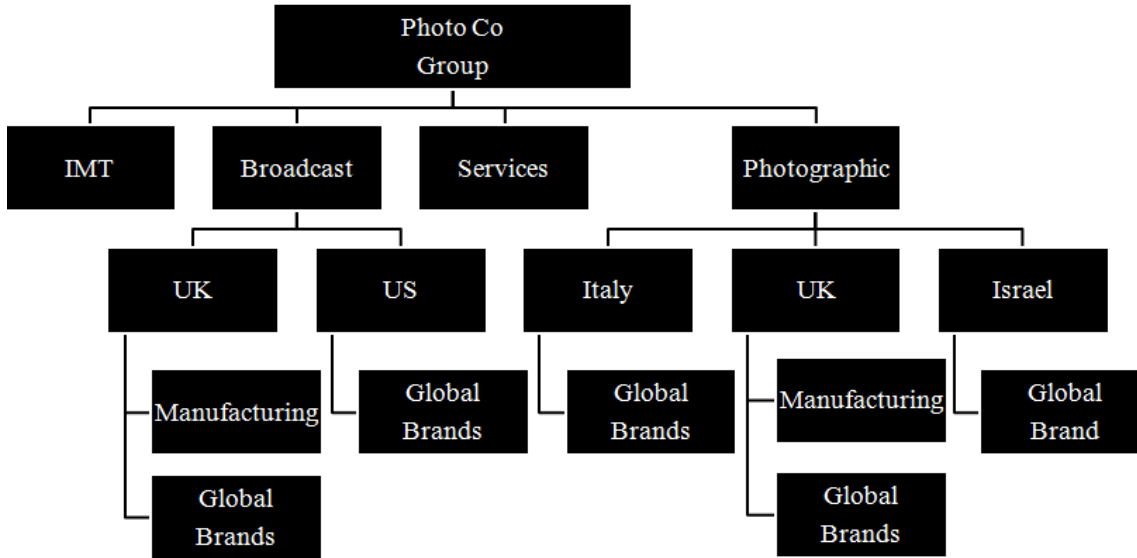


Figure 6-1: PhotoCo - Previous organisation chart as @ February 2014

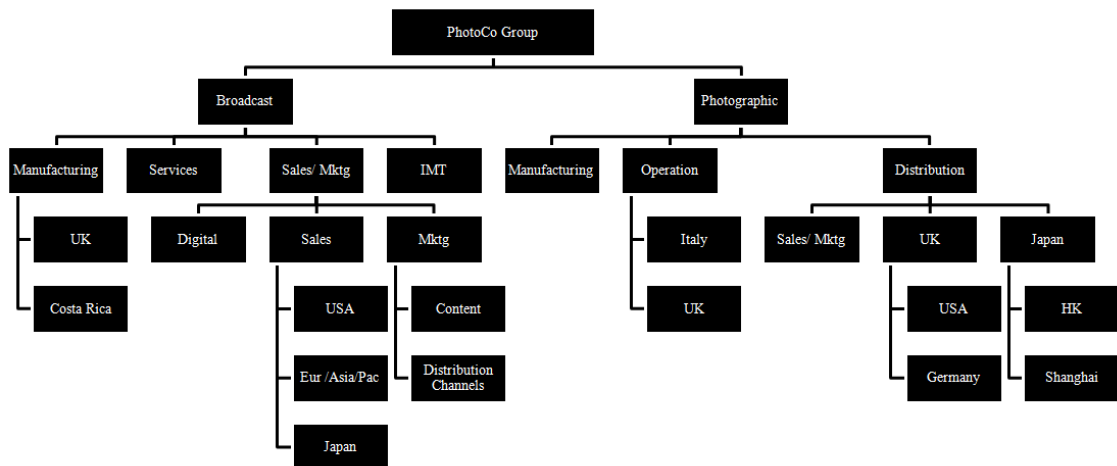


Figure 6-2: PhotoCo - Current organisation chart as @ June, 2014

6.1.3 Demographic analysis

The respondents from the Group and its three divisions represented in the study had an average tenure of five years in the company and had been in their current roles for less than five years (see Table 6-2).

Table 6-2: PhotoCo - Tenure and time in role

Demographics	Total	Broadcast	Photographic	IMT	Group
Informant Representation (No.)	Total 22	7	11	1	3
Average Tenure (Years)	Avg. 5 yrs.	4	5	6	6
- Group/SBU CEO (Avg. Years)	-	8	5	6	6
- BU/Div/Function (Avg. Years)	-	3	5	-	-
Time in Role (Avg. Years)	Avg. 4 yrs.	2	4	3	4

6.2 WITHIN-CASE FINDINGS

6.2.1 Nature of relationships amongst subsidiaries

The findings suggest that the current state of inter-subsidary relationships reflects the historical position of autonomous decentralised businesses of competitive global brands. The businesses operated independently and remained coordinated by a corporate parent holding company, whose primary concern was for individual business profitability. Interactions between the SBUs were rare. However, the businesses were gradually moving away from independent operations. Under the new Group CEO and SBU CEOs, both corporate and parent subsidiaries were now strongly encouraged to interact more frequently to explore opportunities for, and engage in, cross-business collaborations to reap the gains from efficiencies and synergies. However, the inter-subsidary relationships of collaboration were still relatively nascent within the organisation.

For example, in the case of the IMT division, there was little interaction with the other subsidiaries as IMT’s unique market of MAG agencies meant that the subsidiary maintained greater self-sufficiency in relation to the other subsidiaries for national security reasons. No market crossover existed and opportunities for collaboration were restricted. Nevertheless, the subsidiary willingly sought opportunities to collaborate with her sister units in areas where there were no security restrictions. However, the outcome from little interaction between all the SBUs was missed opportunities to exploit existing technologies within the Group and increase access to existing channels for new product distributions. With encouragement from the Group HQ, the SBUs continued to increase their level of interaction.

“They are working together within the divisions. The business units working within divisions are working better. I think the structure has been slightly broken down so we don’t just have business units with MDs and discreet P&Ls and discreet organisations, there is a lot more matrixes working within the divisions but between the divisions there is still not a lot[of collaboration].” [G#96]

Through these interactions, each of the SBUs became more aware of cross-business and subsidiary capabilities and the possibilities for future, mutually beneficial, inter-subsidary collaborations. The subsidiaries nevertheless retained their focus on the achievement of their own SBU goals, performance and customers.

The recent organisational changes within the SBUs, from business units with their own P&L to a functional matrix design, increased the level of cross-functional coordination and collaboration.

“So we’re in the middle of all that transition. So prior to that, there was no such thing as collaboration, even within broadcast. The brands saw each other as competitors. Quite frankly, going back three or four years it didn’t matter because the margins were such, but suddenly as price margins get squeezed, it’s all about an efficient company to take advantage of the market. We’ve only really been talking about collaboration in broadcast for just over a year and as I say, really between broadcast and photographic, only for the last few months.” [D#84]

Technological innovations in the marketplace and changing customer preferences led to the convergence of two subsidiaries’ core products, creating internal competition which manifested into damaging pricing decisions (see Figure 6-3). Subsequent tensions resulting from the market-led competition between the two SBUs resulted in the Group CEO directing the subsidiaries to ‘sort it out’ in an effort to retain their respective margins and avoid cannibalisation and any customer confusion. While developing a joint response to the market issue, the SBUs were able to balance both a competitive and collaborative relationship, collaborating on the joint approach while continuing to compete to win customers at the crossover price points. However, the balancing of the cooperative relationship was achieved by actors with different roles within the collective SBU interacting for different activities. For example, (see Figure 6-4) the sales force continued to compete on price while the marketing teams collaborated on providing a joint solution.

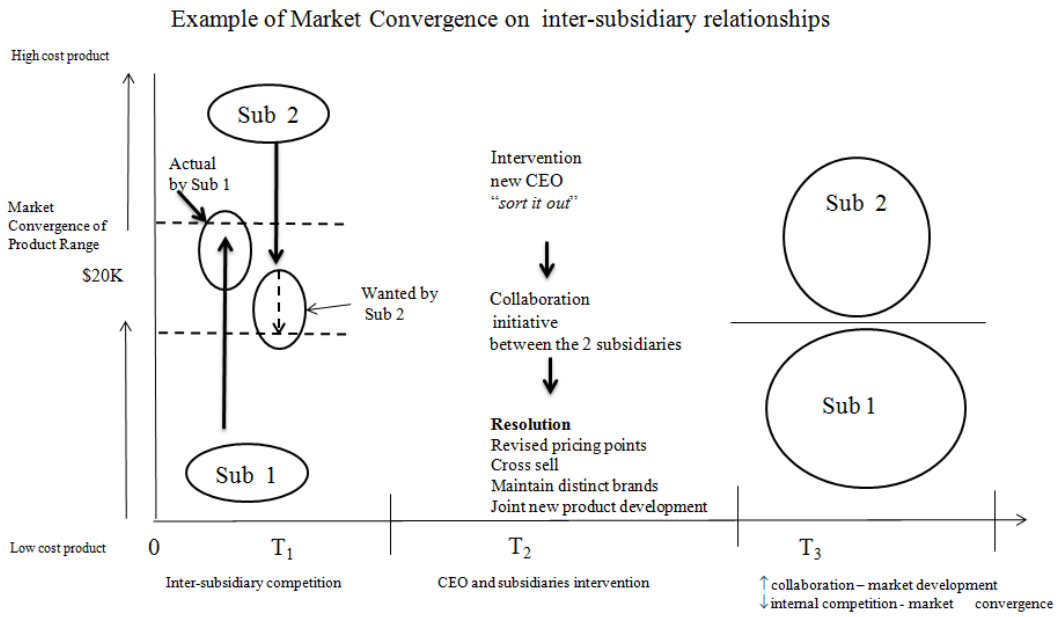


Figure 6-3: PhotoCo - Coopetition example of market convergence

A more granular view of the subsidiary interaction enables the location of the tensions and management of the process over time, as illustrated in Figure 6-4.

PhotoCo: Competition- competitive tensions

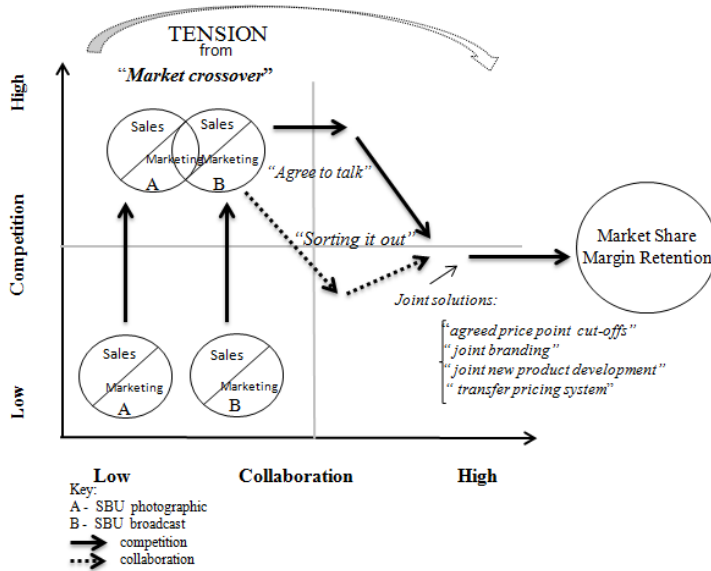


Figure 6-4: PhotoCo - Tensions in cooperative relationship

Having got together to sort it out, and jointly discuss ways to redress the market convergence triggering competitive tensions between the two subsidiaries, the two SBUs agreed to pursue joint development of new products in this market space, co-

branding of products, clear cut-off points for pricing, and, a review of transfer pricing policies. In terms of relationship dynamics, the cooperative relationship between photographic and broadcast changed from little interaction over new product development to one of high competition and low collaboration for four years, until it was no longer tolerable for the Group CEO and SBU CEOs, to lower levels of competition and increased collaboration. As this example demonstrates, the cooperative relationships were not static and careful management was practiced during this process.

“So where we may be doing cross-division of projects in that crossover space, if you like, I think that needs to be something which needs to be carefully managed. Again, it comes down to if there’s clear understanding of where that crossover is there’s actually firm agreement between each of the divisions exactly how we go to address that marketplace.” [D#78]

6.2.1.1 Multiple relationships

As discussed above, there was little interaction between the SBUs (Figure 6-5). Some collaboration occurred within the SBUs, particularly between the broadcast subsidiaries which retained recent acquisitions as entrepreneurial business units in contrast to photographic ones which merged businesses into divisional functional units. Collaboration occurred as a way of securing cost efficiencies such as the sharing of office space in the Japanese subsidiary. Previously, the broadcast and photographic divisions in Japan occupied different offices. The first successful collaboration between the businesses in the Japanese subsidiary was a joint marketing campaign for an industry exhibition which would otherwise have been developed independently.

The interactions of the new functions, with the newly structured photographic SBU, were reported by the informants to have increased but still limited cross-functional interactions with the broadcast SBU occurred because of the lack of knowledge of who to approach and what type of collaboration was permissible. However, two significant and challenging collaborations were referenced by most informants between lighting products and support stands, products common to both SBUs but requiring different specifications for their individual markets. Little commitment to the specific collaborations (c+) were noted as they felt forced by the Group CEO, amidst a history of intense competition (C-) and lack of trust between the two SBUs (see Figure 6-5).

The collaborations did not achieve mutual financial gain nor profitably contributed to the Group performance.

6.2.1.2 Hierarchical differences

The study finds that there is a significant difference in how the collaborative element of cooperation is perceived and enacted by the SBU CEOs and subsidiary managers. The SBU CEO focused on the bigger picture of PhotoCo and the subsidiary managers on the profitability of their units.

“It’s working again better at the top level, but it’s still that understanding at the lower level about the true value for the group rather than what’s in it for my particular division.” [B#78]

“When you’re at the low end you’re still management anyway, but you’re in the sales and marketing part of it, actually, the driver for collaboration is less strong because you have very strong personal targets, but I think further up you have increasingly impersonal targets which are shared. So the drivers for collaboration I think become stronger.” [D#82]

“I expect the divisional leaders to act with maturity and to get along and to go out and collaborate and find ways to work together with one another and just go and make it happen. At the end of the day it’s all about doing what’s right for PhotoCo and wave the flag and generate profits for us and make the collaboration work.” [B#90]

“The people underneath me are tied to the division’s performance and therefore they have no interest in doing a deal that’s going to hurt their margin.” [B#90]

6.2.1.3 Understanding of collaboration

Behind the relationships are subtle differences in the understanding of actual words related to collaboration.

“I think we have quite a good degree of co-operation but not much collaboration.” [G#89]

“Collaboration so far has meant joint product development.” [D#91]

“Collaboration is more of a value that you need to live.” [B#87]

Collaboration was not always constructively considered, as collaborations had been perceived to be “forced” and not voluntary. The sense of enforcement resulted from the Group CEO’s insistence that the businesses investigate potential opportunities he had identified which utilised complementary skills or products. The two entities were “told to go work it out and make it happen.” [B#87] Even if a project had not been identified

by HQ, the expectation to collaborate was clearly conveyed to all. The subsidiaries knew “that they have to, somehow, on something.” [D#82]

“I think historically collaboration was a bad word, I don’t think it was really ever used.” [D#84]

“[Collaboration is] telling me to do something with this guy and I don’t want to.” [G#89]

On occasions, subsidiaries were seen to collaborate enough to make sure that the SBU CEO and Group CEO were satisfied, which covered up a deep sense of distrust one subsidiary had in another. The perception at the interpersonal level was that they had “been stealing our market for years now. So, we kind of made all the right noises, but deep down our body language betrayed the fact that we really didn’t want to work together.” [B#90]

In PhotoCo, through collaboration, the divisions achieved greater transparency on prices, quality and customer support and greater efficiencies by sharing costs and knowledge. While collaboration was mostly perceived as positive, the identified drawbacks of collaboration were related to the costs of organising and coordination. Furthermore, several collaborations (e.g. between the units responsible for lighting and support products) did not produce the level of financial success that was hoped for.

Figure 6-5 shows that not all perceptions of cooperative relationships were symmetrical (see also the example of broadcast and photographic lighting units). The photographic division perceived they were collaborating and yet, the broadcast unit considered the same interaction to be more competitive.

Parent	Subsidiary	Functions																							
		PhotoCo Corporate	SBU: Broadcast	FUNCTION: Finance	FUNCTION: Sales & Marketing	Japan Distributor	FUNCTION: Manufacturing	MARKET: Supports e.g. Tripod	MARKET: Lights	MARKET: Batteries	TD (US)	SBU: MAG	Services	SBU: Photographic	FUNCTION: Finance	FUNCTION:HR	FUNCTION: Operations & R&D	FUNCTION: Sales & Marketing	MARKET: Supports e.g. tripod	MARKET: Bags	MARKET: Lighting accessories	US (Distribution)	UK (Distribution)	Japan (Distribution)	
PhotoCo Corporate		x	x										x												
	SBU: Broadcast												C+/C-												
	Finance			x				x	x	x			C+												
	HR													c+											
	Sales & Marketing				x													c+							
	Distribution (Japan)									x	x													x	
	Costa Rica																								
	UK																								
	US																								
	US																								
	SBU:MAG			x	x								C+												
	Services (US)																								
	TD (US)																								
	SBU: Photographic	x	C+/C-																						
	Finance																								
	HR																								
	Operations & R&D																								
	Sales & Marketing																								
	Italy																								
	MARKET: Supports																								
	Israel																								
	MARKET: Bags																								
	UK																								
	MARKET: Lighting																								
	Distribution (US)																								
	Distribution (UK)																								
	Distribution (Japan)																								

Figure 6-5: PhotoCo - Inter-subsidiary relationships

6.2.2 Determining factors of collaboration and competition

The antecedents of collaboration and competition between the PhotoCo subsidiaries were found to be the external environment, top management commitment, individual mindset, performance comparison and rewards and incentives.

6.2.2.1 External environment

“The Marketplace: So, to me, this is the core of it... which has a big impact on the business, on the organisation, the things we do, the approach to it.” [D#89]

The challenging economic environment constrained the company’s resources which fostered a drive for efficiency. The divisions focused on joint manufacturing and process efficiencies through collaboration to achieve cost reductions to offset falling margins.

The uncertainty and changing nature of the traditional market positively influenced collaboration as the subsidiaries sought to understand how they could position themselves for greater growth and share.

“I think the market is dictating what we do with product innovation and how we address the markets and that’s ... what’s driving us to make those changes. We have to collaborate to understand how we keep our position or actually gain a better position in the marketplace.” [D#91]

However, the convergence of the video mid-market led to the SBUs competing by going after the same market, engaging in competitive pricing and eroding margins. Historically, the SBUs and subsidiaries were left to fight it out but this eventually became an intolerable situation for both HQ and the SBUs.

Armed with their new collaborative ethos, the two SBUs agreed to collaborate to work out how both might attack the mid-market for the benefit of each subsidiary and the Group. There was no framework in place to facilitate collaboration between the groups so a cross-divisional working team was established to lead the cross-divisional initiative (CDI). Through such collaboration, the SBUs believed they could also successfully prevent external competitors from acquiring market share and enable each subsidiary to take a more valuable share of the market.

“There’s been a huge leap forward in collaboration and that’s been established basically by a working team that’s called CDI, Cross-Divisional Initiatives, where representatives from photographic and representatives from broadcast regularly meet together to try and figure out how we attack that mid-market.” [D#84]

The SBUs sought to leverage all company resources to drive down costs in periods of economic uncertainty and constrained profits. This business need prompted collaboration rather than competition.

“At the end of the day it’s all about how do you meet the needs of the customer in the most efficient way? If that means collaboration, then that’s great.” [D#78]

“Collaborating to me is about two things; people need to see the value of it, and again we go back to different challenges. When you need to be efficient and you need to search for value, you collaborate. But you need to see value in it. The structure in Israel has brought [x] million pounds of benefit - we needed it. Did we have to do it? Yes. So we did it.” [D#93]

The market had both a positive and negative impact on the subsidiaries’ relationships and their willingness to collaborate with each other. The cross-over of specific products which resulted from technological development and changing customer needs drove a level of competition between the subsidiaries. This overlap became a strategic tension that needed addressing. However, in a more heterogeneous and prosperous marketplace,

both the HQ and the divisions tolerated, or chose to ignore, the competition resulting from the emerging overlap in the video market. Competition did not matter in a thriving economy.

“So to kind of net it out, the market’s driving us to compete between the divisions; our people are as a result kind of suspicious and kind of competitive.” [B#90]

“It’s the age of the market has changed, the market has driven our respective products and product development into a competing type environment.... we try to meet in the middle but the way the market has evolved, it's forced us to be competitors for users and for customers.” [D#79]

“We’re very much open about it and the overlap or competition is very small, if any, and we can really work it out locally.” [D#98]

“We’re chasing some of the same areas in the market, you know, they have these high end products, we have those low end products that are actually competitive against one another in the market. I guess it’s hard for me not to say [we are] competitive ...in practice.” [B#90]

“We have got an overlapping product; we have the same market and the same customer. That is competition. We have got some of the same customers, so again it is market driven. Competition is market driven and of course the competition that signals to me is useful, it is useful to have some overlapping because it maximises things but it can drive what it was in the past – total competition and no collaboration ...If you compete, you don’t have the same priorities.” [D#93]

6.2.2.2 Top management commitment

The incumbent Group CEO formalised his commitment to, and inherent belief in, collaboration as a way of working by incorporating the principles of collaboration into their corporate values statements. Collaboration was defined as “we work better when we work together” (Group Annual Report, 2014) and the principle was expressed in process terms of being closer to colleagues and customers, celebrating achievements, sharing knowledge, pooling resources, testing ideas and supporting each other. The commercial value of collaboration was to exploit previously unrealised synergies and achieve cost synergies.

“Collaboration does not come out of the drawer- just because somebody dictates - it comes out of a need, but you need to have a need and then you have to work on the organisation.” [D#93]

Respondents uniformly agreed that progress had been made in moving towards a more cooperative, if not yet collaborative, organisational culture. The cultural emphasis was

sufficient to initiate discussions across the businesses, encourage more frequent inter-subsidary interactions and develop new relationships. From these interactions, awareness of other subsidiary capabilities and opportunities were learned about which could achieve economic benefits, such as current collaborations that included the rationalisation of procurement processes or consolidation of suppliers, in contrast to the competitive past.

“Well it comes from competitive and is becoming collaborative. It is up to us as a Group and management of the division to manage and get the balance and so on. The transformation we did within the divisions, between business units and integrating them, is collaborating, and now people collaborate a lot. They have got the same objectives. They see the same value from the same things, and that is fundamental because if you believe in different things, you don’t collaborate.” [D#93]

“Cross-divisional, I think the real success is that we have now completely demolished the barrier, so I think there is now full willingness and openness to collaborate. And our people cross-divisionally know who they are, which is already an achievement because in the past it wasn’t guaranteed. We have created the right environment for further collaboration cross-divisionally where I think we have already some best practices in R&D, in operations, in product marketing.” [B#87]

While there were opportunities to leverage and utilise existing technologies residing in the individual businesses, initially cross-SBU collaborations were initiated by the suggestion of the Group CEO to investigate potential opportunities. Later, the SBUs and subsidiaries began to initiate more collaboration independently of HQ.

“I think [the CEOs] got together and agreed that it was time that we started having more in-depth meetings where we could share more technology, share more channels, share more components. So to my mind what’s going on right now, it’s pretty much driven from the divisions themselves and not from the top.” [D#84]

6.2.2.3 Manager’s mindset

At the individual level, subsidiary managers referred to their own, and other manager’s, propensity to collaborate as a characteristic of their personality: for example, “it’s just the way I am” which enhanced the individual manager’s willingness to collaborate.

“I’d change the company’s culture and initiate collaboration at all levels in a heartbeat...You have something you’ve got to make happen and you apply all the resources rather than being myopically focused within your own discipline.” [D#95]

The individual manager's attitude looked beyond the immediacy of their own self-interests and reflected the motivation to cooperate and collaborate for the greater good of the Group.

“At the end of the day it's all about doing what's right for PhotoCo and wave the flag and generate profits for us and make the collaboration work.” [B#90]

“Am I worried about whether I get the credit for an action or do I accept that somebody else can get the credit for it, I really don't care to get the right result? That is a big cultural change and some people will make it and some people won't to be honest with you.” [D#82]

“I think the only reason why somebody right now will collaborate within PhotoCo is because they are professional, you have had a sense of belonging to the organisation, and they have a growing market. Again I also think that there is no real incentive to collaborate other than just it's the right thing to do, and it's the right thing to help your sister business but ultimately the entire group.” [D#79]

Contrary to typically negative perceptions of competition, senior managers from across PhotoCo commented that a little bit of internal competition was not necessarily a bad thing.

“Competition in the market in some ways in certain areas is not such a bad thing, because we're going after this middle sector ...and a little bit of competition is actually quite healthy because it means that we really are going to try and swamp that market and make sure the customer buys a PhotoCo product.” [D#84]

However, the managers were quick to add that there was a healthy level of competition to be attained and that more than that could prove destructive to PhotoCo.

“We've had competition between the divisions as to who's producing the most revenue or the most profit and in fact the cost of the other division, so that's not healthy competition. The competition I'm talking about is where everybody stands to gain.” [D#95]

Counterfactually, some senior management denied the need for any internal competition, claiming that they neither have the willingness nor the need to compete internally, irrespective of which SBU they were a part.

“I happen to believe a lot that competition should be only external and not internal.” [D#94]

“But I would argue that in many cases the guys aren't competitive enough. Our business, dare I say it, had decades of success without really trying and suddenly our

world has become competitive. Well, why should I go and be competitive with my internal peers when I'm used to the business just coming to me anyway?" [D#82]

On the other hand, the founders or owner-entrepreneurs of businesses that were recently acquired by PhotoCo, proved to be an initial barrier to collaboration at the post-acquisition phase. The established SBU perceived them to be, not only, unwilling to collaborate but also competitive in their working. This was not necessarily reflected in their personal relationships.

"We are independent entrepreneurs who have always run businesses by ourselves... I really don't understand the benefit of working together and I am actually seen as more of a competitor, you know; let's keep competing with each other. So we'll have a good time when we go out to the restaurant but I will never tell you what I am working on and that's it." [B#87]

In PhotoCo, competition was generated between subsidiaries when new business opportunities opened up that could be allocated to one or more equally capable subsidiaries. The subsidiaries would compete for expansion of their current charter (i.e. internal responsibilities) to incorporate new business potential into their current remit, thereby contributing to the growth targets set for the subsidiary. At this early stage of identifying a new opportunity, competition remained internal to PhotoCo rather than customer-oriented. However, as the business continued to grow and the question of internal boundaries remained a source of contention, the perceived overlap in the charters continued to be contested and drove competition between the subsidiaries.

6.2.2.4 Peer comparison

Both corporate and parent HQ created "healthy" internal competition between the subsidiaries by comparing and communicating each unit's performance on common KPIs to inspire continuous performance improvement.

"There is healthy competition as well as collaboration. An example of that is up until now they've not seen what their respective performance levels are. Well, we're just changing that now, so every month everybody will see how all the whole team has done against its objectives individually." [D#84]

However, the comparison of performance results was less of a driver of high competition between the non-entrepreneurial subsidiaries in SBU broadcast because the individual managers within the established units did not perceive themselves to be particularly competitive. This implies that the use of the mechanism will generate some

healthy, constructive competition within the subsidiary relationships to drive up their performance in relation to one another, but not so much that the competition becomes destructive.

“How competitive: ‘we look at the worldwide numbers every day and we want to be high up in that list, because that’s a yardstick that we measure each other on. Would that lead to any negative developments and things there, no we don’t... we’re not that competitive.’” [D#80]

“We have monthly meetings with the ops exec; we have monthly production and financial information shared with the ops exec, so they can see how each other are doing, so they can see what their sales are like, what their margins are like, what their cash generation is like, what significant issues they are facing. So is there a bit of competition as a result of that? I am sure there must be, but not in an open kind of way; I am sure one division will think they are growing better than we are, and those sorts of things. But I think that’s just usual competition. I suppose you can use that as a mechanism to encourage progress can’t you? ...So if you share what good things are so people can see that in a way maybe that adds a little bit of competition.” [G#92]

“I think equally that ... as soon as the market recovers a bit I will be able to raise the bar a lot in terms of being competitive, because you see in a growing market, competing for better results has a positive connotation.” [B#87]

Comparison is about ‘us’ and ‘them’ and who the units identify with. The clarity of the internal boundaries and organisation structure within the SBUs clearly delineated each unit and therefore eliminated the overlap of charters and areas of responsibility inside PhotoCo, hence reducing or eliminating internal competition for the same customer.

The notion of ‘us and them’ and the competitiveness that was generated by comparing one unit with another disappeared once the businesses were merged into a functional organisation. But as separate businesses there was competition.

“...an organisation divided into business units, there can be some internal competition for resources amongst the business units, so the fact that we have eliminated the business units in fact seems to be a major help to the internal collaboration.... we did have some internal competition that I observed when we had the business units but now there are none [no business units], so there’s no competition anymore.” [D#94]

“The R&D for bags and the other is the R&D for mechanical and electronic products, so they don’t have a lot of interplay or internal competition because they are doing very different things and the core competences are different.” [D#94]

6.2.2.5 Rewards and incentives

The SBUs were evaluated, and their top management rewarded, on equal measures of each SBU's performance and that of the total Group. Half was based on the achievement of annual targets set against the Group's profit before tax, with the remainder based on personal achievement and that of the Group's operating cash flow, generated as a percentage of operating profit. The key KPIs were revenue, operating profit, operating margins, and sales. These metrics drove some competition between the SBU's to successfully achieve their own individual targets, driven also in part to gain the positive attention of the Group CEO by meeting or exceeding their profitability targets.

SBU management also participated in a Long-Term Incentive Plan (LTIP). Short-term decisions for the SBU were, therefore, balanced against the longer term gain for the group benefit.

SBU financial performance remained an important focus, irrespective of group-wide rewards, because financial success for the SBU meant greater rewards for their subsidiary teams. An SBU CEO was mindful of the impact of the SBU's performance as it enabled him to reward his own team's performance, thereby creating conditions of competition with the other SBUs for access to a larger bonus pool.

“Half of their bonus is group and half of it is division. But that's only for the top person, and beneath that, the layer below, it's all division, so they're only incentivised on the division.” [G#96]

At the sub-SBU level, the main focus was on meeting the SBU's key performance objectives. Little attention or time, therefore, was dedicated to participating in collaborative efforts with other SBUs, which were viewed as over and above the performance requirement of the SBU, or where the returns were uncertain and therefore, contributing less financially than existing within-SBU projects. This reluctance to engage in any collaborative relationship with another SBU was further exacerbated when the expectation of the payback from any collaboration extended beyond the current annual review period and thus, would not positively contribute to their P&L within the 12-month accounting period.

“When you rank them [collaboration projects] ultimately in terms of immediate impact on our P&L, the benefits of those collaboration projects economically are smaller than some of the things that you need to address immediately in the business.” [B#87]

“Given that business is tough, and we are all working very hard to deliver numbers, there is so much pressure to deliver sales numbers, to deliver profitability that the focus is very much on your own business.” [D#79]

Contrary to their own SBU-only level focus and incentives at the subsidiary and functional level, the performance of recently acquired businesses that had not yet been fully integrated into the SBU, were measured on agreed upon financial targets as negotiated in their earn-out agreement. Furthermore, financial incentives also did not appear to provide a level of motivation for the entrepreneur to collaborate, as their motivation was oriented more towards the passion that they had for their product and its development.

“If I’m an ex-owner and have got \$10 million in the bank in another, so you’re going to give me an extra \$10,000 if I collaborate? No, it doesn’t really drive it. And even if I’m an engineer who earns \$50,000 a year, is it really passionate for me, this project, or not? If it is then I’ll do it anyway and if it isn’t I’m not going to make much difference. But I think that’s more the case in product development, which I think is one of the key things that we can differentiate ourselves on than in sales where probably it is more effective as a means of generating the right behaviour.” [B#90]

Table 6-3: PhotoCo - Salient determining factors of coopetition

Salient factors	PhotoCo: inter-subsiary coopetition	C+	C-
External factors			
Economy		↑	
Market uncertainty	Market convergence: traditional boundaries unclear		↑
Organisational factors			
Strategic interdependence	Subsidiaries (divisions) - merged BUs into functional matrix structure	↑	
Top management commitment	Top management commitment to collaboration Collaborative culture/shared values	↑	
Trusted Relationships	Professional/geographic identity		↑
Market overlap	Market convergence		↑
Performance comparison	Peer comparison of KPIs		↑
Rewards and incentives	SBU: group-wide/SBU performance Subsidiary: SBU performance	↑	↑
Subsidiary characteristics			
Recent acquisitions	Impact on 'earn-out' provision	↑	↑
Individual manager characteristics			
Individual mindset	Good of the firm Healthy competition	↑	↑

Note: C+ = collaboration; C- = competition

6.2.3 Collaboration barriers

Diverting from the previous structure established in presenting the findings of the two cases, I present the findings which highlight the most salient barriers to establishing collaborative relationships within PhotoCo. It is important to note that they were not represented as drivers of a competitive inter-SBU relationship, but as hurdles identified by senior management to overcome the legacy of a highly acquisitive and competitive holding company and those that are preventing PhotoCo from achieving a more collaborative culture, designed to maximise efficiencies and synergies from the existing businesses within the MNC. The eight barriers are summarised in Table 6-4 and presented as structural and relational barriers to inter-subsiary collaboration.

(i) Holding company governance

The lack of centralised shared systems and supporting structures in a holding company environment was perceived by the subsidiary managers to be a barrier to collaboration. Greater structural support for collaboration was required. While the level of autonomy

and lack of interference by the Group HQ was positively perceived by the subsidiaries, the lack of centralisation and standardisation of processes, standards and systems such as IT, finance, sales and procurement, and HR, were perceived obstacles to collaboration.

Recent Group support had centralised the talent management and succession planning processes, which ensured that there were consistent policies, processes and initiatives to acquire, retain and engage the organisation's best people.

However, at the Group level, corporate HQ did not want to be seen as mandating collaboration or indeed becoming bureaucratic for fear of constraining the entrepreneurial businesses that were used to operating independently.

As the company embarked on sharing manufacturing capability and conducting joint R&D projects for new product development, it was faced with underdeveloped management accounting systems, such as transfer pricing policies and practices for the transfer of manufactured goods across divisions. However, the company began to work on systems that would more transparently achieve fair financial recognition of each unit's contribution to future collaborations.

“We know the corporation all would be far more successful if we did that collaboration, if we sold the other division's products. But.... they're looking at it saying, why do we want to share that margin with you? We have the products through the other division, why do we want to take half the margin on that product?” [D#93]

(ii) Collaborative capability

Collaboration was a new way of working for PhotoCo and a level of uncertainty about how to collaborate was evident at the subsidiary level. Several managers stated that collaboration could be fostered if they only knew how to collaborate and be collaborative. The data suggests that the subsidiary leaders were looking for some guidelines on what was acceptable in terms of time spent on collaborating in comparison to their current accountabilities, as anything that detracted them from their own and the unit's objectives could be challenged.

Table 6-4: PhotoCo - Structural and relational barriers to collaboration

Barriers to Collaboration	Form	Suggested cause (s)	Illustrative quotes
Autonomy and decentralisation	Structural	Holding company governance	“Just common accounting practises and principles so that when you look at a product P&L from any part of the company, you know exactly what you’re looking at...It’s been a case of let every division do their own thing. We’re in a holding company at group level.” [D#84]
Standardisation	Structural	Lack of mandating of standard policies and investment in common infrastructure	“What we’re keen to avoid is mandating collaboration or becoming bureaucratic about anything.” [G#89] “It is about processes because if you have companies working in a completely different way it is difficult to collaborate and to dismantle and put together the things that make them collaborate.” [D#93]
Socialisation	Structural	Discontinued business (formal) meetings and social interactions (informal)	“We really don’t do anything together as a group to really get to know each other or to understand each other, other than when we are in an intense or a pressurised business situation. There are no company activities or company meetings where we are able to work together on something that is for the common goal.” [D#79]
Organisational hierarchy	Structural	Perceived value (financial) of collaboration	“I think it’s working again probably better at the top level, but it’s still that understanding at the lower level about the true value for the group rather than what’s in it for my particular division.” [D#78] “The technical guys see no problem in collaborating in fact I was reminded of an opportunity in Central America sharing the factory. However, when management heard about it, what seemed like a good opportunity was actually a poor idea because of the lack of awareness of the cost structure. [D#77]
Time	Structural	SBU reorganisation design	“It’s difficult enough taking care of your own objectives or to-do list, other than now expanding out and trying to also collaborate and help others.” [D#79]
Collaborative capability	Structural	Lack of know how or training on how to collaborate; ‘just do it’	“We probably could foster more collaboration if we all had a general idea of who we should be collaborating with, how we can collaborate, and what’s really accepted. I think there is not a reluctance to collaborate.” [D#79]
Identity and diversity	Relational	‘us’ and ‘them’ on geographic, cultural, professional and SBU bases	“There’s still a sense the fundamental difference is [geographic brand A]: very high spec, very design orientated and stylish, and it feels [geographic brand B] was do it cheap and sell it high... I suppose the [geographic brand A] guys think, well you designed some cheap [products] for us but they’re not really very high quality and you’re damaging our brand potentially.” [G#89]
Entrepreneurial mindset	Relational	Entrepreneurial acquisitions; lack of trust	“Entrepreneurs who build up small businesses really struggle to collaborate, challenging to get these guys to think differently and to be willing to be transparent and open with one another, to trust one another and to work together.” [B#90]
Trust	Relational	Historical lack of trust	“Behind it there are years of mistrust and competition and there’s a lot of passive aggression of things that we’re saying that are going to be done and then probably don’t get done because people slow roll them.” [D#84]

(iii) Socialising

Collaborations were inhibited by the lack of regular opportunities to formally and informally socialise with the other geographically dispersed subsidiaries. Their importance became apparent only when the Group cancelled the group-wide management meetings due to financial constraints. The lack of opportunities for getting to know one another inhibited collaboration but also the establishment of longer term trusted relationships. The relative newness of the senior management team (see Table 6-2) only emphasised the importance of getting to know one another outside of intense or pressurised business situations. Face-to-face interactions were important to develop relationships with members within and across the SBUs: “when we don’t spend time in the same room with each other we think of each other as enemies.” [B#90]

Neither trust nor trustworthiness of individuals was mentioned in the relationships that currently existed between the various subsidiaries. The level of openness and communication was growing within the organisation but there was more communication and interaction required at the lower levels of the organisation. These levels did not have the benefit of interpersonal friendships that the top management team developed by working more closely together, and hence having more frequent interactions.

The intranet provided a basic communication tool and provided an online space where news and announcements from the SBUs were collated, enabling employees to share more information and work better together. The ‘hub’ was an example of a global communication tool which also provided access to a global training resource portal for all employees, facilitating an online community but not a face-to-face one.

HQ was also enabling greater collaboration, and personal efficiency, through the creation of contemporary spaces in the work environment with upgraded technology and communication systems.

(iv) Diversity and identity

The geographic diversity and dispersion of units got in the way of efforts to collaborate. In addition to time zone and cultural challenges, the smaller, entrepreneurial companies

acquired by PhotoCo often operated with different business models and state-of-the-art technology compared to the more established PhotoCo businesses. While opportunities for learning existed from possible collaborations, the lack of familiarity and uncertainty became barriers to developing collaborative relationships.

Other groupings of different identities inhibited collaboration. The SBU identities were borne along product, customer segment and branding lines. Different identities of culture, profession, function, and geography were found in all subsidiary locations. Relationships were more collaborative between actors when there was a greater degree of similarity along demographic and professional lines, such as alignment of interests, language, cultural understanding and professional roles.

The new functional reorganisation within the subsidiaries now facilitated more frequent introductions to each division's peers, creating opportunities for collaboration at the functional level across the SBU and geographies. Collaboration came easier from a logistics perspective because of the knowledge that a counterpart in the same function in another SBU knew about similar issues, albeit in a different context.

“If I ask someone who has a job in the organisation which is reasonably similar to mine in terms of responsibilities and decision-making and stuff, it is easier to collaborate. If that job doesn't exist and I have to speak with six different people, then it's very difficult.” [D#94]

However, the personal enjoyment of establishing new relationships and sharing best practices and issues with peers began to be prioritised over and above the actual business of the SBU. As one business leader put it, “they need to know that they also have an organisational identity with the division [SBU].” [D#95] The downside and implication here is that “we still have a business to run”.

Furthermore, the newly acquired, fiercely independent and successful businesses were proud of their independent progress and as such succeeded in creating a strong sense of identity. Integration into PhotoCo and the protection of their brand challenged the short term willingness of the acquired company to explore opportunities for collaboration with other Group businesses.

(v) Time

Time was the most consistently reported barrier to inter-subsidary collaboration for the photographic SBU. However, this barrier was not mentioned by the broadcast SBU. When asked why this was the case for photographic, the response related to the additional requirements of the transitional period of the organisation redesign.

(vi) Recently acquired businesses

As part of PhotoCo's growth and expansion strategy, acquisitions of smaller entrepreneurial businesses were intended to capture identified synergies through collaboration. However, the motivations of the two entities, the acquired and the acquiree, were not always aligned in the short term, post acquisition period. The Group's expectation was that the autonomous businesses look for cost reduction and revenue generating synergies and exploit existing distribution channels and technology, creating successful collaborations. However, without a history of cross-business collaborations within the Group and the historically minimal cross-SBU interaction, the acquired firms continued to operate independently during the earn-out period when the acquired company was not yet fully integrated in PhotoCo. Explorative attempts were made but were hampered by coordination challenges (e.g. lack of common structures, lack of a well developed network) which led to inefficient searches for opportunities incurring exploration costs of time and focus, and which interfered with their business objectives.

(vii) Hierarchical level

Subsidiary managers observed that collaborative relationships were operating at the top level of the organisation and that within the parent company, at the subsidiary functional (technical) level, collaboration was desired. However, subsidiary management stopped the proposed cross-SBU collaborations pursued by lower level technical staff due to a lack of their understanding of divisional cost structures. So, what seemed like a good opportunity for collaboration was lost, "the company stayed with its external provider as the company resources were too expensive for the interested subsidiary." [D#77]

(viii) Historical distrust and competition

The challenges to more collaboration between the SBUs at PhotoCo were the levels of low trust between the subsidiaries and resultant lack of motivation to collaborate. Communication was preferred at the factual level as integrity and trust were not high.

In summary, PhotoCo had numerous structural and relational barriers inhibiting the development of trusting collaborative relationships between the SBUs and their individual subsidiaries. There were few supporting structures to complement the cultural initiative towards greater collaboration and also counterbalance the current market and financial forces of the SBU P&L which fostered inter-subsiary competition.

6.2.4 Summary of mechanisms and interventions

Interventions used by HQ and the subsidiaries facilitated and hindered collaboration and competition between the subsidiaries. Minimal interventions were HQ-led as a result of a preference for decentralised coordination. The subsidiaries sought greater centralisation to support common operational processes and systems that would enable greater collaboration.

Table 6-5: PhotoCo - Summary of mechanisms and interventions

Conditions when:	not enough (increase)	Too much (manage)
	Mechanisms - <i>interventions</i>	Mechanisms - <i>interventions</i>
Collaboration	Formal Structure - <i>SBU redesign to global, cross-functional matrix</i> Decentralisation Formalisation/standardisation - <i>“forced” collaborations</i> Lateral Relations - <i>R&D cross-divisional initiative</i> Communication - <i>group wide Intranet</i> Socialisation - <i>management commitment</i> - <i>foster collaborative culture and shared values</i> - <i>inter-unit transfers</i> - <i>exit non-collaborative leaders</i>	
Competition	Decentralisation - <i>product cannibalisation</i> - <i>non-mandatory practices</i> Formalisation/standardisation - <i>subsidiary rewards and incentive;</i> - <i>SBU/subsidiary profit centricity</i> - <i>“arm’s length principle “for internal transactions</i> - <i>peer performance comparisons</i>	Formal structure - <i>clear roles, charters and markets</i> - <i>redesign independent businesses to global functional matrix</i> Formalisation/standardisation - <i>adjudication and dialogue</i> - <i>pull subsidiaries together quickly</i> Lateral relations - <i>joint product development</i>

6.2.4.1 Tension

A certain level of tension between the units was perceived as a positive intervention between the subsidiaries. The judicious use of inter-subsidiary competition, while also actively promoting more collaboration, was not seen as contradictory by top management.

“I always believe that there should be positive tension in an organisation; you have to keep people on their toes, you have to have them striving to do well, and therefore I am trying to constantly challenge them; challenge them in front of their peers, and challenge them to do well. And to, again, give them every opportunity, whether it is financial-based compensation, recognition, just for the sheer pride of ownership of experience, to do well and show themselves in front of their peers.

I think that way, that positive tension you put in an organisation ...you get people to rise to the occasion. And actually they see the value of the competition, and they also see the value of the collaboration, because then they see that they are less afraid to collaborate because they feel strong enough and they feel confident enough in their own

world that they can actually work with their other peers and make sure that it wouldn't just undermine their own efforts." [B#97]

However, both SBU CEOs acknowledged that the present time was not the right time to foster any additional competition between the subsidiaries. The risk of introducing more competition was higher than any benefit foreseen at this point in the company's development.

"I think the risk is higher than the benefit. If we were to compete more proactively with each other the risk would be significant. I try to explain this as I think today we have established or we've started to establish a very healthy environment where if the marketing organisation of the reciprocal division want to produce a new product in an overlapping territory, neither of the two can do it without a joint vision and consensus." [B#87]

The timing of introducing competition at the intra-subsiary level was also important. Building increased levels of trust among the senior management team, to mitigate the prevalent climate of distrust from the recent past experiences, was necessary before introducing any further competition and tension into the existing relationships.

"So I would argue I think there is a place for that but only once you've reached a point where there's trust and real maturity, I mean serious, serious maturity in the senior team, and an understanding of [team] principles. Once that's in place, then you can introduce some competition that's more at the level of let's challenge ourselves to try to win out over the other guys, but I think that only works when all your systems are in place, everything's really running well, that's when you can introduce a little bit of that." [B#90]

"There's a lot that can be done from the management point of view. If management in each division took an interest in the others to a deeper level then you start to know the entire company's business and then you look at each other more as colleagues and associates, rather than adversaries. So the collaborative piece and the competition that's inherent within companies in the first place that naturally exist then that becomes a more positive dynamic and that's a healthy thing, but a lot of things have to be in place for that to happen." [D#95]

"If the group owns two competing brands then I would expect everybody in those brands to be mature enough to recognise its money from our one pocket into our other pocket. The customer wins and the group wins, so move on. So I don't think it's bad." [D#91]

By balancing both competition and collaboration, any tensions are offset by gaining greater efficiencies and realised synergies.

6.2.5 Content of inter-subsidiary collaboration and competition

The focus of inter-subsidiary interactions of competition and collaboration described in the preceding sections can be summarised as shown in Table 6-6.

Table 6-6: PhotoCo - Content of competition and collaboration

Content of Collaboration	Content of Competition
New product development	Market expansion - competition for sales in cross over market
R&D	Parent company's and Group CEO's attention
Cross-selling - marketing campaign at tradeshow	

Prior to the appointment of the incumbent CEO, there was no expectation of inter-subsidiary (business) collaboration by HQ. The businesses were focused on their own requirements and opportunities. The subsidiaries were expected to run their own businesses and maximise their commercial success even if that meant brands and products competed against each other in the marketplace.

The incumbent Group CEO clearly and forcefully put collaboration between the businesses on the Group-wide agenda.

“Until a year or so ago there was none [collaboration] within broadcast and there was very little between broadcast and photographic.” [D#84]

The new focus on collaboration also coincided with the most challenging of market conditions and economic decline. Hence, the CEO's drive for collaboration was also motivated by the need for more tangible outcomes in addition to the process activities of sharing resources, information, or technical knowledge.

“It's the two plus two is five, where you don't subsume your goal, nor do you compromise but you achieve both and add on.” [G#89]

The benefits of greater collaboration to achieve efficiency of operations (e.g. utilisation of shared space) and cost reductions (e.g. shared procurement) also benefitted the individual businesses' as they satisfied their own need for profit attainment achievement in difficult economic conditions.

Initially, as a manufacturing and distribution business, the primary focus of inter-subsidiary collaboration within PhotoCo centred on cross-selling of multiple products

and brands within the SBU and latterly involved joint SBU new product development. In the design of new products, the company sought to leverage the relevant resources (i.e. both physical (factories) and knowledge (skillsets)) that existed within the Group, once opportunities for collaboration had been explored with the other division.

The subsidiaries subsequently began to collaborate on the production of new products using shared manufacturing facilities other geographic regions.

“We’ve already started looking at sharing components; I would very much like to build our next tripod in photographics’ factory... We could leverage all those things in our division and that will bring dramatic cost savings on what we’re currently doing.”
[D#84]

R&D was another area of collaboration identified by the subsidiaries.

“So we’ve not quite yet sat down together from our different R&D departments to my knowledge and said right, we’re going to develop this product together from this concept, but what we have done is built on success where the market crosses over and expanded onto that success by sharing ideas, sharing product and production into those other markets.” [D#80]

Opportunistically, the decision to collaborate achieved both a reduction in the cost of manufacturing for the subsidiary and leveraged the existing infrastructure within the country to take advantage of cheaper tariffs payable from within the North American Free Trade Agreement (NAFTA) trade zone rather than Europe. Little adaptation of the brand and product for local conditions was required as the product is global in nature.

Additionally, geographic expansion of the brands was achieved through greater collaboration between the subsidiaries, as they shared established office facilities in different countries of entry and leveraged the knowledge of the local office.

Recent collaborations included joint attendance at industry trade shows and events. Traditionally the businesses participated in the same trade show but the event almost became territorial and competitive. Now, as a result of more frequent interaction and communication, “we know who our own customers are but they still trade with cross over customers... we talk about that quite openly.” However, “the spirit of collaboration has enabled those divisions to work together correctly.” [D#80]

6.2.5.1 Competing for customers and sales

The subsidiaries competed with each other for new customers and sales. Sales competition was manifest in the pricing of cross over products. When the economy was thriving, no one particularly cared about product crossover or any resultant internal competition between the subsidiaries. However, as the economy contracted, it became important to focus on product differentiation through the use of the pricing mechanism to ensure that competition for sales did not result in cannibalisation of cross over products as a result of inappropriate discounting.

“Until a year ago it was a trade-off and nobody cared because we both grew despite the fact that we were competing. The external environment changes, now we need to care about it because we cannot afford, as we did before, to invest twice because there is no two growth, there is only one. We were investing twice and we have two things, now we can't afford to do it and therefore you have to strike a deal, a balance between the two changes. So is it 50/50? It is what the context enables you to do.” [D#93]

As mentioned above, competition for customers was played out in participation at trade shows and events where each subsidiary, and in some cases unaware of each other's participation, became territorial and competitive with regard to their own customers. A similar sentiment was expressed in a different context “they've been stealing our market for years”. This engendered a collective lack of willingness to engage with the other division and a desire to not be fully transparent about what they were doing.

While cross-selling was seen as an opportunity for collaboration between the subsidiaries, it was also an area where competition between sales forces was fostered. Management specifically fostered ‘healthy’ competition between the sales groups to inculcate more of ‘an edge’ into the sales and distribution teams across the products and countries.

6.2.5.2 Competing for resources

Little mention was made of competition for resources. Internal competition for resources between the subsidiaries was perceived to be less relevant as the functional matrix structure was implemented and most of the independent business units within the SBU were eliminated and merged, with the exception of the recent acquisitions. Mention was made that the resultant functional interdependence supported greater

collaboration requiring them to work together, cross-functionally, to achieve their objectives which were previously individual product brand (business unit) oriented.

“When different business units, there can be some internal competition for resources amongst the business units; the fact that we have eliminated the business units seems to be a major help to internal collaboration.” [D#94]

Furthermore, there was some lobbying across the SBUs to control the procurement process for the Group as each SBU currently had their own list of preferred suppliers and product specifications. The results of initial collaborations to consolidate suppliers and reassess their manufacturing processes were financially positive.

6.2.5.3 Competing for HQ attention

The subsidiaries competed for HQ’s attention as the subsidiaries sought to be perceived more positively by HQ, based on their performance against key measures of growth, sales, and margin. Competition for HQ attention and comparison of performance with another subsidiary exemplified that collectively the SBU and subsidiary managers wanted to demonstrate that their subsidiary was “the best”.

“We are still trying to challenge us as a division to perform better than broadcast and they are doing the same. So I think that we are running to demonstrate to the group that we are delivering probably a better growth, a better growth in sales, a better growth in margin and so on.” [D#35]

“So there is definitely a non-zero amount of effort being spent on how we look better to London than photographic, and that is stupid. I am sure whatever effort we expend in broadcast, my perception is they are spending at least five times as much in photographic on how they look better than broadcast.” [D#91]

“Again if we have that maturity we can recognise sometimes it’s better to let go and focus on something else...But now it’s a little bit like two kids arguing for their parents’ attention, they get a little bit childish and they start fighting each other. So one starts saying well she did, and the other one is saying well he did, etc.” [D#91]

6.3 PHOTOCO SUMMARY

Focus of competition and collaboration

The newly appointed Group CEO and SBU CEOs were beginning to cooperate, and on occasions, collaborate to achieve greater efficiency and innovation in new product development. Competition between the SBUs was predominantly for market expansion and the Group CEO’s attention by uncompromisingly pursuing profit for their units.

Nature of the relationships

Multiple relationships of independence, competition and collaboration coexisted between the subsidiaries as a result of external and internal factors. These relationships changed over time as the level of interaction increased between the subsidiaries e.g. as they progressed from being mainly independent and competitive, to tentatively engaging in collaborative opportunities. SBUs demonstrated their ability to sustain multiple relationships with the same and other units simultaneously. Irrespective of whether the instances of competition were inadvertent or intentional, there was a curiosity expressed by the SBU and subsidiary leaders to work together more. Further direction from the Group was sought regarding how and what was expected by the levels below the SBU.

Antecedents

Strategic interdependence is low in PhotoCo due to its recent history and current governance model as a holding company of entrepreneurial independent businesses. However, it was widely acknowledged that the company was making progress on fostering greater collaboration between the SBUs and subsidiaries. With an initial reliance on creating a collaborative culture change, the sub-divisional managers suggested that more structure in the form of common systems, policies and practice would support the drive for greater collaboration between the subsidiaries.

Managed competition between the subsidiaries was recognised as a positive contribution to organisational performance - in fact, the generation of some tension into the organisation would suggest more competition. The belief that competition in moderation was a good thing encouraged the actual design of a certain level of tension to strive for performance.

However, until a level playing field of collaboration was achieved, neither the divisions nor HQ consciously decided to inject any further internal competition at this stage. Changes in the external market place and economy have inadvertently created competition within the organisation which was managed accordingly.

Structures, interventions and mechanisms

Few common practices or systems existed within PhotoCo. In fact, the lack of standardisation made collaboration difficult. Several barriers were identified: lack of centralised structure to develop group-wide processes and systems, a holding company HQ mindset, lack of collaborative capability, infrequent need to interact, geographic, cultural and professional diversity, a lack of time, acquisition and non-integration of businesses, historical distrust and competition.

7 CROSS-CASE FINDINGS

After having analysed each respective case using case descriptions and within-case findings in Chapters 4, 5, and 6, this chapter presents the cross-case synthesis of the findings from the three case organisations. The intention is to deepen understanding and offer insight into how, and why, subsidiaries conduct simultaneous interactions of competition and collaboration. The chapter (i) compares and contrasts the content and antecedents of inter-subsidiary competitive interactions across the three different MNCs by highlighting differences and similarities that emerge and providing tentative explanations for the differences observed, (ii) provides a synthesis of the tensions that emanated from the inter-subsidiary interactions, and (iii) identifies mechanisms and interventions to manage the salient tensions. The findings are presented under the headings of the three sub-questions posed for this study.

Research Questions:

SQ1: What is the content of inter-subsidiary competition and collaboration?

SQ2: What factors or processes influence inter-subsidiary competition and collaboration?

SQ3: How do subsidiaries manage the inherent tensions arising from simultaneous competition and collaboration?

7.1 CONTENT OF INTER-SUBSIDIARY INTERACTIONS

The findings relating to the first sub-question are presented in this section: What is the content of inter-subsidiary competition and collaboration?

The content of the interactions of inter-subsidiary collaboration and competition consisted of resource acquisition, sharing, and utilisation. In the cases of EngConsult and PhotoCo, the resources were most notably tangible resources of product and people. In the case of EventCo, the primary resource exchanged was knowledge, which included operational best practices. Competitive and collaborative interactions also occurred for market expansion of new business and product development opportunities for the three MNCs (see Table 7-1).

7.1.1 Collaboration

The subsidiaries of all three companies collaborated to share and utilise resources from elsewhere within the Group to pursue business opportunities. By collaborating with other subsidiaries they leveraged complementary resources, local knowledge and established infrastructure in geographies which were targets for expansion. By collaborating, the subsidiaries balanced the tension between opportunity/risk and revenue/cost.

The differences in content of the cooperative interactions between the three MNCs reflect the tasks required of the different MNCs in order to conduct their business. While knowledge was explicitly shared in EventCo to provide networked marketing events to B2B customers, collaborations in EngConsult centred on sharing people resources to provide consulting expertise and in PhotoCo, physical components were exchanged to develop and manufacture products for their B2B and B2C markets.

From a relationship perspective, voluntary collaborative relationships consisted of trust, respect and commitment. Broken commitments or agreements in previous interactions reduced the level of trust in the relationship. Some collaboration was “forced” by top management, irrespective of the state of the subsidiaries’ relationships, as the opportunity better served the Group’s interests by collaborating rather than the individual interests of the subsidiary. Forced collaborations did nothing to remove existing hostilities between the subsidiaries. The data also showed that forced collaborations were a way to have unknown businesses, who had not yet developed a level of trust through lack of interaction, explore synergistic opportunities by CEO fiat.

7.1.2 Competition

Competition was intense for access to and utilisation of internal resources. “I think the biggest competition we have is for resources” [EngConsult: D#36]. In the case of EngConsult, capable human resources with specialist knowledge were sought by multiple subsidiaries to support bids for large scale projects, creating competition for available resources. A request to a host subsidiary to release desired and limited resources was not always successful as the host subsidiary retained them for their own use. The requirement to utilise and share internal staff resources for client project

related work was not a significant activity in EventCo and PhotoCo subsidiaries as any additional headcount requirement was resourced by external recruitment based on the growth of permanent business. Adding additional staff in EngConsult, before successful project bids were confirmed, exposed the subsidiary to additional costs without having sufficient work to allocate or charge the costs to if the bid were unsuccessful. As professional staff utilisation and billable hours were important to assign to a particular project, permanent headcount versus utilisation and profit was a tension within EngConsult.

Subsidiaries also competed for market expansion. Gaps in the market were identified and subsidiaries vied for the opportunity to provide their services or products to fill the gap. Without communication and updates of what related units were doing, subsidiaries found themselves in competitive situations, active in a similar market or developing a similar product. The study found that when two subsidiaries found themselves competing, inadvertently as the data implies, or intentionally, the subsidiaries discussed the implications for each party and agreed to 'sort it out' or continue with the competition if both were mutually benefitting without cannibalising each other's services and products. However, when tensions strained the relationship and the level of hostility became intolerable for either one or both parties, there was another agreement to discuss the issue and 'sort it out'. Some units did not perceive themselves to be in a competitive relationship with another subsidiary even though one of the parties perceived this to be the case.

Table 7-1 summarises the content of inter-subsidiary competition, having subjectively interpreted the content according to varying levels of collaboration and competition, from both a structural and relational perspective.

Table 7-1: Cross-case findings - Content of inter-subsidary coopetition

Content of Coopetition	Structure	Relationships
Lo Collaboration Lo Competition	Sufficient own resources Recently acquired, not integrated	Lack of trust Infrequent interaction
Hi Collaboration Lo Competition	Combining, leveraging resources Search for opportunities with formal and informal networks Clear market and charter boundaries	High trust Known to each other
Hi Competition Lo Collaboration	Market expansion Sufficient own resources 'Forced' to collaborate - organisation design	Hostility Infrequent interactions Forced to collaborate- adjudication
Hi Competition Hi Collaboration	Market expansion Sharing knowledge, resources	Temporary hostility re competitive activity Trusted relationships

7.2 DETERMINANTS

This section addresses the second research question: What factors influence inter-subsidary competition and collaboration? First, I present nine determinants in four categories: external; organisational; subsidiary; and individual. While some determinants consistently influence either the competitive or collaborative elements of the cooperative interaction, two organisational determinants (i.e. the internationalisation strategy and the pursuit of profit) demonstrate significant differences as a result of the underlying mechanisms and context. The determinants are summarised in Table 7-2. Structural mechanisms and enablers of coopetition are also identified and discussed in conjunction with the relevant determinant (see Table 7-4).

The determinants are contingent in nature and are subject to both the external and internal contexts that the subsidiaries operate within. The salient determinants can also become the antecedents and influencers with which to alter the dynamic of the inter-subsidary relationship (see sections 7.4 and 7.5).

Table 7-2: Cross-case findings - Salient determining factors

Antecedents	EngConsult	C C		EventCo		C C		PhotoCo		C C		S
		+	-	+	-	+	-	+	-	D		
External Factors												
- economy	Efficiencies	↑		Efficiencies	↑		Efficiencies	↑				S
- market uncertainty	Global design centres		↑	Print /online		↑	Video market		↑			S
Organisational Factors												
Strategic Interdependence	Geographic/Sector (across SBU)	↑		Geography/Sector (across SBU)	↑		Global, functional matrix (within SBU)	↑				S
- MNC strategy	Transnational		↑	Global; Multidomestic		↓	Global; Multidomestic		↓			D
- boundary (charter) clarity	Regional/sector responsibilities		↓	Sector responsibilities		↓	Product responsibilities		↓			S
Top Management Commitment	Commitment to collaborative culture	↑		Commitment to collaborative culture	↑		Commitment to collaborative culture	↑				S
Trusted Relationships	Collegial, long term	↑		Identity, long term	↑		Newly forming	-	-			S
- unit of identity	Professional Geography(region)	↑	↑	Professional Geographic	↑	↑	Professional Geographic Heritage		↑			D
Market Overlap	Sector overlap		↑	Business Development		↑	Market convergence		↑			S
Skills Overlap	Duplicate specialist resources		↑	n/a			n/a					D
Performance Comparison	Peer comparison		↑	Peer comparison		↑	Peer comparison		↑			S
				Best practices	↑							D
Rewards and incentives	Group- profit share - profit centre level	↑		Group/SBU/Indiv. - profit centre level	↑	↑	Group/SBU/Indiv. - profit centre level		↑			D
Subsidiary Characteristics												
- entrepreneurial	Resource levels low	↑	↑	Geographic expansion	↑		Market expansion Recent acquisitions		↑			D
Individual Factors												
Manager's mindset	ONE firm attitude	↑		ONE company attitude	↑		ONE company attitude	↑				S
	Healthy competition		↑	Healthy competition		↑	Healthy competition		↑			S

Note: C+ = Collaboration; C- = Competition
S = Similarities; D = Differences

External factors

7.2.1 External environment

The external environment of the subsidiaries encompasses competitors, customers, products, the geographical setting, economic, and socio-political climates that they operated in. The data suggests that the state of the economy and market uncertainty, which reflect the speed of change in customer needs and preferences, are salient external antecedents of inter-subsidary competition in this study.

At the time of the study, most subsidiaries continued to experience an increase in the competitiveness of their markets, post the 2008 economic downturn. More prosperous markets like the Middle East and China were faced with new external competitive entrants looking to exploit the opportunities that were limited elsewhere in the global market. The increased level of external competitiveness placed significant pressure on product and service pricing, eroding both margins and unit profitability. Internally, within EngConsult for example, the level of market competitiveness was reflected in a subsidiary's competitive quest for cheaper resources where the competitive aspect of the relationship focused on negotiating the lowest transfer price for the resources it needed. In PhotoCo, reduced spending on luxury items, and the convergence of the market (market uncertainty), led to competitive SBU pricing of overlapping products of the broadcast and photographic businesses.

Prior to 2008, when the global economy was more prosperous, there was a greater tolerance for inter-subsidary competition as heterogeneous markets were able to support multiple services and products. The costs of damaged inter-subsidary relationships during these temporary, periodic states of intense competition were not overtly factored into any cost/benefit equation of sustaining internal competition; at the time more was to be gained, financially, by letting internal competition run. Awareness by the subsidiary managers of the reasoning behind the temporary continuance of competition resulted in the competitive relationships being less hostile, resulting in a healthy level of inter-subsidary competition.

On the other hand, the findings across all three MNCs indicated that the economic downturn and consequent resource scarcity encouraged the subsidiaries to greater levels

of collaboration to achieve unit (and group-wide) profitability by seeking efficiencies and cost savings. Those subsidiaries in more prosperous regions became targets of collaboration by other subsidiaries and, therefore, could choose with whom they wanted to collaborate.

In summary, the nature of the inter-subsidary collaborative and competitive relationships was contingent upon circumstances in the external environment (see Table 7-3, for example, the economy and market uncertainty). As such, the nature of the cooperative relationship (i.e. high or low competition or collaboration) was temporary, and subject to change, because environmental conditions would change.

Table 7-3: Cross-case findings - External environment antecedents

External Environment	EngConsult Subsidiaries	EventCo Subsidiaries	PhotoCo Subsidiaries
Weaker economies	Fewer infrastructure projects Redundancies (specialists) Competitive pricing US East - low spend by public sector Middle East/Asia - commercial terms challenging - no local labour force	Travel to shows and events restricted Nth America - large domestic market	Reduced consumer spending Competitive pricing Reduced product innovation Japan - mature market
Stronger economies	Oil & Gas booming - new entrants (lower cost options) China and Australia - growing markets	Turkey - emerging market - China - growing markets Hong Kong - saturated	China - knock off copies at lower cost
Market Uncertainty	European low-cost alternatives Scarce engineering resources	Print obsolescence	Market convergence of photographic equipment

Organisational factors

7.2.2 Strategic interdependence

A specific aspect of the MNC strategies relates to the level of interdependence between the subsidiaries. The more interdependent and integrated the work of the subsidiaries were in regard to jointly solving problems, sharing resources and information, the more likely the subsidiaries were to collaborate. Because of the organisation design in EngConsult, which consists of specialist technical sectors sparsely located in multiple

geographies, and the nature of global engineering consulting work, strategic interdependence was high and required combinations of skills and available resources to win local, regional and international projects.

EngConsult specifically required mechanisms to enable their professionals to freely share their knowledge among the technical sectors in order to avoid re-inventing the wheel and to provide the clients with access to the best knowledge available within the firm. The organisation was densely networked and sociable, with implicit reciprocity based on norms of being a good citizen.

While an increased level of collaboration resulted from the evolving business needs and the complementarity of the subsidiary resources, in EventCo and PhotoCo each subsidiary had their own resources to pursue their objectives and hence remained relatively independent. Previously there were no requirements or expectations of the subsidiaries to collaborate in EventCo and PhotoCo. However, as highlighted previously, that situation changed in both MNCs with the external appointment of their respective CEOs.

A particular case of independence between the subsidiaries existed between recently acquired business units and other subsidiaries. When, rather than whether, to integrate the newly acquired businesses was a dilemma for the corporate HQs. As a consequence, the lack of integration and interdependence resulted in low collaboration, particularly during an earn-out period. An 'earn out' is a contractual provision stating that the seller of a business is to obtain additional future compensation based on the business achieving certain future financial goals. Previously, a newly acquired business in EventCo and PhotoCo was self-sufficient and autonomous and was held responsible for performance in its own country. Any proposal that would reduce its independence or compromise its sales and profit figures was treated with great wariness. However, the motivation to collaborate with sister subsidiaries increased if there was a financial contribution to their P & L which enhanced their earn-out provision. If the newly acquired businesses were burdened with additional costs of administration (and therefore potentially reduced profits), the acquired businesses were more reluctant to collaborate as discussed in section 5.2.2 and section 6.2.2. Conversely, occasionally collaborative interest was thwarted by the established subsidiaries that were too busy on

their own initiatives. From HQ point of view, if the MNC promoted greater collaboration between the newly acquired and existing SBUs by allocating time, resources and operational adjustments, more profit from the collaborations went to the owner/founder of the acquired company, potentially diverting resources and detracting from the existing businesses' abilities to achieve their own objectives and profit levels. This scenario presented a tension for Corporate/parent HQ who were also espousing a more collaborative ethos, but appearing to step back for financial reasons; a financial justification not dissimilar to the tolerance shown for inter-subsidary competition when there was a prosperous economy.

The findings suggested that more frequent collaborations occurred among the regional subsidiaries/SBU than across the regions/SBUs in the three companies and more examples of internal competition were cited by the informants across the regional/SBU boundaries (see Figure 4-3, Figure 5-5, and Figure 6-5). A possible explanation, which is elaborated on later, is that greater affiliation and identity with other subsidiaries is created by the organisational boundaries containing them. An additional explanation, as evidenced below, is that regions or SBUs were the profit centres containing the aggregated KPIs upon which the rewards and incentives were based.

In summary, the greater the level of strategic interdependence, the more the subsidiaries collaborated. However, non-integrated acquired companies made synergies difficult to achieve when there was low interdependence, created in part by their 'earn-out' provisions.

7.2.3 MNC strategy

The comparison of competition and collaboration between the subsidiaries across the three MNCs suggests that the varying inter-subsidary relationships are influenced by the MNC's organisational history and their respective strategies adopted for international expansion. Although not classified nor clearly delineated in the data, the findings suggest that different MNC strategies i.e. multinational, global, international and transnational (Ghoshal and Bartlett, 1987) are operated by the HQ and parent companies (SBUs) within the three MNCs; for example, in EngConsult, multinational/transnational strategies where local responsive, worldwide learning and multinational flexibility is required; in EventCo, global/international strategies where central brand

knowledge and capabilities are adapted; and, in PhotoCo, a global strategy of efficiency, where the subsidiaries are predominantly distribution channels.

By breaking up the global sectors in EngConsult that were previously based in the UK HQ and driving growth into the regions, unintended consequences were created. The newly formed regions and subsidiaries had insufficient resources. This increased the level of internal competition for limited specialist staff resources (for example, in section 4.2, the Middle East or ERA). The subsidiaries were not only competing with each other for skilled resources but they were also competing and negotiating with the UK subsidiary, the previous HQ, for lower costing of those resources to protect and grow their own subsidiary's profitability. The findings, on the other hand, also showed that those subsidiaries with insufficient resources were competing with other subsidiaries to collaborate on projects with the UK, or elsewhere within the MNC (see Figure 4-4: EngConsult- Subsidiary requirement for resources).

The organisational evolution of EventCo and PhotoCo saw previously acquired businesses temporarily retained as independent businesses within the SBUs with little to no integration. New Group CEOs saw unrealised potential for synergies and encouraged greater interdependence between the SBUs and their subsidiaries. Collaboration was fostered, if not forced on occasions, and was the means by which EventCo and PhotoCo (and also EngConsult) could efficiently, and more cost effectively, expand into other territories. However, it was not easy to change the independent relationships that had been built up over a long history. A certain structure had been adopted and functions, authority and operations had been distributed among the different units in different countries. The reorganisation and new structural realignment was both time consuming and costly.

The global internationalisation strategy of the MNCs minimised the level of competition as there was little overlap or ambiguity in the charters and responsibilities which were clearly defined by the global brand.

Although all three MNCs supported a highly decentralised structure, the amount of coordination and structure necessary to support the organisational redesigns and greater levels of interdependence and collaboration was different across the three MNCs (see Table 7-4). Different coordination mechanisms e.g. formalisation, standardisation and

centralisation which were required to increase the connectivity between both the SBUs and their subsidiaries were evident across the MNCs.

Coordination mechanisms and interventions

Formal processes, guidelines and processes were well-developed within Eng Consult such that there was a level of standardisation and common understanding which facilitated collaboration between the subsidiaries, EventCo to a lesser degree and PhotoCo, hardly at all. In PhotoCo, as inter-subsiary collaboration was a much newer way to work, there was minimal standardisation, centralisation or overall structural support, particularly in the commercial areas of transfer agreements for joint product development.

Integrated and sophisticated intranet systems with telecommunications capabilities and video conferencing facilities began to eradicate the communication boundaries between the SBUs and subsidiaries in their various locations within EngConsult and EventCo. Global knowledge and work management databases were available and used frequently within EngConsult. EventCo had recently established a group-wide wiki-based intranet while a basic informational system was utilised by PhotoCo to communicate and inform the various businesses and newly formed global functions.

While the reporting systems were used by management for information and control purposes, there was no evidence of these systems were being used for competitive purposes between the subsidiaries. However, they were acknowledged as being of assistance in collaborative initiatives.

In summary, a global internationalisation strategy minimised the level of inter-subsiary competition due to the clarity and lack of overlap of organisational charters and responsibilities. The multinational, integrated networked strategy increased the level of interdependence and collaboration. However, inter-subsiary competition increased in the multinational/transnational strategies due to subsidiary profit centre evaluation, lack of regional resources and interest in similar markets or customers.

7.2.4 Top management commitment

A commitment to a more collaborative culture was initiated by the Group CEOs and espoused by top management. They strongly encouraged the subsidiaries to explore and act on collaborative opportunities with their sister units. The commitment was described by the informants in EventCo and PhotoCo as moving away from the intense competition of their past that was fostered by their previous Group CEOs. The present Group CEOs vigilantly enforced collaboration until new working relationships were established between the subsidiaries, although specific areas for collaboration were frequently neither specified nor clarified.

The cultural change towards greater collaboration was supported by each Group HQ with the additional implementation of structural changes (e.g. provision of inter-entity trading agreements, formation of best practice groups or CDIs sponsored by HQ) and emphasis on influencing the mindsets of all employees.

Specific global roles were introduced and sponsored by HQ, to further support the collaboration initiatives within EngConsult and EventCo.

Practice (sector, content, events) leaders

Formal best practice and technical specialism roles (e.g. global practice leaders in EngConsult, and HQ Global Event and Content roles in EventCo) spanned the entire organisation in their specific sector to gather and share best practices and identify opportunities for efficiency and collaboration with other subsidiaries and subunits. The roles are akin to the internal boundary spanners (Wright, 2009) that refer to certain types of people who operate within organisations but cut across departmental, divisional or professional boundaries. The boundary spanning functions of exchanging, linking, facilitating and intervening (Wright, 2009) were supported by corporately funded positions which had no P&L accountability.

PhotoCo had yet to formalise any such role, perhaps in part due to its current size of 1,900 employees and lower level of integration.

Adjudicator role

In this study, top management took on the mantle of adjudicator in situations where competitive tensions arose from perceived inequitable gains by one subsidiary over another in a potential collaboration. Adjudication philosophy involves a neutral party providing a ruling that parties would implement. The subsidiaries sought to use this type of intervention only when all other attempts to manage the tensions between themselves had failed. Examples of scenarios that resulted in competitive tensions included protracted transfer pricing negotiations between subsidiaries in EngConsult, pricing wars in PhotoCo and new product development ownership in EventCo. Tensions, although rarer, also emanated from inter-subsidary collaborations (see section 7.4.1). The intention of adjudication was often to create a joint solution to the problem that would allow both SBUs to maximise their position for the future and enhance the group's overall position of market share. The decision or directed outcome of a "forced" collaboration was considered to be fair by the subsidiaries involved.

"If they're able to step back a bit and say this is good for whichever part of the business they're from in the longer term, I might have to give up now to gain a little later, or I haven't really negotiated the absolute best deal that I could have negotiated, but we're all part of the same company then I think you can get going". So it requires a lot of attitudinal flexibility by managers to see a bigger picture." [EngConsult: B#3]

In summary, top management commitment to a collaborative culture increased the willingness of subsidiaries to look for and implement opportunities to collaborate. As a result, greater awareness and knowledge of opportunities and potential partners lead to increased collaboration.

7.2.5 Trusted relationships

Trust was necessary for subsidiaries to be willing to cooperate and collaborate. Trust is "the subjective, aggregated, and confident set of beliefs about the other party and one's relationship with her/him, which lead one to assume that the other party's likely actions will have positive consequences for oneself" (Dietz and Hartog, 2006:558). However, when trust was lacking between the SBUs, collaborations proved difficult. In PhotoCo for example, the SBUs were new to the collaboration process. Earlier attempts at collaborating had been ill-prepared, and lacked clear expectations and identified outcomes. Consequently, because of the previously ineffective collaborations, hostilities

resulted with each SBU being perceived by the other as not trustworthy. Both SBUs were advised by the Group CEO to address the tensions and “sort it out”.

Because of the lack of information about the competencies and reliabilities of potential partners, specifically in PhotoCo, developing a relationship with new subsidiaries took time and involved uncertainty. The stability and depth of the networks and relationships developed across the senior levels of the SBUs and subsidiaries of EngConsult enabled the firm to confidently state that senior management were only ‘three calls away’ from getting to the right connection within the firm of 15,000 employees. This was in direct contrast to the size of PhotoCo (compare 1,900 employees) whose subsidiaries struggled to get to know each other or the capabilities that existed within each business.

The strength of the inter-subsidiary relationships in PhotoCo was weaker, partially as a result of the new management team in place. The average length of tenure in the company of five years (see Table 6-2) was significantly lower at the senior management level than those of EngConsult and EventCo, at 19 and 14 years respectively. Furthermore, PhotoCo did not provide many formal opportunities to network and learn about other businesses as the expectation was that the subsidiaries would take the initiative. In EngConsult and EventCo both informal and formal interventions enabled communication and networking, and created awareness of what other subsidiaries were doing and who to contact. These practices built trust and developed stronger relationships which fostered collaboration.

However, the formal gatherings of the SBUs and their subsidiaries also signalled top management’s commitment to, and prioritisation of, sustained collaboration. Formal practices included executive steering committees, global leadership development programmes, and routines such as “breaking bread” in EventCo. The cancellation of group-wide management and business meetings in PhotoCo, as a result of the challenging economic conditions, was lamented by senior management as they also saw these formal gatherings as opportunities to build stronger networks and develop better relationships with their senior colleagues, specifically with those from newly acquired businesses.

The highly acquisitive strategy of EventCo and PhotoCo also meant that getting to know new businesses and new management was a constant challenge in their

organisations. In PhotoCo, their SBUs' organisational redesign to a global, functional matrix at HQ was implemented to specifically facilitate greater collaboration and improve efficiencies and cost savings across the subsidiaries and within the SBU.

Organisational identity

Relationships continued to develop across the different social groupings of professional discipline and geographic cultures. Dominant cultures existed in all three companies: British in EngConsult; British and American in EventCo, and British, Italian and American in PhotoCo. The national identities were further subcategorised into: (i) professional groupings, for example, in EventCo, where media and event-related subsidiaries traditionally had a competitive relationship from their different ways of working; (ii) functional groupings such as technical German manufacturing in contrast to Italian design style in PhotoCo; and (iii) engineering and management consultants in EngConsult. Identification with different groupings constrained inter-subsidary interactions. Socialisation mechanisms and collaborative interventions were used to encourage networking to create awareness of the other businesses that were part of the same MNC. Porter (1985:372) drew attention to the fact that just because "an interrelationship is not being achieved [it] is not a reliable sign that it is not important". The lack of relationship was seen as a missed opportunity as the more times the subsidiaries were able to interact, future, mutually beneficial collaboration opportunities and relationships were identified.

In summary: trusted relationships, resulting from frequent interaction and longevity of relationships, increased the level of collaboration. The converse also has to be considered where frequent interaction and longevity can develop into a negative, mistrusting relationship. Trusted relationships, and aligned identity, created openness for collaboration. However, 'forced' or new collaborations occurred even without the requisite levels of trust and were based purely on a transactional basis.

7.2.6 Market (and skills) overlap

Inter-subsidary competition resulted from the overlapping markets and skills of the subsidiaries. Market overlap occurred when the subsidiaries or SBUs were active in the same market. This happened because of either intentional encroachment on another's

predefined market, geography or customer base, or when the subsidiaries found themselves inadvertently competing against each other for clients and sales, mainly through lack of information or awareness, changing market conditions, or ambiguous internal boundaries which were opportunistically exploited.

Equally, internal competition resulted from overlapping skills, a factor which was particular to EngConsult. Consultant engineers with the same technical expertise existed in multiple sectors and in multiple geographical regions that had complementary resources and delivered a similar capability. While the duplication of skills provided the firm with the required flexibility for local, regional and global assignments, it also created internal competition between the subsidiaries. A quasi-internal market operated for internal people resources. Even though the relationships and interactions are between horizontal peers, an internal 'buyer' had the opportunity to dual source identical services from multiple internal suppliers. Dual sourcing introduced additional complexity into the internal market, specifically with regard to decisions relating to pricing (variability), sourcing (competition) and control (subsidiary autonomy). I will expand on this point in Section 7.2.8 , in relation to the antecedents of profit and reward.

Again, while none of this was of particular concern during a thriving economy, these issues became more of an irritant in a slower economy, where subsidiaries were struggling to make their numbers. Nevertheless, where boundaries were less rigid, the flexibility of being able to use lower cost resources enabled the subsidiaries to seek additional opportunities, thereby providing alternative options for growth.

The organisational boundaries that defined the SBU and geographic remits provided a base of power as they got to know their customers and the local conditions of that geography. The subsidiaries were reluctant to see those boundaries altered. Boundaries were not only geographic or business related. Differences between professions and skill sets also represented boundaries which created internal groupings and identities. Cross-subsidiary competition intensified when the differences between the groups were accentuated as in the examples of the duplicate skills and target markets of the consulting and international development subsidiaries in EngConsult, the professional

and consumer markets of broadcast and photographic SBUs in PhotoCo and the different national identities of the American and European SBUs in EventCo.

In situations where the competitive relationship and subsequent performance was suboptimal as a result of the overlaps, and resultant competitive tensions were no longer tolerated by Group HQ or the individual subsidiaries, the subsidiaries sought a more compatible way forward. Where dialogue was initiated by HQ, SBU or the subsidiaries themselves to “sort out” their concerns, the SBUs collaborated to find a joint solution. The dialogue resulted in a recalibration of the cooperative relationship and the interactions perceived to be less hostile.

However, the occurrence of market overlap was less frequent in all three MNCs, as clear boundaries and responsibilities typically existed for inter-subsiary interactions. Only when the external market changed, or new areas of business were developing, was there market overlap that generated internal competition.

In summary, where market and skills overlap occurred, competitive interactions increased. The overlap in external market was customer facing. The clarity of market boundaries and internal responsibilities minimised this type of inter-subsiary competition. The overlap of skills, unique to the PSF in the internal market, was staff facing.

7.2.7 Performance comparison

Comparisons of performance among ranked subsidiaries fostered healthy competition as the comparison raised the level of performance against the standards for all subsidiaries within the group. However, the findings also indicated that the practice had unintended consequences in that it impeded mutually beneficial inter-subsiary collaboration, leaving lowly ranked subsidiaries vulnerable. The finding is most clearly illustrated in the examples of lower performing US East and the Middle East subsidiaries in EngConsult. As a result of their consistent underperformance against key metrics, and without the full context provided when presenting at group-wide meetings, their respective competence was questioned by other subsidiaries and consequently detracted from their perceived value as a potential partner. Other subsidiaries were less willing to collaborate with them. A cycle of decline (poor performance leading to poor perception

by others which meant less joint opportunities which lead to poor financial performance) was set in motion until the challenging conditions changed.

In summary, intra-company comparisons of peer performance increased inter-subsiary competition. Questions of competence were raised about consistently lower performing subsidiaries which reduced their attractiveness to others for potential collaborations.

7.2.8 Rewards and incentives

The SBUs and subsidiaries were profit centres. Each subsidiary sought to maximise their own unit's profit, revenue and margin targets to achieve their financial objectives and organisational incentives.

Performance was evaluated on each individual subsidiary's achievement of KPIs, with prominence given core financial measures of profit, revenue, margin, and in EngConsult only, staff utilisation. There were no financial measures for collaboration.

In addition to sales of services and products to the external customer, SBUs across the MNCs developed and marketed their services to other internal business units through the utilisation of staff resources, brands for expansion or inputs into production/sales. The study found that while all three MNCs have standardised global financial reporting systems and processes for their subsidiaries, there is significant variation in their management accounting processes which negatively influenced inter-subsiary collaboration and increased competition. The differences centred on the mechanism of accounting for internal transactions and transfer pricing.

The internal horizontal transactions of exchange and transfer of services and products between the subsidiaries were accounted for by: (i) a transfer pricing system, supported by inter-entity trading (IET) agreements in an internal market, within EngConsult; (ii) "double" or "shadow" accounting, supported by SLAs and internal joint venture structures in EventCo, and (iii) application of arm's length principles in PhotoCo.

A transfer price is "a charge by one division (transferring divisions) to another division (receiving division) within the same organisation" (Terzioglu and Inglis, 2011:85). The

pricing mechanism regulates the allocation of resources, and in the case of EngConsult, the tacit knowledge associated with those resources.

“Shadow” accounting is a form of accounting used for internal purposes where two sets of books are kept which recognises the full value of a transaction for both subsidiaries. It was noted in the within-case findings that the shadow accounting approach had a profound impact on the willingness of subsidiaries to collaborate. The barriers to inter-subsidiary collaboration were removed overnight along with any financially competitive reason that previously would have inhibited the possibility of collaboration.

The “arms-length” principle of internal pricing states that the amount charged by one related party to another for a given product must be the same as if the parties were not related. The “arms-length principle” requires all parties to make a profit as they would on the open market, which also requires some negotiation with the parties involved in the transaction. These negotiations form part of the competitive and collaborative relationships between the subsidiaries. The relationships in PhotoCo resemble market transactions (Uzzi, 1996), rather than collaborating subsidiaries, where trust was low and detailed information exchange was difficult. Corporate finance controlled the commercial ‘negotiation’ and provided the subsidiaries with the appropriate pricing.

Because of EngConsult’s integration and organisational design, and the lack of own resources, the subsidiaries had to, more often than not, collaborate with others to achieve their KPIs. Structural interdependence acts as an incentive for each subsidiary to be concerned with the performance of the other as it affects the total firm results. While the collaborations were largely voluntary they were also required out of necessity to enable subsidiaries to both bid for and successfully complete specific assignments that they could not complete on their own.

Few operational and no financial measures existed to recognise instances of internal collaboration. Collaborations that did not also benefit the units P&L were questioned. A negotiation typically ensued to determine the commercial terms of the collaboration where both sought to achieve mutual benefit from the collaboration. Although Group guidelines were made available to facilitate the negotiations of the inter-entity transfer of services, agreed allocation of profit and revenue often was a fractious and competitive issue. While recognition in all three MNCs was awarded for successful

collaborations and attempts by the subsidiaries, it was insufficient when the subsidiaries' performance was primarily measured on financial performance. The negotiation created considerable tension between the two subsidiaries which was eliminated by the double accounting process established in EventCo.

The move away from rewarding independent business units that existed within the photographic SBU of PhotoCo also removed the competitive element in the relationship relating to the pursuit of profits for rewards. The businesses were now measured on the collective performance of the SBU.

In all three MNCs, it was only at the top management (SBU) level that group-wide incentives were shared. Top management continued to evaluate the subsidiaries on their performance which simultaneously fostered a level of inter-subsidiary competition. This might explain why top management ably adopted the adjudicator role. The SBU management were able to look beyond the subsidiary barriers of unit profit, and altruistically exercise the bigger principle of doing what was right for the firm. As one top manager articulated "we all eat from the same trough". Despite the significant structural barriers, another senior manager summarised the challenge in the following phrase: "you will always have a structure that you have to work around, but if the belief of how to work together is there - as a mindset - anything is possible." [B#8].

The SBU loyalties and incentives were focused on Group-wide performance making it less paradoxical to simultaneously encourage collaboration. However, as one SBU CEO in PhotoCo explained, he still wanted to do the best for his SBU as the incentives and rewards for his team continued to be based on the SBU performance.

Staff utilisation was a specific KPI within EngConsult which recognised the importance of staff as generators of revenue and equally, cost. Competition for (staff) resources and the pricing of those resources featured strongly. Hiring internally often meant sharing revenue and profit. As HQ discouraged the use of external resources, the practice both encouraged and enforced collaboration between the subsidiaries as well as competing on both price and availability.

In summary, group-wide incentives encouraged SBU collaboration. At the subsidiary level, rewards were based on unit performance which increased competition.

Management accounting mechanisms for the recording of profit influenced the subsidiary interactions to compete or collaborate when profit, revenue or staff utilisation positively contributed to their P&L. Dialogue and adjudication assisted when profit was foregone for the greater good of the MNC in collaboration.

Subsidiary characteristics

7.2.9 Entrepreneurial orientation

The subsidiaries willingness to engage in collaborative relationships with other more resource-endowed subsidiaries demonstrated a reactive force to reduce their strategic vulnerability (for example, lack of capability in the subsidiary region or cannibalisation) in both their local market and own MNC settings. The strategic vulnerability of the subsidiaries was further heightened by being dependent upon others for resources, creating a competitive dynamic for the quantity and quality of people and more tangible resources with their sister subsidiaries.

A proactive force in the dynamic between subsidiaries was evidenced by a subsidiary's entrepreneurial orientation to advance its own competitive position - for example, EventCo's willingness to collaborate with other geographic subsidiaries, utilising their existing infrastructure and local knowledge of sister subsidiaries, for brand expansion.

In summary, a subsidiary has its own characteristics in terms of previous relationships, available resources, and location that will make it an attractive partner with which to collaborate. Proactive actions that satisfy only the subsidiary's interests are perceived to be competitive.

Individual manager characteristics

7.2.10 Manager's mindset

Individual actors also accounted for characteristics that influenced the formation of inter-subsidiary relationships, contingent upon their beliefs about human nature, personality, propensity to, and attitude towards, competition and collaboration.

While not universal, a positive disposition towards competition between the units was found amongst the SBU managers; competition was an inherent aspect of business

interactions and a broader aspect of human nature. Their accounts and examples identified the view that some level of competition was necessary to encourage a more positive dynamic of performance and the achievement of higher standards for the greater good of the MNC overall. At the subsidiary level, individual pride, career ambitions and the perceived status that resulted from ‘meeting the numbers’, overrode the desire to engage in difficult and potentially unprofitable collaborative initiatives. Personal relationships and trustworthiness of certain individuals made more risky, and entrepreneurial, collaborations easier to engage in.

In summary, the mindset, attitude and experience of the SBU and subsidiary managers can induce competitive or collaborative inter-subsidiary relationships.

7.3 ENABLERS

HQ provided the internal structure to support the subsidiaries to collaborate and compete. The enabling structures were identified when discussing the determinants of either competition or collaboration, or both, and are summarised in Table 7-4. The table highlights the author’s assessment of the extent (high, medium or low, and yes or no) to which they were available within the company and whether they supported either collaboration or competition, or both. For example, in EventCo, the boundary spanning roles of global event and content roles facilitated collaboration by enabling the sharing of best practices and competition by peer comparison of best practices; PhotoCo provided few opportunities (L) for cross-subsidiary networking (socialisation).

Table 7-4: Cross-case findings - Enablers

HQ Structures	Coordination Mechanism	EngConsult (PSF)	C+	C-	EventCo	C+	C-	PhotoCo	C+	C-
Standard - systems	Standardisation	Hi standardisation of processes and systems - recognition of local conditions	H	-	Best practices units leading to standardised systems within individual SBUs	M	-	Lack of standardised systems across or within divisions	L	-
- processes	Standardisation	Finance, Work Practices, Inter entity trading agreements (IETs) , Talent Management	H	H	Financial, Sales, Customer Relationship Management (CRM), SLA, Talent Management	M	L	Finance, Talent Management Customer and product management within SBU	L	H
e- Business technology	Communication	Fully integrated intranet, telephone systems and knowledge databases	H	L	Wiki based intranet knowledge hub	M	L	Basic informational intranet	L	L
Management accounting policy	Formalisation	Negotiated transfer pricing		H	“Double” accounting	H		Arms-length principle		H
Boundary spanners	Centralisation	Group Practice Leader and practice managers	Y	-	Global Event & Content HQ roles	Y	Y	CDI (not HQ role)	N	-
Adjudication - dispute resolution	Formalisation	CEO/ Senior management adjudicator	H	L	CEO/Senior management adjudicator	M	L	CEO/Senior management adjudicator	M	L
(In)Formal gatherings	Socialisation	Global, regional meetings, development programmes (graduate schemes, technical specialist meetings)	H	-	GLDPs, "breaking bread" meetings, rotational, exchange assignments, Exec Co recently formed	H	-	Limited cross socialisation - newly formed cross divisional initiative	L	-

Key: H = High; M = Medium; L = Low
Y = Yes; N = No

7.4 MULTIPLE AND DYNAMIC RELATIONSHIPS

The study found that, at the intra-organisational level, an SBU and subsidiary had multiple simultaneous relationships of competition, collaboration, coopetition and coexistence with multiple other subsidiaries within the MNC.

Dynamic relationships

Subsidiary relationships consisted of varying intensities of competition and collaboration at different times, and simultaneously across different activities. Evidence found that the relationships were dynamic and that coopetitive relationships were also applicable across multi-levels of actors (i.e. individual and organisational unit).

Coopetition is not static

Coopetition was not a static phenomenon. Simultaneous interactions of competition and collaboration occurred between the subsidiaries and changed and developed over time, moving back and forth from interactions of competition to collaboration and back again depending on internal and external factors (see section 7.2). The external, organisational, subsidiary and individual determinants of competition and collaboration created a certain dynamic of varying levels of competition and collaboration in the relationships. The dynamic of the existing relationship was also subject to change as other antecedents influenced the levels of competition and collaboration within two subsidiaries relationships. The nature of the interaction would change and a new dynamic in the relationship occur. The emergent nature of the relationships exemplified that they were neither designed nor “fixed” by an organisation chart but emerged from the circumstances in which the subsidiaries found themselves, in relation to each other.

Coexistent relationships - acquisitions

In the case of the recently acquired businesses, a coexistent relationship was established until it became salient through interaction with their new sister subsidiaries. This was not a case of ‘no’ relationship as the acquired businesses were often adjacent businesses to the MNC and had often had some prior external interactions. Other subsidiaries became aware of the new business’ existence within the MNC but they continued to

coexist and operate independently, neither in a collaborative nor competitive relationship, (knowingly) with other subsidiaries for a period of time.

Asymmetrical relationships

The study identified that it was possible that a subsidiary A was competing with subsidiary B but B was not aware of the competition, as in an asymmetric relationship (Tsai, 2002). This was typified in the example of EngConsult's UK subsidiary which was in a stronger position than the regional subsidiaries that were seeking to collaborate to access specialist resources. However, the UK's lack of interest in the collaboration, as they wanted to utilise the resources to meet their profitability targets, was perceived by the regional subsidiaries to be a competitive move to retain 'their' resources; the UK, however, did not perceive themselves to be competing; they were just not collaborating. The data support the contention that one party which is in the stronger position may not perceive itself to be competitive but the perception of the other party would be that it is.

Sustaining relationships

The level of vigilance required to promote and sustain collaboration within the organisational cultures surprised the Group and SBU CEOs who had failed to appreciate the impact of unit performance evaluations on collaborative interactions. The interplay between competition and collaboration was evident and impactful.

In summary, inter-subsidary competition was not a static state and in the study the relationships had varying aspects and levels of competition and collaboration.

7.4.1 Inter-subsidary tensions

Tensions were inherent in cooperative relationships. A persistent level of competition existed between the SBUs as the performance systems evaluated the units on the basis of unit profitability. For example, on one hand, centralisation and standardisation eased the challenges of collaborating with other subsidiaries; on the other hand, they created tensions due to the preferred decentralisation of the SBU, with little interference from the corporate or HQ parent. In all three MNCs, the corporate HQ did not favour mandating decisions from the centre and yet, on the other hand, the subsidiaries found that misaligned or disparate systems (e.g. accounting systems) discouraged them from

entering into collaboration due to lack of time, amount of effort or previous misunderstandings.

Intense tensions were temporary and eventually managed. When the tensions reached an ‘intolerable’ level, either the subsidiaries or HQ required the actors to “sort it out” and initiate an appropriate intervention to change the current state of the relationship (a process depicted in Figure 7-1). The study identified a process of change as a result of tensions experienced by the two subsidiaries consisting of high levels of competition and low or weak collaboration. The competitive tension changed the relationship dynamic until the next trigger prompted a re-evaluation or rebalancing of the relationship in a different context or in a different activity. The evidence suggests that the rebalancing will constantly occur, often with other units as well. While the example in Figure 7-1 illustrates an intolerable competitive tension, tensions emanating from strong/high collaboration can equally exist and become salient, which requires managing. For example, the lack of willingness to address underperformance in the collaboration (as in the EventCo example) created tensions between the subsidiaries which required an intervention to “sort it out” through constructive dialogue to change the status quo. The pattern persists depending on the interaction, activity and current status of the relationship.

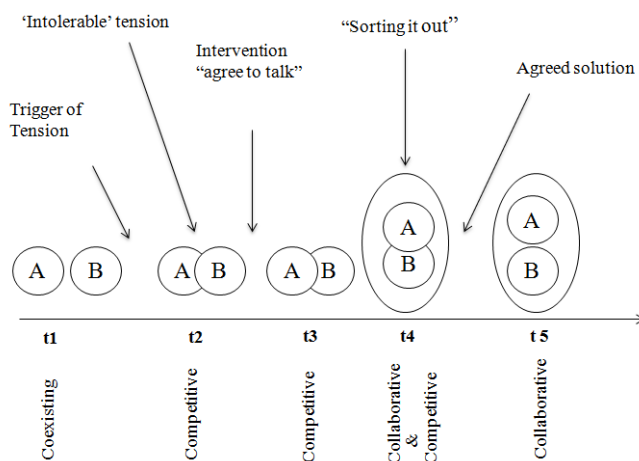


Figure 7-1: Example of changing inter-subsidary relationships over time

7.4.2 Different hierarchical perspectives

Top management perceived the MNC to be ‘one’ company and were able to more easily encourage collaboration between the subsidiaries. It was the subsidiaries (profit centres)

who struggled with the tension resulting from both competing and collaborating; of managing the tension that existed between the subsidiary focus on profit and the collective requirement to collaborate in order to create value for the MNC. The more senior the managers, the more they were of a mindset to see the bigger picture and altruistically accept that collaboration was the right thing to do.

7.5 INTERVENTIONS TO MANAGE TENSIONS AND REBALANCE RELATIONSHIPS

Finding the right balance, as in a workable proportion of competition and collaboration, is a challenge for most managers (Teece, 1992). Interventions were used by the subsidiaries and corporate/parent HQ to adjust the levels of competition and collaboration in order to ease the more intolerable tensions. Table 7-5 summarises the interventions identified in this study to mitigate or enhance the tensions that arose from simultaneous competition and collaboration. These interventions are in addition to the antecedents which also influence the levels of competition and collaboration.

Table 7-5: Cross-case findings - Interventions to manage tensions

Interventions	Source of tension	Led by HQ or Subsidiary	Eng Consult	Event Co	Photo Co
Dialogue – use of “voice”	Issues of internal competition Performance issues during collaboration	Subsidiary	Yes	Yes	Yes
Formalisation of procedures - conflict resolution	Intolerable competition	Corporate HQ Parent (SBU)	Yes	Yes	Yes
Merger of units Clarify boundaries	Competition from lack of boundary /charter clarity	Corporate HQ Parent (SBU)	Yes	Yes	No
Exit the non collaborative leader	Unwilling to change personal orientation to collaboration	Corporate HQ Parent (SBU)	No	Yes	Yes
Development of collaboration KPI	Lack of financial recognition of collaboration in interaction	Corporate HQ	Yes	No	No
Adjudication – the bigger picture	Unit versus group profitability	Corporate HQ Parent (SBU)	Yes	Yes	Yes

7.5.1 Dialogue - use of “voice”

Dialogue was the main means by which the subsidiaries aired and managed tensions in their relationships with others. Their individual voice was also used to articulate intentions to lobby for positions within the MNC. While the option of avoiding or exiting a relationship was available for reasons such as dissatisfaction with the performance of a collaborating subsidiary or the existence of a more profitable opportunity, in highly interdependent organisations, the choice of non-collaboration was constrained by cultural norms and financial considerations.

7.5.2 Formalisation of procedures

Trading agreements and SLAs facilitated the structuring of dialogues regarding commercial arrangements prior to entering into a collaborative interaction. By addressing expectations and issues before commencing the specific collaboration, the negotiation mechanism provided a way to assess and build trust in the form of commitment, reciprocity and fairness of the specific interaction.

Formalised procedures for problem solving, decision making and conflict resolution all enhanced the perception of fairness in the processes that resolved disputes and allocated resources. Problems and tensions are resolved according to mutually agreed-upon rules and procedures, which encouraged subsidiaries to explore more risky collaborations with another subsidiary which they might not have previously considered.

7.5.3 Merger of units

The merging together of two competitive subsidiaries mitigated the level of competition and hostility resulting from overlapping charters of responsibility and external or internal customer segments. While general coordination of the combined units improved access to opportunities or the transparency of new business development initiatives, the underlying tension in the form of resentment remained, temporarily. An alternative interpretation was also explicated. By putting all the divisions under one leader, the intervention would facilitate collaboration. Although recombinant benefits are intriguing, emphasis on them has, as yet, to lead to theoretical predictions about cross-BU collaborations (Martin and Eisenhardt, 2010).

The logic of having the competing divisions report into one manager, however, is essentially limited by the processing capability of the manager even though there may be greater affinity with the unit over time. As I showed in EngConsult, one of the arguments for regionalising the PSF was that the overall organisation had become too big for one Group CEO to manage from the centre; therefore, the organisation was broken up into smaller units. Smaller units imply a greater number of boundaries or silos to navigate which potentially hampered collaboration efforts. However, the reorganisation in PhotoCo eliminated the business units and established a functional matrix, requiring greater collaboration within and across the functions. Initially, this did not, however, increase the level of collaboration across the subsidiaries within different SBUs.

7.5.4 Exit the non-collaborative leader

To facilitate collaboration between the subsidiaries, both PhotoCo and EventCo terminated the employment of managers who were specifically perceived to be non-collaborative. Viewed by other senior management as also being competitive by ‘going

it alone' and focusing solely on the performance of their own unit, the important consideration was that the manager would not, or could not, adapt to operating in a more collaborative way. The ultimate sanction in the more collaborative environment was dismissal from the organisation. In the study, this occurred more frequently among owner or founders of acquired companies whose previous success was based upon their own performance and skills which did not require this kind of time and resource-consuming collaboration as part of a larger organisation. This structural mechanism could move the specific EventCo and PhotoCo subsidiaries away from being intensely competitive.

7.5.5 Development of collaboration KPI

EngConsult had begun to develop a financial KPI for collaboration to recognise a subsidiary's contribution to collaboration that currently was not able to be captured in the accounting practices of the organisation or the commercial arrangements with another subsidiary. The lack of financial recognition was perceived as a major deterrent to certain collaborations. As explained, top management tended to forget the circumstances of a specific collaboration that extended beyond an annual financial accounting period. While this was not an issue for EventCo who 'double accounted' financial transactions in cross-SBU collaborations, PhotoCo was investigating ways other than 'royalties' to financially recognise new product and R&D collaborations.

7.5.6 Adjudication – the bigger picture

The subsidiaries were held accountable for the achievement of their profit targets which focused their attention on their own interests and short-term gain. To ensure that the group's and parent company's best interests were kept top of mind, top management intervened to adjudicate when the subsidiaries interests were damaging for the company in the longer term, whether through inter-subsidiary collaboration or competition.

7.5.7 Summary

This chapter presented the synthesis of the findings of inter-subsidiary relationships within the three MNCs by addressing the three research sub-questions.

SQ1. What is the content of inter-subsidiary competition and collaboration?

The study found that the content of inter-subsidary collaboration involves the sharing, combining and leveraging of complementary resources and knowledge and inter-subsidary competition involves access, acquisition and utilisation of resources, and market expansion.

The specific type of resources differed across the MNCs – whereby EngConsult and PhotoCo’s focused on sharing of resources for collaborative activities (Ensign, 2004) and explicitly attended to people and product (tangible) resources, respectively. EventCo attended to the sharing of knowledge (intangible) which was a reflection of the learning and sharing best practices orientation of their collaborative initiative for their business. The focus on tangible resources had implications for the transference of costs and pricing and physical and tangible resources were traded and exchanged in the two MNCs.

The second set of findings addressed the research question:

SQ2: What factors influence inter-subsidary competition and collaboration?

The findings for SQ2 are summarised in Table 7-6. The salient determining factors suggest a level of independence in their influence on inter-subsidary cooperation. However, the influences are more interrelated and represent a more complex interaction among the factors.

Table 7-6: Cross-case summary - Determining factors

SQ2 Determining Factors		
External		
	External environment	In summary , the nature of the inter-subsidary collaborative and competitive relationships was contingent upon circumstances in the external environment (see Table 7-3, for example, the economy and market uncertainty). As such, the type of cooperative relationship was temporary, and subject to change.
Organisational		
	Strategic interdependence	In summary , as strategic interdependence increased, the more the subsidiaries collaborated. However, non-integrated acquired companies made synergies difficult to achieve when there was low interdependence, created in part by their ‘earn-out’ provisions.
	Internationalisation strategy	In summary , a global internationalisation strategy minimised the level of inter-subsidary competition due to the clarity of organisational charters and responsibilities. The multinational, integrated networked strategy increased the level of interdependence and collaboration. However,

SQ2 Determining Factors		
		competition increased in the multinational/transnational strategies due to subsidiary profit centres, lack of regional resources and interest in similar markets or customers.
	Top management commitment	In summary , top management leadership and commitment to a collaborative culture increased the willingness of subsidiaries to look for and implement opportunities to collaborate. As a result, greater awareness and knowledge of opportunities and potential partners lead to increased collaboration.
	Trusted relationships	In summary: trusted relationships, resulting from frequent interaction and longevity of relationships, increased the level of collaboration. The converse also has to be considered where frequent interaction and longevity can develop into a negative, mistrusting relationship. Trusted relationships, and aligned identity, created openness for collaboration. However, ‘forced’ or new collaborations occurred even without the requisite levels of trust and were based purely on a transactional basis.
	Market overlap (Skills overlap)	In summary , where market and skills overlap occurred, competitive interactions increased. The overlap in external market was customer facing. The clarity of market boundaries and internal responsibilities minimised this type of inter-subsidiary competition. The overlap of skills, unique to the PSF in the internal market, was staff facing.
	Performance comparison	In summary , intra-company comparisons of peer performance increased inter-subsidiary competition. Questions of competence were raised about consistently lower performing subsidiaries which reduced their attractiveness to others for potential collaborations.
	Unit profit performance	In summary , group wide incentives at top management encouraged SBU collaboration. At the subsidiary level rewards were based on unit performance which increased competition. Management accounting mechanisms for the recording of profit influenced the subsidiary interactions to compete or collaborate when profit, revenue or staff utilisation positively contributed to their P&L. Dialogue and adjudication assisted when unit profit was foregone for the greater good of the MNC.
Subsidiary		
	Subsidiary characteristics	In summary , a subsidiary has its own characteristics in terms of previous relationships, available resources, location that made it an attractive partner to collaborate with. Offensive, proactive actions to collaborate can be perceived as competitive.
Individual		
	Manager’s mindset	In summary , the mindset, attitude, personality and experience of the SBU/subsidiary managers induced competitive or collaborative inter-subsidiary relationships.

The third set of findings addressed the research question:

SQ3: How do subsidiaries manage the inherent tensions arising from simultaneous competition and collaboration?

The emergent nature of inter-subsiary relationships was subject to varying conditions of the external and organisational environments and the characteristics pertaining to the subsidiary and mindset of the individual SBU CEO/ subsidiary manager.

The findings show dynamic, multiple relationships of competition and collaboration between the subsidiaries that are influenced by the salient determinants, summarised in Table 7-6 and supported by enabling structures. The determining factors, with the exception of the external environment, are within the capabilities of management to influence.

Inherent tensions exist in cooperative relationships. The study found that there was a subjective level of tolerance to the levels of both competition and collaboration. In conditions when competition and collaboration were intolerable, appropriate interventions by HQ or the interacting subsidiaries were required to reduce the negative forces of the tension by adjusting the dynamic of the relationship and altering the different levels of simultaneous competition and collaboration. Interventions and mechanisms were identified that were effective in altering the dynamic of the inter-subsiary cooperative relationships, thereby positioning cooperation as a dynamic process.

8 DISCUSSION, FURTHER RESEARCH AND LIMITATIONS

Having provided a rich description and analysis of the findings and identified key themes and constructs of inter-subsiary cooperative interactions within each MNC in Chapters 4, 5, and 6, I provided a detailed comparison of the salient themes and constructs of the three MNCs in Chapter 7. Chapter 8 discusses and situates the findings in the relevant bodies of literature. Furthermore, I present a dynamic model of inter-subsiary cooperation derived from empirical data as my main contribution to knowledge, before presenting additional contributions in Chapter 9.

In section 8.1 I introduce a dynamic model of inter-subsiary cooperation based on the cross-case findings of the previous chapter. In section 8.2 I revisit the typology of competition (Luo, 2005) in light of the findings and present the additional salient determining factors by explicitly taking account of the external environment, through the identification of additional antecedents of collaboration and competition and by adding an additional factor of top management commitment to regulate the balance of competition and collaboration. This section is discussed in light of SQ1 and SQ2 regarding the content and factors that influence competition and collaboration which addresses the top right hand side of the model i.e. salient determining factors and content of inter-subsiary competition and collaboration (see Figure 8-1).

Sections 8.3 – 8.6 are discussed in light of SQ3 which asks how subsidiaries manage the inherent tensions from simultaneous competition and collaboration and addresses the remaining elements of the model: triggering events, tensions, assess tensions, interventions and new cooperative dynamic.

In section 8.3, the multiple dynamic cooperative interactions found in the study are discussed providing a contrasting perspective to that of the focal subsidiary lens of Luo (2005). In section 8.4 the discussion extends to the internal and external triggers of tension, leading to a general discussion of tensions and the question of balance when operating in dual social structures in section 8.5. Section 8.6 discusses the interventions and mechanisms that both increase and decrease competition and collaboration. They also can be used proactively to both manage tensions that emanate from simultaneous

competition and collaboration and instil tensions to change the relationship dynamic. Finally, in section 8.7 and 8.8, I discuss three areas for future research and the limitations of this study. The chapter concludes with a brief summary.

8.1 DYNAMIC MODEL OF INTER-SUBSIDIARY COOPETITION

“I liken it to going down a river in a canoe, you have to keep the oar in the water every single day and keep the canoe going down the centre. The moment you take the oar out of the water, the canoe will run into the bank.” [B#97]

I offer a dynamic model of inter-subsidary coopetition (see Figure 8-1) which integrates and augments Luo’s (2005) model of inter-subsidary coopetition within an MNE (and is encapsulated within the large dotted box within Figure 8-1), empirically extends the model to include intra-organisational, inter-subsidary cooperative relationship dynamics (Bengtsson et al., 2010), and incorporates the notion of paradoxical tensions (Smith and Lewis, 2011) to inter-subsidary coopetition. The perceived tensions are triggered by the dynamics of the current cooperative relationships as well as internal or external events. The inherent and subsequent perceived tensions, delineated as ‘tolerable’ or ‘intolerable’, are assessed for action: “sort it out” or temporarily retain the relationship dynamic.

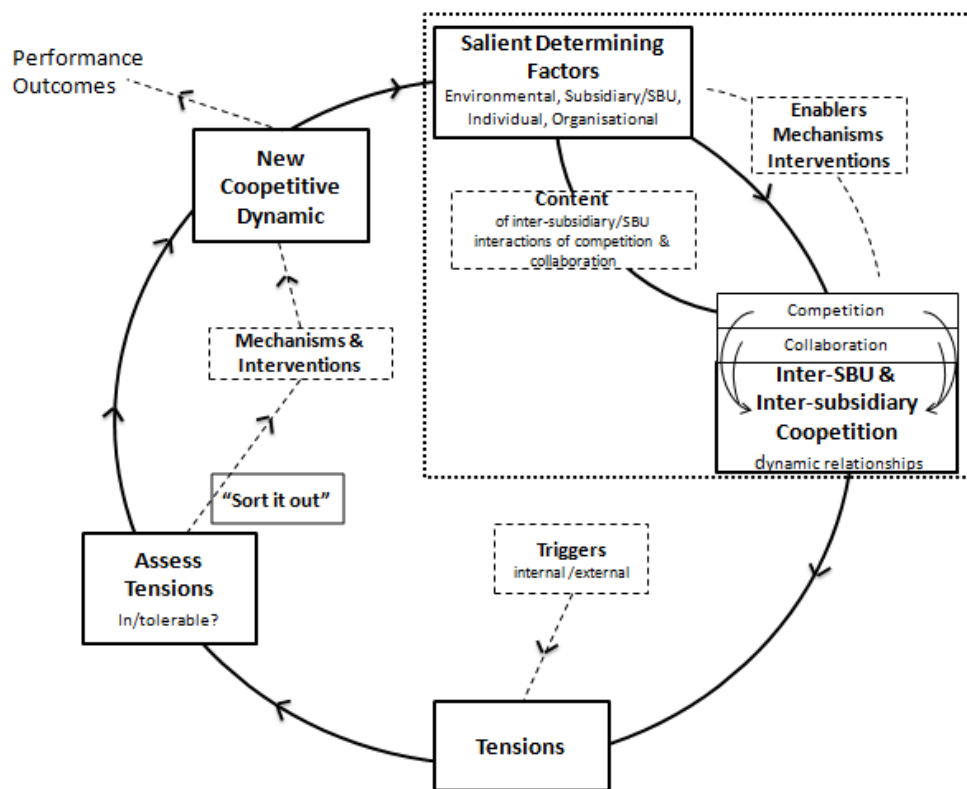


Figure 8-1: Dynamic model of inter-subsidary cooptition (Source: Author)

8.2 SALIENT DETERMININGFACTORS

Luo (2005) portrays cooptition as a process, a mindset or a combination of competition and cooperation. His conceptually developed framework enhanced my understanding of a foreign subsidiary’s (and HQ’s) perspective of cooptition with regard to the content of cooptition, selected determinants and supporting infrastructure within the MNE.

A focal subsidiary (i.e. either the SBU or the subsidiary as delineated in the study; see Figure 2-2) interacts with its horizontal peers i.e. other SBUs and subsidiaries and it was the horizontal interaction between two subsidiaries that was of interest in this study. Nevertheless, it remains important to understand the subsidiary’s position and circumstances, as each will have a bearing on how they interact with another subsidiary. My study found that the determinants listed by Luo (2005) omitted an important relational element in the interaction between the subsidiaries. While at the inter-organisational level, and not specifically at the inter-subsidiary level, Bengtsson et al. (2010) conceptually explored four relational patterns which create an arena for dynamic cooptitive interaction between competitive firms and inherent tensions in the

relationships between competing firms. Although their work did not specify determinants of cooperative relationships, both Luo (2005) and Bengtsson et al (2010) specified the content of the interactions. Two determinants of Luo (2005) overlapped with the contents of cooperative relationships as described by Bengtsson et al.'s (2010); resource complementarity and strategic interdependence in the cooperative element and structural symmetry and market overlap for the competitive element of cooperative. These were consistent with the findings in my study. The implication is that there is an opportunity to bridge the relational gap of Luo (2005) with the conceptual work of Bengtsson et al. (2010).

However, first of all I discuss my findings in the light of extending Luo's framework which may be augmented by (1) explicitly taking account of the external environment, (2) through the identification of additional antecedents of either collaboration or competition, and (3) by adding an additional factor of top management commitment to regulate the balance of competition and collaboration.

In the external environment, host country conditions, e.g. a prosperous or austere economy and favourable or unfavourable government regulations, impact on a subsidiary's ability to be externally competitive as they look internally for opportunities and resources. External circumstances may generate internal competition for resources, or may stimulate collaboration between subsidiaries as resources are combined to pursue opportunities that would have been unavailable to either subsidiary alone. Furthermore, in response to the global economic downturn, the subsidiaries increased their collaborative relationships to drive efficiencies and cost savings and therefore enhance their constrained unit and group-wide profitability. However, while Luo (2005) acknowledged the potential impact of the external context in terms of environmental complexity, hostility and uncertainty, the impact on either focal subsidiary's level of competition or collaboration was not offered as a contingent factor. I add to the model shown in Figure 8-1 the impact of the external environment on focal subsidiary competition.

Luo's model proposed six determinants: three of competition (i.e. local responsiveness, market overlap and capability retrogression) and three of collaboration (i.e. strategic interdependence, wholly owned subunit form and technological linkage) but limited his

framework to an internal configuration perspective only. My evidence confirms all but one of the factors (i.e. wholly owned subsidiary) but suggests other antecedents for collaboration (i.e. top management commitment and trusted relationships), competition (i.e. unit performance comparisons) and the manager's mindset.

These additional factors are discussed below.

8.2.1 Top management commitment

The Group CEOs' leadership and commitment towards building collaborative cultures within their organisations requires a vigilant determination as "firms are complex social entities with their own inertia, culture and constraints" (Khoja, 2008). While collaboration was couched in terms of corporate values, e.g. "a better way to work", cultural collaboration was instituted to address a business concern in each case. In the organisations studied, a collaboration culture was seen by the CEO as a way to overcome the temporary shortage of specialist resources in each newly established region, or mitigate the siloed and toxic effects from long-term, intense internal competition and reduce burdensome costs from duplication of resources in an economically challenging environment.

A strong organisational culture comes from organisational cultural values, practices and strong social intra-organisational networks. However, practices deliver cultural change rather than values (Hofstede, 2001) and the practices of the three organisations were substantially different, even though all overtly valued collaboration. The underlying culture of the professional services firm relied on the ideal of collegial cooperation and reciprocity rather than reliance on structures of command and control.

The role of leadership is often dismissed and questioned in terms of exactly what impact it may have on organisational outcomes (Meindl et al., 1985). Without the leadership and top management commitment of the CEO, the subsidiaries' practice would be to do as they had always done, in these cases – compete, or coexist. This factor is missing from Luo's (2005) typology.

SBU CEOs who advocate a collaborative approach may motivate the subsidiaries to explore and develop opportunities together, but as the findings showed, the manager cannot overcome the numerous barriers from past operations by words and mindset

alone. As the change agent in Allred et al.'s (2011:151) case study aptly stated: "Collaboration is a two step process. You have to change mindsets. Then you can change structure. We have spent time changing mindsets. Changing the structure lies in the future". The subsidiary management at PhotoCo and EventCo were also ready to move beyond culturally changing mindsets and were now advocating for more structure to facilitate collaboration.

Corporate values informing leadership behaviour and a collaborative culture are necessary but not sufficient conditions for effective collaboration in MNCs (Hansen, 2009). While collaborative values may indigenously motivate the units to develop strong networks, the added inducement of collective rewards further endorsed this principle, but was still insufficient for collaboration to occur.

Without management's demonstrated commitment to collaboration, it is probable that competition between subsidiaries would be greater. Any Group-wide incentive systems are often insufficient to induce executives to collaborate when they are focused on the performance of their own unit (Martin and Eisenhardt, 2010).

8.2.2 Trusted relationships

Empirical and theoretical research in cooptation underscores the importance of trust as the foundation of collaborative relationships (Gulati, 1998). Furthermore, friendship has been found to enhance collaboration and mutual trust by reducing the hazards of opportunism and the need for elaborate formal governance structures (Eisenhardt and Schoonhoven, 1996; Granovetter, 1985; Gulati, 1995; Stuart, 2000). While most studies of the antecedents of intra-organisational collaboration have focused on employees and lower or middle managers (Rank and Tuschke, 2010) my qualitative research with top and senior management underscores the importance of socialising and providing opportunities for dialogue and the airing of tensions resulting from competition, collaboration and cooptation within their organisations. Trusted relationships and friendships sustain collaborative relationships even during periods of intense competition.

Trusted relationships are also formed between subsidiaries with other organisational actors that are similar to themselves. A basic tenet of sociology is that actors prefer

homophilous affiliates and prefer to interact with others like themselves (McPherson, M., Smith-Lovin, L and Cook, J., 2001). As such, homophily constrains the formation of collaborative relationships with others who are different. Differences occur in a number of domains: geography, culture and profession (Nohria and Ghoshal, 1989). Social identity theory provides insights into the nature of the relationships between the SBUs and also between their subsidiaries. The structural categories of an organisation such as the various units, determine the form of social comparisons that are made ('us' versus 'them') which also has implications for inter-subsidary competition.

In large and diverse organisations, managers tend to identify more strongly with their immediate workgroups than with the organisation as a whole (Ashforth and Mael, 1989). It would therefore follow that the top management group in my study would have a greater affinity with the broader organisation, their immediate workgroup being the executive team. While this affinity was supported by group performance targets and group-wide incentives, their focus remained firmly on their own SBUs profitability. On another dimension, Garcia, Gonzalez and Tor (2006) suggest that, at an individual level, people with high performance rankings have much less willingness to collaborate, even when such collaborations in the business context have the potential to maximise profit or some other benefit. While notably these conclusions come from artificial situations, their partner characteristics would be taken into consideration either from a perspective of perceived influence (Rank and Tuschke, 2010) or potential partner attributes of intellectual or social capital (Gnyawali et al., 2007). The downside of publicly comparing unit performance as I will discuss later, is that the image of those subsidiaries whose financial numbers did not show improvement over time as a result of marketplace conditions, became labelled as 'nonperformers' over time, thereby lessening the willingness of other organisational units to collaborate with them to win future business. The perception of them (e.g. subsidiary A) by other subsidiaries was that subsidiary A's interactions were competitive, in that they were competing for survival.

8.2.3 Peer performance

Through the comparison of common KPIs of unit performance (e.g. profitability, margin or staff utilisation rates) with other corresponding units, subsidiaries were

enticed by the Group/Parent HQ to compete with each other. Other studies have found that competition was also found to result from direct comparisons among functional units (Luo et al., 2006; Maltz and Kohli, 1996; Levitt, 1969) and in the accounting literature, Eccles (1983), this is stated even more strongly. “The criteria for performance measurement, evaluation, and reward stress comparison of business unit performance with a budget or plan, similar competitors, and even sibling units. The use of similar performance measures, for all units, generates enormous internal competition,” (Eccles, 1983:152).

Competition at the inter-subsiary level is a manifestation of the social comparison process (Festinger, 1954; Tesser, 1988) and has generally been assumed to be greatest among rivals with similar attributes on relevant dimensions (Johnson and Johnson, 1999).

Rankings permeate popular culture which advances some understanding of the social comparison process. An upward comparison of one to another or who is better on a valued dimension, such as performance KPIs, can foster competitive behaviour (Tesser et al., 2000). In Festinger’s (1954:126) words, “competitive behaviour, action to protect one’s superiority, and even some kinds of behaviour that might be called cooperative, are manifestations in the social process of these pressures” to improve one’s standing in the organisation.

In order for competition to occur, however, the social comparison must be important to the actor, and one significant factor is its relevance, as not all upward comparisons increase competitive behaviour. This provides a partial explanation of why some relationships are perceived as competitive and others not.

Garcia et al. (2006:5) state that according to the self-evaluation model and related attributes hypothesis, “social comparison on a mutually relevant dimension (*e.g. profit*) with a commensurate counterpart (*e.g. rival business or subsidiary*) generates competition in a unidirectional drive upwards.” In my study, profit is a relevant dimension for all the subsidiaries, exaggerated by the M-form, i.e. multidivisional, organisation design of the three MNCs. While “territorialisation serves to mitigate interdivisional competition in the product market, inter-divisional ‘competition’ for performance comparison purposes, in other respects, is possible,” (Williamson,

1975:140). My study would suggest that I have evidence at the inter-subsiary level for the utility of a conception of social competition as distinct from instrumental competition (conflict of interest), consistent with the conceptual discussion of Garcia et al. (2006).

8.2.4 Manager's mindset

The individual level of analysis is lacking in three related literatures of paradox, coopetition (Raza-Ullah et al., 2014) and ambidexterity (Raisch and Birkinshaw, 2008). This thesis found that inter-subsiary competition and collaboration was contingent upon the individual managers' mindset, traits and personalities that they brought to the interaction. If the individual had a predisposition towards collaborating, they would find a way to make a collaboration work. This finding complements that of Geraudel and Salvetat (2014) who also found that the personality or predisposition to collaborate or compete impacted on the coopetitive relationships with another individual.

Furthermore, the individual's personality influences the extent to which an individual can accommodate the inherent tensions from both collaborating and competing with other actors or with the same actors involved in different activities (Brass et al., 2004). This is an important finding for inter-subsiary relationship improvement as initiatives can be focused at the level of the individual to specifically foster collaboration as collaboration among the subsidiaries may be the result of prior collaboration among individuals (Brass et al., 2004). While this could equally be the case for competition, the former is more likely to be more actively pursued by management in a collaborative culture.

Individuals, however, were subject to a cultural mindset shift towards collaboration, specifically for cross-SBU and cross-subsiary collaboration (Knoll, 2008; Hattori and Lapidus, 2004; Leidtka, 1996) as it was evident that the willingness to collaborate did not come as part of everyone's DNA. Those professionals who enter a PSF learn a process that enables them to assimilate the culture of reciprocity into their behaviour and mindset (Greenwood et al., 2006:179). While the professional service firms have a long tradition of operating in an environment of professional collegiality, other types of organisation provide their own set of normative guidelines in the form of corporate values.

8.2.5 Enabling internal structures

Four different infrastructure elements that affected competition and collaboration, apparently equally, were indicated in Luo's (2005) integrated framework. The systems were: the intranet, incentives, knowledge encapsulation, and coordination systems (see Section 2.8). He asserted that these same structures supported both competition and collaboration. In practice, my findings suggest that the configuration of these structures, in the face of environmental factors, preferentially encouraged competition or collaboration.

The intranet was an essential tool for communication across the geographically dispersed subsidiaries of EngConsult, the PSF. The knowledge encapsulation systems were integrated and accessed through the intranet. However, they neither increased nor decreased competition (or collaboration) between subsidiaries. The rewards and incentives system, however, directly influenced the levels of both competition and collaboration. One would consider the reward system as a means or mechanism of strategy implementation rather than a structural characteristic *per se* (compare to Zhao and Luo, 2005:76, 82). The negotiations that involved the internal transfer pricing of services also influenced both competition and collaboration. The regional implementation increased competition whilst demanding collaboration through formal and informal channels.

8.3 DYNAMIC COOPETITIVE RELATIONSHIPS

The Luo (2005) model of inter-unit competition within an MNC was presented as both aggregative and static. Neither realistically portrays the experience of subsidiaries in this study as the interactions are neither determined nor fixed (a conclusion I share with Luo) as a result of internal and external factors and interventions that are used to manage the inherent tensions from simultaneous competition and collaboration.

Before specifically focusing on SQ3 in this section: How do subsidiaries manage the inherent tensions in simultaneous competition and collaboration?, the focus of the discussion in the next two subsections centres briefly on the nature of the inter-subsidiary relationships that were found in this study: (8.3.1) a subsidiary has multiple relationships; and (8.3.2) multiple forms of cooperative relationships exist and change

which contribute to the tensions that are managed. Section 8.4 summarises the previous discussion in relation to Luo (2005) before proceeding to Section 8.5.

8.3.1 Multiple relationships

A focal subsidiary can engage in multiple, coepetitive relationships with other subsidiaries simultaneously within a densely integrated MNC network. The findings complement the case study findings at the inter-firm level, of networks of multiple types of horizontal relationships (i.e. competition, cooperative, coepetition and coexistence) operating between competitive firms. Multiple types of relationships were also found to exist between actors within the MNC.

The paucity or abundance of coepetitive relationships was tempered by the level and clarity of the interdependence among the units and the size of the organisation which ultimately constrained the number of internal coepetitive relationships. Other studies proposed that coepetitive relationships as defined by Bengtsson et al. (2010) were rarer in MNCs where there were very well defined organisational boundaries and charters of responsibilities and therefore limited market overlap (Maurer, 2011; Luo, 2005; Bartlett and Ghoshal, 1998; Williamson, 1975). While the size and amount of interdependence in the MNC may limit the number of coepetitive interactions, ‘pure’ dyads of competition or collaboration, of one actor with another, form what is referred to as ‘contextual’ coepetition (Bengtsson et al., 2010). This was evident within the MNCs and of interest to top management. An aggregate score of the mix of competition and collaboration between the subsidiaries was a way for one CEO to assess how far his organisation had moved towards greater collaboration, or in the case of EventCo, moved away from inter-unit competition. As one of the Group CEOs stated: “But let’s say ‘here’ is ideal, you know a nice balance between competition and collaboration, what I don’t know is where you see us on that spectrum” [Group CEO, 2014]. Even the suggestion by Luo to empirically determine where a subunit falls in his typology and benchmark these levels with a corporate-wide average within the MNE ignores the dynamic aspect of the inter-subsidiary and interpersonal interactions of competition and collaboration and the strategic rationale for the current mix of subsidiaries’ positions in the typology.

Therefore, aggregation of the subsidiary does not allow sensitivity to the interplay of the integral constructs of cooptition to emerge. For example, in quantitative studies of cooptition, the complexity of the interplay is portrayed as a simple multiplicative factor where the construct of cooptition is operationalised as a multiplication effect of one construct, competition, with the other construct, collaboration (see Luo et al., 2006). Developing an aggregate score to describe the propensity of a particular SBU or subsidiary to collaborate and compete disguises the dynamics and tensions inherent in many simultaneous yet different relationships. A qualitative approach to the study enabled a more in-depth exploration of the interrelationships of competition and collaboration within the context that they occurred and identified underlying mechanisms that can offer an explanation of inter-subsidiary cooptition.

8.3.2 Multiple forms of relationships

Within the cooptitive relationships different forms were evident.

8.3.2.1 Cooptitive relationships

The variations in the subsidiary relationships include different levels of both occurrence and intensity of competition and collaboration. Where cooptition is developed through mutual interaction between two or more entities (Tsai, 2002), a consideration is made as to whether cooptition occurs along one or two continua (Padula and Dagnino, 2007).

On a single continuum, the implication is that if cooptition occurs it is represented as strong competition to strong cooperation. Therefore, in relationships where the level of cooperation is weak, relationships are more competitive. They will predominantly consist of more competition at the expense of collaboration, reducing levels of collaboration and cooperation. When the informants described specific instances of competing and collaborating simultaneously with another subsidiary, they separated the competitive part of the relationship into one domain and the collaborative part in another. This finding lends support to Bengtsson et al.'s (2010) conceptualisation of processual cooptition where the competitive and cooperative parts occur between the same actors (individuals, groups, organisations or network) but across different activities.

However, the informants were as ready to articulate multiple, single, competitive or collaborative relationships with separate actors, both at the individual and subsidiary level, empirically confirming also that contextual competition occurs within the MNE (Bengtsson et al., 2010).

8.3.2.2 Multiple horizontal relationships

Moreover, it is possible that a particular relationship between two subsidiaries can take multiple forms: those being competitive, collaborative or both. Empirical evidence was found at the intra-organisational level for a similar inter-organisational finding by Bengtsson and Kock (1999) that multiple horizontal relationships existed between actors. While their notion of the relationship was based on economic and non-economic exchange in business networks of external competitors, they identified four types of exchange relationships: collaboration, co-competition, co-existence and competition. At the intra-organisational level, where subsidiaries are profit centres and competition between the units is inherent within the MNC, a focal subsidiary is also engaged in multiple and different types of relationship.

8.3.2.3 Horizontal and vertical relationships

At the inter-organisational level, one can imagine that co-competition would occur between vertical relationships, which often contain economic exchange (Easton and Araujo, 1994). An economic exchange is seldom the case in horizontal relationships as these relationships are built mainly on information and social exchanges (Bengtsson and Kock, 1999). Little academic research to date has applied the concept of co-competition to 'vertical' relationships, for example between customers and suppliers (see Lacoste, 2012; Bengtsson and Kock, 1999, 2000). Adopting a key account perspective between firms, Lacoste's (2012) case study challenges the prevalent view of normative, collaborative buyer-supplier relationships. It is in the key account's interest to find a trade-off between collaboration and calling for competitive bids to optimise earnings.

There are two potential implications for intra-organisational co-competition. One is to think of the vertical nature of co-competition between the SBU and its subsidiary or alternatively at the individual level of analysis, between the SBU manager and their employee. Perhaps the latter is the easier to conceptualise in terms of simultaneously competing with the boss for their job and collaborating on the subsidiaries' success. However, the

other consideration, which is perhaps more pertinent to this study of inter-subsidary interactions, is to challenge the notion that horizontal relationships do not contain economic exchange.

MNCs also have internal customers and suppliers (Birkinshaw, Hood and Young, 2005). This was manifest for example in the internal labour market (Gupta and Govindarajan, 1994) of EngConsult and internal suppliers of componentry in PhotoCo. A feature of internal markets is competition among subsidiaries for limited resources (Pfeffer and Salancik, 1978). Conversely, Ensign (2004:132) suggested that “competition could conceivably emerge between organisational units [for] common resources.” This was the particular case when an internal market was created for duplicate resources available from multiple subsidiaries within EngConsult.

Internal market structures consist of relatively autonomous units engaged in product and service transactions (Cerrato, 2006; Mills and Ungson, 2001). However, internal markets are not pure markets primarily because of the presence of an authority structure within the firm (Williamson, 1975). Because resources must be allocated to provide internal services, issues surrounding how they are measured, monitored and govern the exchanges between the different subsidiaries are of paramount concern to managers in these organisations (Mills and Ungson, 2001).

The internal market challenges two assumptions of competition when applied at the intraorganisational level, which are: (i) horizontal relationships do not contain economic exchange (Maurer, 2011; Bengtsson and Kock, 1999) and (ii) that while the relationships between the subsidiaries may be hierarchically horizontal, they are in fact are more of a buyer–seller, customer –supplier relationship where a ‘quasi’ internal market (Cerrato, 2006) operates. As I highlighted in the case of EngConsult, economic exchange was negotiated within horizontal, inter-subsidary relationships, suggesting that a buyer-seller relationship comprising of both competitive and collaborative elements rather than the traditionally viewed non-economic, horizontal relationship. The relationship remains paradoxical (Lacoste, 2012) in that a choice is implied between either a long term relationship with pre-selected suppliers (complementary resources from sister subsidiaries) and joint efforts to create value from non-economic benefits, or transaction-by-transaction approach designed to benefit from the best specific offers.

8.3.2.4 Asymmetrical relationships

Relationships are not always symmetrical, i.e. experienced as equally competitive or collaborative by both parties. The fact that subsidiary A may consider subsidiary B a competitor does not automatically mean that subsidiary B perceives subsidiary A to be a competitor (Tsai, 2002; Chen, 1996). Similarly, if knowledge sharing is viewed as the proxy for collaboration, a subsidiary can share its knowledge without the other doing so in return (Tsai, 2002) which reduces the level of reciprocity often attributed to cooperative relationships. This one-sidedness is an attribute of cooperation more so than it is of collaboration. However, in more collaborative relationships, the asymmetrical nature is manifest as less commitment where commitment is a component of the trusted relationship (see section 8.4.1).

8.4 SUMMARY

In conclusion, Sections 8.1, 8.2 and 8.3 discuss the findings of the research in relation to the factors and mechanisms that influence inter-subsidary competition and collaboration. Luo's (2005) conceptually derived framework of MNE cooperation offers a helpful but incomplete insight into the antecedents and content of simultaneous competition and collaboration. By empirically investigating the phenomenon, this study identified additional salient causal factors over and above those of an internal configuration. The portrayal and investigation of intra-MNC cooperation is enhanced by overcoming the omission in his framework to capture the influence of the focal subsidiary's (and its manager's) relationship with its peer subsidiaries.

It is really only in relation to another subsidiary that the focal subsidiary's relationships and subsequent interactions of competition and collaboration can be fully investigated as the focal subsidiary is influenced not only by existing structural factors, but also by historic organisational structures, subsidiary relations and interpersonal relationships that have persisted or changed over time. Furthermore, the research empirically shows that the subsidiary has not just one type of interaction but many, simultaneously, that are comprised of varying levels of competition and collaboration, contingent upon the expanded range of relational factors.

Attempting to apply Luo's typology and classify a large number of foreign subunits into four categories by aggregating their interactions at any one point in time proved to be empirically challenging, as neither the focal subsidiary was consistently typified by only one category, but it was also shown to move dynamically between the categories within the typology, triggered by internal and external events. By taking the unit of analysis as the relationship and not the focal subsidiary, the research is able to explain and show how a more complex, dynamic, and less static, picture of competition emerges from within the MNCs.

8.5 TRIGGERS THAT CHANGE RELATIONSHIPS AND CREATE TENSIONS

The study confirms that changing external and internal conditions stimulates a different dynamic in the relationships and in terms of Luo's typology moves the focal subsidiary from one cooperative type to another. This is also portrayed in Bengtsson et al.'s (2010) model at the inter-organisational level, and thereby changes the levels of competition and collaboration between the subsidiaries. Consequently interactions or events may tip the relationship into one where the tensions created are intolerable for either subsidiary or HQ.

8.5.1 External triggers

Changes in the external market conditions led to changes in the relationships between the two subsidiaries (e.g. Middle East and UK) in EngConsult, print media and online technology in EventCo, and broadcast and photographic in PhotoCo. These events led to a progressive change in their business models which accentuated a competitive one to a more collaborative relationship, and hence a change in position within the typology. Internal conditions, e.g. organisational redesigns in PhotoCo, changed the nature of the relationships between the subsidiaries as the business units were merged into one SBU. I anticipate that as regions develop their capabilities and secure more local resources (as in the case of EngConsult), the relationships would tend towards greater self-sufficiency (i.e. low competition and low collaboration), reducing the business need for the level of collaboration required under the current circumstances. However, this would not be due to isolation of the subsidiary as explicated by Luo (2005), but rather to a lessening of the need to compete and collaborate for resources.

However, it is important to note that not all tensions are perceived negatively but can also be tolerated when information is shared about the rationale or when the interaction is not perceived to be competitive by either the subsidiary or HQ.

8.5.2 Changes over time

Our understanding of how and why cooperative interactions between external competitors change over time as the cooperative relationship develops is limited. Inter- and intra-organisational learning and the development of the external environment have been proposed as distinguishing mechanisms underlying the change (Dahl, 2014). In explaining the change in cooperative interactions, her conceptual study emphasises explicitly and tacitly agreed norms for cooperation (Ritala et al., 2009; Baldwin and Bengtsson, 2004; Bengtsson and Kock, 1999) and rules that are developed by competitors based on relationship-specific experiences (Holmqvist, 2004) to explain the existence of and change in cooperative interactions.

An empirical example is demonstrated in the study. While the change of orientation in culture provided a normative set of rules of interaction between intra-organisational actors in my study, the rules for collaboration were made more explicit through the use of inter-entity agreements and SLAs when collaboration was initiated. There was some indication in the study that the content of these agreements became more detailed in that more clarifying expectations and conditions were put in place as a result of the experience of previous, less successful collaborations, indeed suggesting that some learning had occurred.

Inter-subsidary competitors that operated outside of the cultural rules and formal policies, with intentionality, is an interesting area of research to explore within the cooperative relationship. Often the actors found themselves in competitive situations through a lack of awareness of either the situation or subsidiary boundaries. This lack of intentionality is a weaker form of competition than one with intention. An observation from the interventions and mechanisms used to adjust the relationship dynamic was that rules (e.g. through normative integration, collaborative culture, advising the country head of another subsidiary of a visiting subsidiary's presence before entering) were mainly put in place to prevent competition occurring (Birkinshaw and Lingblad, 2005).

8.5.3 Establish new relationships over time

At the intra-organisational level, I look to explanations of path dependency of social relations, i.e. prior linkages, which determine the formation of new linkages (e.g. Gulati, 1998). A series of mutual exchanges strengthens the quality of the relationship between the parties and builds up trust over time. Readiness for transdisciplinary collaboration tends to be higher among those who share a history of previous collaboration (Stokols et al., 2005). The situation becomes similar to what Blau (1964) has characterised as social exchange relations. As Cook (1977) has argued, firm attachments or commitments often develop between exchange partners due to the investment made and the costs involved in establishing and maintaining the relationship. The attachment or commitment serves to prolong the exchange and tends to limit the mobility of exchange partners (Cook, 1977).

8.5.4 Acquisitions

A particular case of recently acquired businesses is noted in the study as the relationship may initially be one of mere coexistence with other established subsidiaries or the retention of a previous competitive or collaborative relationship prior to the acquisition by the MNC. “With stronger competition partners are forced to manage a complex, not fully trusting relationship that attempts to balance the oxymoron: collaborative competition” (Capron and Mitchell, 2013:101). Collaborating with new partners and creating new relationships are necessary for acquiring critical resources and gaining external support (Tsai and Ghoshal, 1998). Interventions are needed to introduce the newly acquired firms to the organisation and foster collaboration if some measure of competition exists with other adjacent or overlapping subsidiaries.

8.6 CHALLENGE ACROSS HIERARCHY OF MANAGING TENSION

In suggesting that the experience of coopetition in a subsidiary can be aggregated, the integrated framework (Luo, 2005) also homogenizes a subsidiary and the organisation of which it is a part. My investigation shows that the tensions generated by coexisting relationships of competition and collaboration reside at multiple hierarchical levels within the subsidiary. Coopetition is not understood and experienced uniformly within

the organisation. Many of the tensions noted in this study are manifest at the subunit (e.g. divisional) level within and across the subsidiaries. While Birkinshaw et al. (2005) contend, and my data supports, that the inherent tension between competition and collaboration can be easily managed by senior level executives (i.e. SBU CEOs in this study), my findings also suggest that it was more difficult for subsidiary divisional managers to reconcile the dilemma of needing to collaborate for disparate, and at times scarce, resources, or new product development, while being held to account for the profitability of their unit in comparison with others.

While broader questions have been raised in the paradox and ambiguity literatures (see Smith and Lewis, 2011; Gupta et al., 2006) of where tensions arise, what the sources of the tensions are, and what the tensions consist of, to date, they have largely been ignored in the competition literature. A recent paper by Raza-Ullah et al. (2014) explores the emanating tensions that develop at three levels of analysis (i.e. individual, organisational and inter-organisational). Grounded in illustrative cases and a paradox frame, they distinguish tensions which constitute both negative and positive emotions simultaneously. Interestingly, their results propose that tensions in complex inter-organisational network organisations are temporary, as competing project work comes to a natural conclusion, whereas in the simpler, more stable network the tensions were stronger and more permanent, impacting on individuals who were left to cope with the tensions themselves. This proposition would be interesting to compare with the impact of tensions within the MNC which are purported to be longer standing and stable than external networks.

8.6.1 Disaggregation of the subsidiary

Further to the discussion in Section 8.3.1, there is a need to unpack the subsidiary in terms of tasks and actors to obtain a real sense of the complexity and emergent nature of the cooperative relationships and the location of the tensions. By aggregating the subsidiary, a simplistic view of the complex organisational phenomena is presented.

To separate the tensions, the mechanism of structural separation by role is in play as the actors at the SBU level within the MNCs fulfilled an overview role, enabling them to promote group-wide collaboration over and above unit profit concerns, whilst the subsidiary managers and their teams were largely responsible for attaining unit

profitability and competition with other subsidiaries for necessary resources. Spatial separation (Poole and Van de Ven 1989), across hierarchical actors, is a mechanism that enables the mitigation of tensions resulting from simultaneous inter-subsidiary competition and collaboration.

My study confirms that subsidiary managers saw their roles as being profit centre managers, but also, that top management expected them to collaborate with their subsidiary sisters. The two roles at the subsidiary level were often in conflict, and generated strong emotions. When the situation was no longer tolerable in relation to other demands being made by the organisation, the two simultaneous requirements presented the subsidiary managers with a level of tension.

Tensions relating to issues of competition were escalated for adjudication as a way to mitigate the tension in the system. Although fewer examples of tensions resulting from strong/high collaboration were cited in my study, e.g. performance management, undermining, broken trust as a result of broken commitments, other studies, referenced by Sytch and Tatarynowicz (2014), have highlighted tensions emanating from collaborative (inter)organisational ties, such as those related to violations of trust (Uzzi, 1997), divergence of strategic interests (Katila, Rosenberger and Eisenhardt, 2008) Williamson, 1985) and the appropriation of knowledge for self-gain (Khanna et al., 1998).

In managing the tension between competition and collaboration, initially subsidiary managers sought face to face dialogue with their counterparts when collaboration was being obstructed. If this failed, the subsidiaries fell back on established adjudication processes by seeking resolution by more senior management or HQ, as the HQ management were perceived to be both experienced in and holders of the firm's wider interests. The adjudication role of top management reflected earlier work which identified that input of senior executives may be needed to resolve conflicts between personnel arising from interdependent divisions (Boulding, 1964).

However, Birkinshaw (2001a:34) urges that "sorting it out" or "working through" (Smith and Lewis, 2011) is best left to the SBUs and subsidiaries. The example that Birkinshaw (2001a) cites of two SBUs eventually being able to divide their markets up so that each focused on its own core technology underlines his point that internal

competition is best managed without external judges or arbitrators. By working this out for themselves, rather than having a solution imposed, they were more likely to make it work – which was critical given the need for collaboration and technology sharing between them.

Nevertheless, as I found in the study, an adjudicator is necessary in such collaborations when a subsidiary's profitability is at risk, and the other subsidiary is not prepared to "take one on the chin" in the short term, but be willing to accept that forgoing profit now will not be of significance in the longer term. Not only is the role of adjudication purposeful, but it is accepted by the subsidiaries as a way forward in all three MNCs. Ideally, an integrated solution for resolving conflict where both parties emerged as "winners" was ideal. As Mary Parker Follet, mother of modern management, said "we should never allow ourselves to be bullied by an 'either-or.'" There is often the possibility of something better than either of two given alternatives" (in Child, 1995:90). This vision of something better is difficult to realise sometimes without the intervention of a third party.

The internal competition life cycle (Birkinshaw, 2001a) changes one facet of the cooperative relationship and, hence, facilitates movement in cycles of low to high competition and collaboration. I confirm that an episode of internal competition can be very short. It can be "stamped out" as soon as it happens (Birkinshaw, 2001a) because it is not tolerated by HQ or the subsidiaries, when the costs are weighed over the benefits. When it is tolerated by HQ and the subsidiaries, competition may last for a very long time, such as the situation in EventCo when the company allowed its online publications to coexist alongside its traditional print publications.

Evaluating every case of internal competition on its own specific costs and benefits presupposes an intent and awareness by senior management which was not always evident in my study. In situations where subsidiaries found themselves "inadvertently" competing, as a result of circumstance or factors outside of the organisation, then a more conscious assessment could be made. Nevertheless, in cases where an adjudicator was deployed and the best outcome was perceived to be a "forced collaboration", the cost to future collaborations was typically not factored into any cost/benefit analysis of

terminating competition in an attempt to redress the balance between competition and collaboration.

8.7 TENSIONS AND A QUESTION OF BALANCE

Within the three MNCs we have seen that there are “colliding events, forces, or contradictory values which compete with each other for domination and control” (Van de Ven, 1992:178). Contradictory forces of competition and collaboration which result in behavioural tensions (Das and Teng, 2000) have the potential to split apart relationships and cause irritations between entities (Fang, Chang and Peng, 2011).

The literature suggests that attempts are made by actors to balance relationships (Stych and Tatarynowicz, 2013; Bengtsson et al., 2010). However, the term ‘balance’ is used differently and contains a subtle distinction that may foster confusion between the disparate strategy and cooptation literatures. A balance is a condition in which the strengths of the forces of competition and collaboration are at similar levels (Das and Teng, 2000) and the equal forces are sufficient to retain the balance so that the worst excesses of one over the other are avoided. A balanced situation therefore might lie anywhere between both forces being of low strength to both being of high strength.

Sytc and Tatarynowicz (2014:586) use the term ‘balance’ in the context of social structures to describe exclusively collaborative or exclusively conflictual relationships. They state “multiplex dyads combining collaborative and conflictual relationships are unsustainable and evolve toward uniplex relationships, that of either collaboration or conflict, but not both.” This is in direct contrast to the cooptation literature, unless one considers the concept of contextual cooptation where unitary relationships exist between actors. Unbalanced structures are predicted to be unstable because they generate relational tensions among actors. Echoes of an “either/or” mindset are apparent, which does not represent all (cooptative) relationships found within the MNC network of subsidiaries. However, this also indicates an ability to compartmentalise or separate the interactions between activities which mitigates the tensions and cognitive dissonance to which Sytc and Tatarynowicz (2014) refer. Once again, we have a subtle preferencing of terms: competition and conflict; cooperation and collaboration. This provides an interesting area of future research into exploration and reconciliation on many dimensions.

The conceptualisation of balance (i.e. 50/50, whether at low, medium or high, or unitary relationships) as suggested in the literature (Bengtsson et al, 2010; Sytch and Tatarynowicz, 2014), may not be the most beneficial combination between intra-organisational units within the MNC nor in inter-organisational networks.

The existence of strong competitive tensions, as the data show at the inter-subsidiary level, results in intense rivalry and dynamic interplay (Chen, Su and Tsai, 2007). This finding contradicts Das and Teng's (2000) contention that the same tensions found between firms of strategic alliances are not present in formal organisations. Competitive internal tensions resulted in strong hostilities (Bengtsson et al., 2010) when the subsidiaries perceived themselves to be competitors with their other subsidiaries (Porac et al., 1995). We can take each opposing force of competition and collaboration in turn as Bengtsson et al. (2010) have done and investigate the relational patterns that emerge. For example, they suggest that an interaction with weak cooperation presents a more dynamic scenario as the competitors for example attempt to establish trusting relationships to enable exploration and exploitation of opportunities with new partners. Again, conversely, an interaction where there is high collaboration, generally has fewer tensions, hence has a lack of dynamics due to alignment of trust, complementarity and strong ties.

If I take Luo's (2005) framework which refers to a focal subsidiary's level of competition and collaboration, but not the dynamics of the relationship directly, and combine the propositions of Bengtsson et al. (2010) with the findings from this study, I find that tensions arise from high competition and that some considerable hostility exists between the subsidiaries. However, collaboration is also high in the 'network captain' quadrant of Luo's (2005) typology, which suggests that in those activities of collaboration there was little tension and they did not fear they would be taken advantage of (Bengtsson et al., 2010). The interplay suggested by Bengtsson et al. (2010) is that the lack of dynamics in the collaborative interaction will not generate the anticipated benefits of cooptation. This is because the competitive dynamic overrides the collaborative force; the cooptative balance and suggested dynamic effects of cooptation are likely to be lost.

In relation to the findings from this study at an intra-organisational level, I tentatively concur with Bengtsson et al.'s (2010) implications of their conceptual discussion that medium levels of cooptation create a more tolerable dynamic rather than the high/high combination of competition and collaboration. I equally argue that strong competition between the units is only a temporary phenomenon (Birkinshaw, 2001a), in a collaborative culture.

Once intense competition exists and is identified and assessed by HQ or acknowledged by the subsidiaries, competition was managed to a more tolerable level by the use of interventions or strategies as portrayed on the left hand side of Figure 8-1. This would also lend support to Bengtsson et al.'s (2010) contention that moderate levels of competition and collaboration create a dynamic that is more sustainable over time. As I attempt to demonstrate in Figure 8-1, managing a 'balance' or rather an appropriate proportion of collaboration and competition for a given situation is not a static process (Bengtsson et al., 2010; Lewis, 2000; Evans and Doz, 1992). This is in contrast to the static nature of the subsidiary typologies portrayed in Luo's (2005) framework.

I further propose that an equal balancing of the forces may not be the appropriate balance for subsidiary interactions when in fact an imbalance may create a more relevant dynamic at certain points in time under specific conditions. This framing would present a more strategic use of inter-subsidary cooptation (Dagnino and Padula, 2002) to create business value as a result of the subsidiary interactions. In most cases within the MNC studies, the response to tensions that were creating a strong dynamic between the subsidiaries was a more tactical reactive response, even after there had been a prolonged, unattended-to level of competition between two subsidiaries as a result of market forces.

Hakansson (1990) poses an interesting question about what happens if a company starts doing more to plan its inter-subsidary relations. Evidence suggests that several of the subsidiaries' CEOs judiciously created tensions to increase the level of competition, for example, when the SBU CEO assessed that the subsidiaries were on a more level playing field after the PhotoCo reorganisation. Conversely, CEOs also fostered more collaboration to counter the effects of the regionalisation strategy in EngConsult. Nevertheless, these interventions gave the impression that they were more in reaction to

unintended and realised outcomes of a change in organisation design, rather than planned interventions.

At the individual level, a unit manager who feels there is a power imbalance due to his greater dependency on the other unit may initiate conflict to try to correct this imbalance, such as when a buying unit sources a product internally that is a significant part of its cost of goods sold but in actual amounts is insignificant to the selling unit (Eccles, 1983:160).

This study finds that interventions, practices and mechanisms were used in varying scenarios to move to greater competition or increased collaboration.

The focus of the discussion to date has centred on the stronger dynamic of competitive tensions. Collaborative relationships also create their own tensions. When collaborations were frequent and easy, more competition was introduced by way of peer performance comparisons in order to create a different dynamic. When competition between the units began to generate strong tensions between the subsidiaries, for example as a result of blurred lines of responsibility, the decision was taken by HQ or the SBU to merge the two units. The imbalance created a change and relationships were changed (see the left hand side of Figure 8-1). The perspective proposed by Das and Teng (2000) is that a system will continue to evolve and be modified if internal factors are not in balance. When the balance shifts too much towards one force over the other, how might the subsidiary readjust the competitive or collaborative forces?

What can be done when there is too much competition or not enough collaboration? In section 7.5, my research identified both structural and relational mechanisms and the interventions used to address inter-subsidiary tension.

Managing tensions

Several scholars have taken this work further forward; however, their focus has been at the inter-organisational or individual level between firms. Tidström (2014) investigates how tensions are managed in cooperative business relationships by adopting Thomas and Kilman's (1974) model of conflict to explain the options of avoidance and collaboration.

More research is required at both the intra- and inter-organisational levels to increase our understanding of cooperative dynamics (Bengtsson et al., 2010). In the future research section 8.7, I discuss how both the paradox and ambidexterity perspectives might inform how competition and collaboration might be balance apportioned (Luo and Rui, 2009; Gupta et al., 2006). The adjunct to this is that the subsidiary and the organisation might be best served by planned imbalance between competition and collaboration for a point in time. Is it the right dynamic and if not how can I change it?

8.8 INTERVENTIONS AND MECHANISMS

Table 8-1 summarises the mechanisms and interventions that can be applied by HQ and the subsidiaries to adjust the level and intensity of inter-subsidary interactions and hence changes the dynamic between them (Bengtsson et al., 2010; Luo, 2005; Smith and Lewis, 2011). The interventions were also used to proactively trigger new dynamic, adjusting heightened tensions that became intolerable for the subsidiaries and/or the organisation. Significantly fewer interventions and mechanisms were identified to decrease the level of collaboration. Surprisingly, several interventions were identified and available to management to proactively increase inter-subsidary competition.

Dialogue and communication form a key component of every relationship between the actors. The combined list of interventions identified in this study to both increase and decrease collaboration and competition when there is too much or not enough is also offered as a contribution to practice.

Table 8-1: Summary of all interventions and mechanisms (Source: Author)

Conditions when:	not enough (increase)	Too much (manage)
	Mechanisms - <i>interventions</i>	Mechanisms - <i>interventions</i>
Collaboration	Formal Structure - <i>SBU redesign to global, cross-functional matrix</i> Decentralisation Formalisation/standardisation - <i>“forced” collaborations</i> - <i>contractual and relational contracts</i> Lateral Relations - <i>R&D cross-divisional initiative</i> Communication - <i>group wide Intranet</i> - <i>dialogue</i> Socialisation - <i>management commitment</i> - <i>foster collaborative culture and shared values</i> - <i>group identity</i> - <i>inter-unit transfers</i> - <i>exit non-collaborative leaders</i>	Centralisation - <i>prioritisation</i>
Competition	Formal structure - <i>centres of excellence</i> - <i>flexible boundaries</i> Decentralisation - <i>allow product cannibalisation</i> - <i>non mandatory practices</i> - <i>autonomy</i> Formalisation/standardisation - <i>subsidiary rewards and incentive;</i> - <i>negotiation of pricing internal transactions</i> Socialisation - <i>peer performance comparisons</i> - <i>group identity</i> Internal market	Formal structure - <i>clear roles, charters and markets</i> - <i>redesign independent businesses to global functional matrix</i> - <i>merge competing units</i> - <i>spatial separation</i> Formalisation/standardisation - <i>adjudication</i> - <i>pull subsidiaries together quickly</i> Communication - <i>dialogue - rationale and awareness</i> Lateral relations - <i>initiate joint product development</i> Conflict resolution

8.9 FUTURE RESEARCH

This study identified three areas that merit further investigation.

8.9.1 Transfer pricing and its impact on collaboration

First, I discovered that coordination was enabled by pricing/accounting mechanisms. The nature of the trading agreement between subsidiaries, the manner of its negotiation and its impact on inter-unit competition and collaboration merits examination.

The financial system and recognition of revenue and profit are essential to the evaluation of the decentralised units' performance. When subsidiary and cross-SBU opportunities to collaborate do not positively reflect on the unit's P&L, the willingness to proceed with the opportunity was questioned and perceived as a barrier to collaboration. Transfer pricing systems function in decentralised firms and influence the balance of sufficient autonomy for manoeuvre by the profit centre managers and integration of business activities for collaboration to occur between SBUs (van der Meer-Kooistra, 1994). Further research placing less emphasis on the transfer price itself but on that which adopts a more integrated approach to the issue of coordinating and managing a decentralised firm (see e.g. McAuley and Tomkins, 1992; Spicer, 1988; Eccles, 1985; Grabski, 1985; Thomas, 1980; Watson and Baumler, 1975) would contribute to our understanding of inter-subsidiary interactions and cooperative relationships. While research has focused on the elements of the transfer price, consideration of the implications for cross-business collaboration have been less explored. Eccles' emphasis on transfer pricing elements in a collaborative and competitive organisation does not extend to understanding the impact of transfer pricing elements on cross-SBU collaboration or competition, but acknowledges that "for collaborative organisations, the transfer pricing is most complex" (Eccles, 1983:157).

The literatures of inter-SBU collaboration are quiet on the impact of transfer pricing as a structural mechanism that can either facilitate or hinder collaboration, and as an important mechanism for decentralised units. "The transfer price is not primarily an accounting tool. Rather it is a behavioural tool that motivates managers to take the right decisions" (Anthony et al., 1992, in Cravens, 1997:131). The units' profitability and willingness to collaborate is influenced by the transfer pricing process of: sourcing and

access of resources (colleagues), negotiated terms for staff utilisation within the PSF, revenue recognition, recovery of costs and overheads, and profit contribution for a specific collaboration. The transfer pricing arrangements can facilitate but also hinder inter-SBU unit collaboration.

The study exposes some aspects of transfer pricing in multinational professional services and services/product/manufacturing organisations. However, further research is required to investigate how the principles of transfer pricing of products retain relevance for service firms, as most of the accounting literature is still focused on industrial manufacturing (Terzioglu and Inglis, 2011). Opportunities to investigate the behavioural impact of transfer pricing systems on the achievement of strategic objectives, where internal collaboration is a key component of the business model, are also required.

The drive for, and recognition of, profit by the regional, business and divisional units through the system of transfer pricing of services has both a negative and positive impact on collaborative and competitive practices between the units within the professional services firm. Further research could look more at the opportunities to collaborate within a firm to further our understanding of the self-selection nature of collaboration (Ang, 2008), other than profit motivation.

8.9.2 Triggers that change relationships....over time

Second, relationships between subsidiaries change over time. Although several triggers were highlighted in the study, the triggers for such changes from competitive to collaborative relationships or vice versa within the competitive context remain underexplored. A longitudinal investigation of a number of specific relationships may help surface the underlying mechanisms that these triggers generate to facilitate change.

There are significant challenges to overcome the history of relationships of competition. Ghoshal and Bartlett (1987) found in their study on Philips and NEC, among other MNCs, that where there was a distinct history of competition it was very difficult to overcome and create the environment where collaboration was perceived to have benefits. To overcome the level of distrust perceived by other subsidiaries, socialisation mechanisms and interventions were introduced to align and create a more homogenous organisation.

Furthermore, in MNCs that are highly acquisitive and equally divesting of businesses, unit and personal relations are constantly forming and reforming, organisational units shaped and redesigned, disrupting previously established interaction patterns and routines. Because of a rapidly evolving relationship between the two parties, different patterns of resources and knowledge-sharing interactions change as the relationship evolves (Bresman, Birkinshaw and Nobel, 1999; Doz, 1996). To my knowledge, the literature has not explored the formation of coepetitive relationships in the post integration phase of mergers and acquisitions and offers an opportunity for further research.

Furthermore, if I consider a newly acquired business, is there a progression of inter-subsiary interactions from the initial minimal interaction, to competitive interactions as a result of trying to secure their position in the new and complex MNC, and thereafter, to more collaborative ones within the MNCs? The acquired business becomes aware of the complementary resources and capabilities within the MNC, and hence potential opportunities for collaboration. Future research in this important aspect of business growth and synergy attainment is suggested.

8.9.3 Experience of coepetition across the hierarchy

Third, the experience of collaboration and competition across the hierarchy of senior managers varies. The locus of this tension between competition and collaboration is felt most profoundly at the subsidiary (divisional) level where responsibility for subsidiary performance and SBU profitability is held. How these tensions are managed requires further investigation. Poole and van de Ven (1989) suggest that paradoxical situations can be accepted (as at the top management level) or managed by temporal or spatial separation (e.g. between the SBU and the subsidiary over different activities) of the two elements, or indeed avoided. The possibility for managing simultaneous competition and collaboration warrants closer scrutiny by disaggregating the subsidiary and investigating interactions across hierarchical and multiple levels of analysis and tasks.

The paradox and ambidexterity literatures are consumed with similar issues and may be a source of further insight when looking to address how the tensions of simultaneous competition and collaboration can be managed within the organisation. To be ambidextrous, for example, organisations have to reconcile internal tensions and

conflicting demands in their task environments (Duncan, 1976; Raisch and Birkinshaw, 2008). Structural mechanisms have been proposed to cope with the competing demands facing the organisation (Tushman and O'Reilly, 1996), while more latterly, leadership characteristics that enable organisations to manage and embrace the contradictions that they face have been explored (Lubatkin et al., 2006; Smith and Tushman, 2005).

As key leaders in organisations, top management play an important role in creating the context for the “both/and” of paradox and ambidexterity (Raisch and Birkinshaw, 2008), as my study similarly suggests for cooptation. However, I propose that top management, in terms of role modelling, is not just a supportive factor, but argue based on my findings, that the management commitment to a collaborative culture is a determining factor of intra-organisational collaboration (Lubatkin et al., 2006). Equally, the informants in this study were able to recount the opposite behaviour where the prior management of PhotoCo and EventCo, as diligently, fostered inter-subsiary competition.

A key argument throughout my thesis is that it is less a matter of trade-offs (either/or) between inter-subsiary collaboration and competition but an understanding of the paradoxes (both/and) that exist in relation to the two, intertwined concepts, of competition and collaboration within the organisation and the importance of achieving a tolerable dynamic, rather than balancing the contradictory tensions. Gupta et al. (2006) raise an appropriate question in the context of organisational adaption research which actually asks: Should every organisation strive for a balance? This fundamental question again challenges the very notion of a “both/and” approach, and its benefits, which are positioned mostly as positive.

These same issues and questions of the nature of the construct, paradox, tensions, and balance have recently become topics of interest in the cooptation field (Bengtsson and Kock, 2014; Raza-Ullah et al., 2014; Tidström, 2014; Bengtsson et al., 2010; Luo and Rui, 2009). As a result of the empirical study conducted, these topics are also pertinent to my own research. Again, the cooptation studies are focused at the inter-organisational level. However, studies are beginning to bring into focus multiple levels of analysis, including the often neglected level of the individual, but more research is required within the organisation across organisational units. Raisch and Birkinshaw

(2008) reiterate that the level of analysis is vitally important because, as my study also suggests, choices about how to manage the tension at one level of analysis within the MNC are often resolved at the next level down. For example, the SBU can be ‘ambidextrous’ in relation to inter-subsidary competition and collaboration, where the subsidiary (divisional) and subdivision managers who were most closely tasked with running the businesses were focused on the profitability of their units. They begrudgingly appreciated that on occasions when collaborating with another unit, they “had to take one on the chin” for the good of the firm and play the long game. Multilevel analysis (Bengtsson et al., 2010; Schilling and Phelps, 2004) allows the researcher to distinguish the level at which the cooperative tension is held and the level at which it is managed in addition to investigating the transfer of concepts from the inter-organisational to intra-organisational studies and vice versa. Detailed case studies can help to further understand the context of cooperation.

The adoption of an organisational level of analysis has also prevented studies from shedding more light on the role of the individual level contingencies on collaboration and competition, in spite of the fact that relationships between subsidiaries are built at an interpersonal level (Ring and Van de Ven, 1994). Many recent calls for further research at the individual (manager) level of analysis have been made in cooperation (Luo, 2005), paradox (Lewis, 2000), dualities and ambidexterity (Raisch and Birkinshaw, 2008), relational pluralism (Sytych and Tatarynowicz, 2014) literatures. These aspects draw attention to the cognitive dissonance that individuals face when operating in dual structures, with competing demands made on them. An individual manager’s perspective enhances our understanding of MNE cooperation.

8.10 LIMITATIONS

Several limitations of this study are noted: the limitations can be categorised as those relating to the case organisations, and the time horizon of the study for a processual view of cooperation.

8.10.1 Case organisations

Professional Services Firm

It is possible that these findings on the professional services firm may have been dominated by the restructuring of EngConsult, and the embedding of the new regional design, as was the case with the new organisational design within PhotoCo. However, the very event of redesigning the organisations identified resultant tensions among the subsidiaries and subsequent changes in the dynamics of their previous relationships.

Comparability of organisations

Furthermore, inter-subsidary relationships were studied in three organisations that differed in size and complexity. My results cannot be generalised to all types of sectors and environments without further research. For example, the antecedents of coopetition found may not hold in large public sector organisations owing to a different notion of financial accountability and only a national perspective. Additionally, the study was conducted in one type of professional services firm, that is, an engineering consultancy. Other PSFs (such as accountancy or law) with a narrower base of professional expertise, and therefore, a more concentrated focus, may differ.

Collaborative orientation

The three case study organisations actively encouraged collaboration between the subsidiaries and endorsed a collaborative culture. For these MNCs, collaboration was the favoured means of interacting, and achieving client and organisational needs at a time when efficiencies and synergies were required to reduce costs in challenging economic conditions and capture the benefits of acquired businesses. The comparison of collaborative and contrasting competitive MNCs may have provided more contrasting results in relation to coopetitive inter-subsidary relationships and the interventions, mechanisms and practices adopted.

8.10.2 Time horizon

Cross-section perspective

Relationships develop over time. This study, however, was conducted within a limited period of time within each MNC. A longitudinal perspective would enhance the

opportunities to identify the formation of cooperative interactions between the subsidiaries and the impact of those on the inter-subsidary relationships, specifically the interventions and mechanisms used to restate and rebalance relationships as a result of the tensions. This would require less reliance on informant recall and interpretation. A longitudinal view might also provide greater insight than this study was able to explicate into the challenges of changing an organisation from an internally competitive structure to one of collaboration (Johnson et al., 2006). Although a tentative processual view on cooperation was developed, the cross-sectional nature of the case studies requires caution in assuming causal relationships between the determinants and the behaviours based on the field study.

8.11 SUMMARY

This chapter provides an interpretation of the findings in Chapter 7, focusing on four salient factors—trusted relationships, peer performance, management commitment, and manager’s mindset—that were additional to the internal configurations proffered by Luo (2005). The enabling infrastructure identified in this study privileged collaboration, in alignment with the MNCs’ collaborative agenda. Tensions in the cooperative relationship mainly resulted from subsidiary and group profitability decisions.

The inter-subsidary relationships of competition and collaboration were contingent upon the external environment and attributes of the subsidiary (e.g. resources available or host country conditions, past experiences with another subsidiary and who the subsidiaries identified with) and individual subsidiary managers’ mindsets. Additionally, peer comparison and skills overlap increased inter-subsidary competition, while trusted relationships and a management commitment to collaborative culture increased the level of collaboration.

Within the interaction, the dynamics reflected the strength of the tensions from the varying combinations of high and low competition–collaboration. The study identified mechanisms and interventions used by the subsidiaries and HQ to adjust the levels of competition and collaboration to an appropriate balance or proportion of competition and collaboration for the two concerned subsidiaries. The process of assessment and adjustment is continuous as the determining factors are subject to change and, therefore,

their impact on inter-subsidary interactions will reflect a different dynamic. In other words, inter-subsidary cooperation is not a static phenomenon.

The proposed process of inter-subsidary cooperation and tension management relates to a mainstream sequence of behaviours between the subsidiaries emerging from this study. It identifies the mechanisms of 'assessing' (i.e. tolerable or intolerable) and 'balancing' (i.e. 'sorting out') the emergent and inherent tensions from simultaneous competition and collaboration, and a further mechanism of the management adjudication role to provide the necessary arbitration from emotionally laden negotiations.

The proposed dynamic model of inter-subsidary competition and collaboration is situated in the intraorganisational cooperation literature and has been extended to consider the emergence of tensions and their management, which reflect the dynamics of subsidiaries simultaneously competing and collaborating with multiple subsidiaries within the MNC. The model offers an explanation of how and why subsidiaries are able to both compete and collaborate with each other.

By considering the subsidiary as one unit, it obscures the location of tensions within the units and limits the appropriate interventions and mechanisms available to the HQ or subsidiary to deal with the temporary or persistent nature of the tensions. The tendency is to eventually move to a dynamic that is more tolerable, which could mean a different combination than the 50–50 balance that is typically idealised. Tentative empirical support is offered for Bengtsson et al.'s (2010) cooperative dynamics, where the most intense dynamics are eventually mitigated.

9 CONCLUSION AND CONTRIBUTION

9.1 INTRODUCTION

In this next section, I first summarise the overall research effort by recalling the original research questions and the main results of my PhD thesis. I also clarify the study's contribution to the literature on inter-subsiary collaboration, competition and coopetition within MNCs. In section 9.3, I then restate the several contributions to the literature which my study's findings allow me to offer. In section 9.4, I conclude with a number of managerial implications for corporate or parent HQ and subsidiary managers and leadership development practitioners.

9.2 RESEARCH SUMMARY

Inter-subsiary coopetition is poorly understood theoretically and lacks empirical investigation in the MNC. In addition, coopetition in the MNC context of the professional services firm is underexplored. As competition and collaboration are paradoxical forces operating within the MNC, tensions arise within inter-subsiary relationships. The location of these tensions and how they are managed within the MNC also lack empirical investigation.

The research I conducted used the multiple-embedded case study approach to examine the overarching research problem of: "*Why and how do subsidiaries simultaneously compete and collaborate?*"

From a theoretical viewpoint, I have positioned the thesis within the intra-organisational stream of coopetition research and have drawn heavily on collaboration, internal competition, inter-organisational relations, coopetition and MNC strategy research.

To understand the construct of intra-organisational coopetition, I first explored the interactions of internal competition and collaboration between the subsidiaries within the MNC as separate constructs and identified the content of inter-subsiary interactions of competition and collaboration. I then examined the relationships between the subsidiaries to identify instances of simultaneous competition and collaboration to validate that coopetition occurred between subsidiaries within the MNCs. The findings confirmed that subsidiary relationships were comprised of varying degrees of

competitive and collaborative elements and with different levels of intensity, which addressed the question of: *“What is the content of inter-subsidary relationships of simultaneous competition and collaboration?”*

The limited present literature on inter-subsidary collaboration, internal competition and intra-organisational coepetition conceptually identified structural, relational and cognitive antecedents. Further investigation is required to empirically contribute to conceptual propositions. The integrated model of coepetition within an MNE (Luo, 2005) provided an initial framework within which to examine the nature of the influences on inter-subsidary coepetitive relationships addressing the question: *“What factors or processes influence inter-subsidary relationships of simultaneous competition and collaboration?”*

Having identified external, organisational, subsidiary and individual subsidiary manager antecedents of inter-subsidary coepetition and the content of the coepetitive relationships, the study explored the third sub-question: *“How do subsidiaries simultaneously compete and collaborate and manage the inherent tensions in the relationship?”*

I have provided robust evidence that the subsidiaries spatially separate the simultaneous interactions of competition and collaboration. The findings show that coepetitive tensions are located in different hierarchical levels of the MNC and that coepetitive tensions are felt most strongly by the primary profit centre (subsidiary) managers at the divisional management level who are tasked with both inter- and intra-subsidary collaboration and intra-SBU profitability. Not all tensions were equally experienced and perceived as tolerable or intolerable.

The study addressed three questions, and in so doing, augmented Luo’s (2005) integrated framework of coepetition, and identified tensions resulting from the coepetitive relationship and the interventions and mechanisms to dynamically manage these tensions.

9.3 SUMMARY OF THE CONTRIBUTIONS TO KNOWLEDGE

My thesis on the three case studies to elucidate inter-subsidary coepetition offers a number of contributions to the literature.

9.3.1 Intra-MNC coopetition

First, the main contribution pertains to the empirical examination within three different MNC contexts of Luo's (2005) framework of intra-MNE coopetition. The contribution complements and extends the model by providing rich descriptions of inter-subsidiary interactions of competition and collaboration and hence, empirically confirming the content of the coopetitive interactions, although prejudicing collaboration. The study has shown that subsidiaries of an MNC simultaneously compete and collaborate to expand their market share and internal areas of responsibility, and acquire and share resources, to create efficiencies for profit maximisation.

The second contribution to knowledge extends the factors that influence cooperative relationships between subsidiaries. In addition to the supporting infrastructure and structural elements contained within Luo's (2005) internal configuration, additional external, organisational, relational and individual factors were all found to influence inter-subsidiary coopetition. By omitting consideration of factors other than the internal configuration proposed, additional factors such as the external environment, internal relations and individual manager were overlooked.

I have shown that the management commitment to a collaborative culture and the existence of trusted relationships positively influenced collaboration, while overlap in markets, and skills, together with business unit performance comparisons increased the level of competition between the subsidiaries.

The third contribution offers a more dynamic networked model of inter-subsidiary interactions and relationships. Subsidiaries may have differing cooperative relationships with multiple other subsidiaries simultaneously. These may be both competitive and collaborative and at varying levels (Bengtsson et al., 2010). This suggests that the typology of four differing levels and combinations of competition and collaboration presented by Luo (2005) will effectively change the categorisation of each subsidiary as a result of contingent factors operating over time. The coopetition model of Luo (2005) was presented as a static structural model and did not visually account for effects of his six determinants and subsequent movement of a subsidiary from one state of competition and collaboration to other states of coopetition.

As a result of movement into different cells of the typology over time, additional tensions of cooperation are experienced within the same and different subsidiaries.

Building on the detailed evidence of how the corporate or parent HQ and subsidiaries purposefully manage the tensions emanating from cooperation inherent in the two different logics of interaction, Luo's (2005) model is further extended to account for both the source of tensions and how these tensions are managed within the MNE.

The research also modestly contributes to the cooperation literature, specifically at the intra-organisational level. It responds to recent calls for research in the areas of intra-organisational cooperation (Walley, 2007), understanding the balancing of cooperation and competition (Tidström, 2014), identification of tensions and the dynamics of the cooperative interaction (Bengtsson and Kock, 2014). I do this by offering a preliminary processual view of inter-subsidiary cooperation in response to calls for approaching cooperation from a process perspective (Bengtsson et al., 2010; Tidström, 2008; Yami, Castaldo and LeRoy, 2010).

Although tensions were reported in the research, not all tensions were of sufficient intensity to trigger a significant change in the existing dynamics of the relationships. Tensions of lower intensity such as lack of perceived competition between the subsidiaries or openness with regard to the duration of competition were tolerated by both subsidiaries without negatively impacting on the current relationship. However, when specific tensions, either resulting from too much competition, or collaboration, in the relationship, became intolerable between the subsidiaries, a reassessment of the relationship was called for by the HQ or one or other of the subsidiaries to "sort it out" and rebalance the dynamic.

In contrast to the perspective that a balance of competition and collaboration is desirable, the study presents an argument for imbalance and instability which generates necessary change to adapt to environmental or organisational factors (e.g. Das and Teng, 2003).

9.3.2 Inter-subsidiary competition

This research also contributes to our understanding of intra-organisational competition, a topic that has received little attention in organisational research (Birkinshaw, 2001b;

Kohn, 1986). Studies contributing to inter-subsiary competition are limited and these concepts have not engendered sufficient empirical evidence to support them (Fong et al., 2007). By examining inter-subsiary competition as an element of cooperation within three diverse MNCs, the numerous examples of competition provided by the study confirm the concepts proposed by Luo (2005). I further contribute to our understanding of top management's belief in the positive value of internal competition (Becker-Ritterspach and Dorrenbacher, 2009). Purposeful adjustments were made to the levels of competition between and within the subsidiaries to optimise performance by top management, for example, through the use of peer performance comparisons. The study also contributes empirical evidence of the effect of performance comparisons on increasing competition between the subsidiaries; a form of competition distinguished by the social comparison of overall improvement for the good of the unit and the group, rather than a zero-sum game (Garcia et al., 2006: 2013; Burt, 1992). Confirmatory evidence of the types of interventions used by corporate or parent HQs to manage competition is also offered (e.g. Birkinshaw and Lingblad, 2005).

Additionally, the study contributes to our understanding of internal competition within the professional services firm, suggesting that the importance of competition for internal resources is as important as external market competition, contrary to the conclusions drawn by Tsai (2002) for interunit competition in a national multi-business unit organisation. However, Tsai (2002) acknowledges that his findings may vary in different organisations, depending on their histories and strategic priorities.

9.3.3 Inter-subsiary collaboration

As a result of a deeper exploration of the commercial arrangements in the professional services firm that precede inter-subsiary collaboration, I contribute to the collaboration literature by demonstrating a link between the inter-subsiary transfer pricing process for services and the willingness of the subsidiaries to collaborate with one another.

9.4 IMPLICATIONS FOR PRACTICE

My cross-case synthesis reveals that all three organisations were pursuing organisational strategies with a focus on greater collaboration between the subsidiaries

within the MNCs. Correctly, a strategy of inter-subsidary collaboration is not an end in itself. For subsidiaries, it is a forum which potentially facilitates access to globally-dispersed capabilities, under-utilised capacity or leverages comparative advantages.

Awareness of organisational history

Each organisation and each subsidiary within that organisation, however, starts their journey of greater collaboration from a different place, as is reflective of their previous histories. While aspiring to and advocating for more collaboration within the MNC, sufficient recognition of existing practice is required. A review of both organisational structure and intra-organisational relationships is critical if a more collaborative approach is to be adopted and the intended outcomes are to be achieved as a result of the organisational change. Cultural aspirations alone are insufficient and require additional structural support and levels of standardisation of processes and practices to facilitate inter-subsidary collaborations. However, a blanket standard approach to the reorganisation will not be successful if the HQ fails to take account of subsidiary heterogeneity and size. As such, it is important that HQ builds in the necessary organisational design capability to support the change in the organisation and anticipate and respond to organisational or external environmental factors.

Mechanisms and interventions

A conscious awareness of the determinants is necessary to enable the choice of what interventions management might apply. However, what can emerge is a confusing picture for corporate or divisional managers to select the appropriate interventions and mechanisms in order to achieve their desired competitive dynamics for the desired organisational outcomes.

The new model brings hitherto unidentified additional elements into focus that affect the interaction of one subsidiary with another. Consideration of these new elements suggests a wider range of interventions available to managers wanting to either foster more collaboration or competition, or indeed manage intolerable levels of competition or undisciplined collaboration with other subsidiaries.

Manage the appropriate dynamic

MNCs can proactively manage an appropriate mix of competition and collaboration between subsidiaries – but this can be difficult. Even if a ‘50/50’ balance of competition and collaboration is measurable and achievable, it may not necessarily be the optimal solution for the subsidiary relationship or organisation (Graetz and Smith, 2008). It is clear that the appropriate level of co-competition can only be achieved by looking at both competition and collaboration. Preferential dominance of only considering one approach without consideration of the other will be detrimental to the firm in the longer term (Loch et al., 2006). However, maintaining a selected dynamic approach serves to motivate subsidiaries. The nature of the balance is contingent upon the task, relationship and the context. While structural mechanisms available to the manager can facilitate either competition or collaboration, and a competitive or collaborative approach, they are insufficient to manage the emergent relationships that emanate from inter-subsidary and interpersonal relationships.

‘Both/and’ perspective

The senior management teams benefit from being aware of the opportunities and constraints of promoting a culture of collaboration while fostering inter-unit competition through internal accounting policies and incentive systems. Awareness of the dynamic interplay of Group Finance and HR systems appears critical.

Only if MNC managers develop a thorough understanding of how subsidiaries actually interrelate and can possibly interrelate, can they take successful, purposeful action in this respect. Inter-subsidary competition and collaboration may also have an impact on other variables of performance. If management is to achieve their desired ends, they need to evaluate the behaviour of their subsidiaries to align strategy, structure and social relationships (Li et al., 2007).

Leadership development of ‘both/and’ thinking

Successful leaders have the predisposition and the capacity to hold in their heads two opposing ideas at once and are creatively able to resolve the tension between these two ideas (Martin, 2007). An implication for leadership development and business school practitioners is to ask: How do organisations develop the capability of integrative

thinking or the “both/and” paradoxical mindset (Smith, 2014) in their subsidiary leaders, such that they are able to see the benefits of both collaboration and competition? How do business schools teach future leaders of MNC organisations to address the inherent tensions in such complex adaptive systems? The pressure on managers is great to make “either/or” choices in the broadest sense without giving sufficient attention to the complexity and ambiguity of competing demands of different processes and relationships.

Leaders create the context for this ambidexterity by being able to acknowledge and explore the competing demands of competition and collaboration, internally and externally.

9.5 CONCLUDING REMARKS

In this thesis I have investigated the inter-subsidary relationships of cooptition and compared them at the organisational level within three heterogeneous MNCs of varying size, complexity and industry sector. The results indicate a consistency of topics on which they compete and collaborate. The study identified four categories of determinant: external, organisational, subsidiary and individual characteristics. Tensions are inherent in cooptitive relationships. I assessed the tensions to be tolerable and intolerable. For intolerable tensions, I found that HQ or the subsidiaries used interventions to alter the dynamic of the cooptitive relationship. The relationships were not static and evolved over time as a result of the interventions.

I conclude this thesis by reminding myself that external competition is the typical orientation of MNCs; they compete with other firms for advantage (Porter, 1985). Within the MNC, although internal competition exists at many levels and competition can generate strong, if not hostile rivalry between actors (i.e. the subsidiaries and management), the efforts of coordination and collaboration will provide the firm with a competitive advantage. Equally, excessive collaboration can dull the innovative entrepreneurial and efficiency drives which can be enhanced through internal competition. In the end, when I consider all of the millions of interactions that happen in a year and form the relationships between subsidiaries and their sister units, the MNCs’ primary orientation is one of coordination and collaboration, interspersed with periods of intentional or inadvertent competition.

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APPENDICES

Appendix A Definitions of collaboration

Table A-1: Definitions of collaboration

Organisational Unit	Author	(P)rocess (R)elation	Definitions
Firm	Gray, 1989	P	Process ‘through which parties who see different aspects of a problem can constructively explore their differences and search for solutions that go beyond their own limited vision of what is possible.’ (p.5)
	Himmelman et al., 1991	P	“Most complex process along a developmental continuum that includes networking , coordination, cooperation and collaboration (p. 4)
	Kanter, 1994	P	“Creating value”
Strategic Alliances	Bengtsson and Kock, 1999	R	“A horizontal relationship where relationships are built mainly on information and social exchanges.”
	Miles, Miles and Snow, 2006	P	“A process whereby two or more parties work closely with each other to achieve mutually beneficial outcomes (solving a problem, resolving a conflict, creating a new product or business, etc.) ... It is a much more complex and demanding process than cooperation... involves unpredictable outcomes, relies heavily on trust.”
	Ang, 2008	P	“Collaboration as voluntary cooperation between firms involving exchange, sharing, or co-development of products, technologies, or services” (based on Gulati, 1998).
	Gulati et al., 2012	P	“Cooperation: joint pursuit of agreed-on goal(s) in a manner corresponding to a shared understanding about contributions and payoffs” and, Coordination: “the deliberate and orderly alignment or adjustment of partners’ actions to achieve jointly determined goals.” (p. 537)
Subsidiary/ multibusiness unit	Liedtka, 1996	P	“Process of decision making among interdependent parties; it involves joint ownership of decisions and collective responsibility for outcomes.” (based on Gray, 1991)
	Anderson et al., 1994	P	Cooperation, in this context, is synonymous with collaboration among different individuals, groups, or organizations, where all entities are engaging in non-competitive, mutually beneficial, win-win activities.
	Schruijer, 2006	P/R	“Multiparty collaboration – the characteristic of an emerging or developing work system of people, who , because of their memberships of groups, institutions or social categories, come to work together on a largely self constructed task or problem domain”. Collaborative relationships are formed to address a concern, problem or opportunity - a formulated joint goal.
	Blomqvist and Levy, 2006	P	Collaboration capability: “The actor’s capability to build and manage network relationships based on mutual trust, communication and commitment.”
	Hansen, 2009	P	“Working together for mutual benefit.” To work together on a common task to provide significant

Organisational Unit	Author	(P)rocess (R)elation	Definitions
			help to each other.”
	Martin and Eisenhardt, 2010	P	“Collective activity by two or more business units within a multi-business organisation to create economic value.” (p. 265)
	Bilhuber Galli and Muller-Stewens, 2012	P	“A very positive form of working in association with others for some form of mutual benefit.” (based on Huxham, 1996:1) Cooperation and collaboration used interchangeably.

Appendix B Definitions of competition

Table B-1: Definitions of competition

Organisational Unit	Author	(P)rocess (S)tate (R)elation	Definitions
Firm	Osarenkhoe, 2010,	S	“A dynamic situation that occurs when several actors in a specific area (market) struggle for scarce resources, and/or produce and market very similar products or services that satisfies the same customer need.” (p.203)
Strategic Alliance	Bengtsson and Kock, 1999	P/R	“Competition is traditionally defined as the conflicting and rivalling relationship between competitors.” “Competition is an interactive process where individual, and thereby organizational, perceptions and experience affect organizational actions, and thus affect interactions between competitors (e.g. Porac et al., 1989; Easton et al., 1993; Bogner and Thomas, 1993).
	Das and Teng, 2000	P/R	“Pursuing one’s own interest at the expense of others.” (p.79)
Subsidiary/ Multibusiness unit	Chandy and Tellis, 1998	S	“Rivalry among business units or divisions for current and potential product markets and technologies, and for organizational resources.”
	Birkinshaw and Lingblad, 2001	P	“Rivalry for scarce resources” (p.1) “Parallel or overlapping activities inside the boundaries of the firm”; competes for rights to a particular technology or product charter and not just access of financial resources (p.22).
	Birkinshaw and Lingblad, 2005	S	“State where there is duplication or overlap of activities within the boundaries of the firm.” (p.1)
	Khoja, 2008	S	“Rivalry among business units or divisions for current and potential product markets and technologies, and for organizational resources.” (p. 12; based on Chandy and Tellis, 1998).
	Becker-Ritterspach and Dorrenbacher, 2009	S	Consists of different kinds of political games.

Appendix C Definitions of coopetition

Table C-1: Definitions of coopetition

Organisational Unit	Author	(P)rocess (R)elation (S)tate	Definitions
Firm	Brandenburger and Nalebuff, 1996	R	“A relationship based on a value net of involved actors (suppliers, distributors, subcontractors, ‘complementors’, competitors) who collectively add value to one another’s organisations.”
	Zineldin , 2004	P	“Have a common vision and goal regardless of the legal or organisational forms and borders...the partners are able and willing to cooperate and compete with each other on a basis of mutual commitment and trust, and a mutual sharing of information, risks and rewards ... non zero sum game.”
	Oliver, 2004	P	Collaboration: occurs when firms work jointly on the development of products Competition: exists in situations in which a set of organisational are providing the same or related products (based on Callon (1998:44).
	Padula and Dagnino, 2007	S	“A multidimensional variable, which may assume a number of different values, especially when observed in an orthogonal structure between the two constructs of competition and cooperation.” (p. 38)
	Chin, Chan and Lan, 2008	S	“Coopetition is a revolutionary mindset that combines competition and cooperation.”
	Bengtsson. Eriksson and Wincent, 2010	P/R	“A process based upon simultaneous and mutual cooperative and competitive interactions between two or more actors at any level of analysis (individual organisational or other entities.” (p. 200) Through this interaction, over time develop a coopetitive relationship.
Subsidiary/ Multibusiness unit	Tsai, 2002	P	Competition: extent to which two units obtain resources from the same source (internal competition) AND extent to which two units offer similar products or services in the marketplace (external market) competition.”
	Luo, 2005	P	“A mindset, process or phenomenon of combining cooperation and competition.”

Appendix D Categorisation of competition, collaboration and coopetition literature (function/ intergroup level)

Table D-1: Categorisation of functional literature

Organisational Units	Inter-unit Competition	Inter-unit Collaboration	Inter-unit Competition & Collaboration Coopetition
Function/Inter-Group	<p>Empirical Blake and Mouton (1961) Houston et al., (2001) Mottner and Ford (2008) Goette, Huffman, Meier and Sutter (2012)</p> <p>Theoretical Burt (1992)</p>	<p>Empirical Tjosvold (1988) Tjosvold and Tsao (1989) Song et al (1997) Jassawalla and Sashittal (1998) Jassawalla and Sashittal (1999) Ellinger, Keller and Hansen (2006) DeLuca and Atuahene-Gima (2007) Le Meunier-Fitz Hugh and Piercy (2008; 2007) Chen and Tjosvold (2008) Mena, Humphries and Wilding (2009) Cross , Gray, Cunnningham, Showers and Thomas (2010)</p> <p>Theoretical Kahn and Mentzer (1996) Mintzberg, Jorgenson, Dougherty and Westley (1996) Qureshi, Briggs and Hlupic (2006) Steward (2008) Shalk and Curseu (2010) Allred, Fawcett, Wallin and Magnan (2011)</p>	<p>Empirical Luo, Slotegraaf and Pan (2006) Johnson, Hollenbeck, Humphrey, Ilgen, Jundt and Meyer (2006) Lin, Wang, Tsai, Hsu (2010) Seo, Shin, Choi, and Tawada (2010) Ghobadi and d'Ambra (2012)</p> <p>Theoretical Deutsch (1949)</p>

Appendix E Functional definitions of collaboration, competition and coopetition

Table E-1: Functional definitions

UNIT: FUNCTION	Author	Process Relation	Definitions
Collaboration	Kahn and Mentzer, 1996	P	“An effective process, where departments work together willingly.” (p. 6-14)
	Jassawalla and Sashittal, 1999	P	“A method by which competing interests reach win-win outcomes.” Used interchangeably with cooperation among functional groups in new product literature.
	Ellinger et al., 2006	P	“Informal integrative work management approach that involve departments working together, having a mutual understanding, sharing a common vision, sharing resources and achieving goals collectively.” (based on Schrage, 1990) “Inter-functional collaboration is an unstructured, informal communicative process that is dependent on people’s ability to trust each other, build meaningful relationships, and appreciate one another’s expertise.” (based on Mintzberg, 1996)
	Sanders, 2003	P	“An affective, mutual shared process where two or more departments work together, have mutual understanding, have a common vision, share resources, and achieve collective goals.” (based on Schrage, 1990; Stank et al., 2001)
	DeLuca et al., 2007	P	“The degree of cooperation and the extent of representation by marketing, research and development (R&D) and other functional units in the product innovation process.” (p. 99)
	Mena et al., 2009	P	“Working jointly to bring resources into required relationships to achieve effective operation in harmony with the strategies and objectives of the parties involved, thus resulting in mutual benefit.” (based on Humphries and Wilding, 2004)
Competition	Houston et al., 2001	P	Competition: charter change. Collaboration: communication across units
Coopetition	Luo et al., 2006	P	“The degree to which departments compete both for limited tangible and intangible resources and for strategic importance, power, and department charter.” (Based on Levitt, 1969; Houston et al., 2001; Maltz and Kohli, 1996; Ruckert and Walker, 1987).

Appendix F Empirical studies of factors that influence competition and collaboration

Table F-1: Factors from empirical studies that influence collaboration and competition (Source: Author).

Factors	Focus	Collaboration Studies	Influence		Focus	Competition Studies	Influence	
			+	-			+	-
Autonomy	Decentralisation of NPD units	Persaud 2005; Martin & Eisenhardt 2010	↑		Decentralisation		↑	
	Unrelated firms	Hill et al 1992	↑					
	BU led initiatives				HQ initiatives “top down”	Hill et al 1992	↑	
					-blurred charters	Birkinshaw	↑	
				BU led initiatives	Phelps & Fuller 2000; Tsai 2002	↑	↓	
	Centralisation	Tsai 2000; Hill et al 1992; Tsai 2002	↑	↓				
Formalisation	Rewards	Boussebaa 2009			Unit designed incentives	Martin & Eisenhardt 2010; Boussebaa 2009	↑	
	-lack of transnational rewards			↓	Firm wide incentives	Kalnins 2004	↑	
					Transfer pricing			
	Goals - aligned	Boussebaa 2009; Gynawali 2009	↑		Competitive goals	Chen and Tjosvold 2008		
	- overarching goals	Hansen 2009; Gupta & Govindarajan 1986	↑				↑	
	- cooperative goals	Chen & Tjosvold 2008	↑					
	HR Practices	Koulikoff-Souviron & Harrison 2010;	↑					
	- Exchanges or transfers	Hansen 2009						

Factors	Focus	Collaboration Studies	Influence		Focus	Competition Studies	Influence	
			+	-			+	-
Socialisation	Trust	Martin and Eisenhardt 2010; Barner-Rasmussen 2010; Tsai 2002	↑					
	Shared Vision (when top down strategy)	Koulikoff-Souvion & Harrison 2010; Hansen 2009; Barner-Rasmussen 2010; Tjosvold & Tsai 1989	↑		Shared vision (HQ top down strategy for subsidiaries to compete)	Hill et al 1992	↑	
	Bargaining Power of personal relationships	Rank 2010; Ellinger 2006; Loch 2006	↑		Bargaining power of personal relationships			
	Willingness to cooperate Self interest	Hansen 2009; Martin and Eisenhardt 2010; Goold and Campbell 2003	↑		Self interest		↑	
	Social Identity	Houston 2001	↑		Social identity	Houston et al	↑	
	Culture - cooperative - common values - competitive	Ferrari 2010; Ellinger 2006; Koulikoff-Souvion & Harrison 2010; Hansen 2009 Hansen 2009	↑ ↑		Strong normative integration Competitive culture	Birkinshaw 2001 Hansen 2009		↓ ↑
	Training /Learning activities	Martin & Eisenhardt 2010; Koulikoff-Souvion and Harrison 2010;	↑					
	Communication - Linguistic competence	Hill et al 1992; Barner-Rasmussen 2007	↑					
Senior Management	Formal hierarchical structure	Ellinger et al 2006; Hansen 2009;	↑					

Appendix G Theoretical perspectives: potential applicability and limitations (Source: Author)

Table G-1: Theoretical perspectives

Theory /Perspective	Orientation	Potential applicability to study	Conceptualisation of the firm	Notion of intra-organisational relationships	Limitations to study
Transaction Cost Theory	Cost oriented	Governance modes and mechanisms affect on outcome of relationships	Transactions	Focus is on transactions not relationships	Focus has been on vertical relationships of buy and sell or horizontal interfirm relationships.
Agency Theory	Cost oriented	Governance modes and mechanisms - affect on outcome of relationships	Nexus of contracts within the firm	Principal(P) - Agent (A) ties	Vertical application - not horizontal, A-A relationships. How does it explain a competitive exchange - as agency theory is concerned with problems that can arise in any cooperative exchange (Fama and Jensen, 1983) in Labutkin, 2007
Social Exchange Theory	Cost oriented	Resource Exchange	Power and dependence; importance of personal commitment.	Voluntary activity between two actors based on personal obligation and gratitude	How does it explain a competitive exchange? Maximise benefit "forced" collaborations? How does it explain altruism where the unit takes one on the chin and the exchange benefit is not immediate, e.g. perhaps perceived as a "give and take" in the future. Actually what is the theories perspective on delayed gratification of the reward?
Game Theory	Cost oriented	Resource Exchange		How ought to behave in specific situations.	No general conclusions about how people behave in conditions of uncertainty
Resource Based View	Rent oriented	Resource Availability Resource Sharing	Bundle of resources	A means to acquire or gain access to resources	Studies fail in giving further insights in how we get access to these resources and we create incentives for business units to share them by considering resource and knowledge related theoretical issues.
Knowledge Based View	Rent oriented	Resource Availability Resource Sharing	Concentration of firm on specific knowledge	A means to acquire information and generate knowledge	Focus is predominantly on sharing knowledge - although knowledge as a scare resource (competition)

Collaboration	Orientation	Potential applicability to study	Conceptualisation of the firm	Notion of intra-organisational relationships	Limitations to study
Social Capital (Social Network Analysis)	Rent oriented	Resource Exchange aspects: common aligned action, effective exchange	Social actor embedded in a network of social relationships Social units with relatively stable patterns of relationships over time. (Tichy et al., 1979)	Consists of structural, behavioural and cognitive elements	Ties are predominantly cooperative although Tsai (2002) investigated competitive linkages.
(MNC) Network Theory	Rent oriented - develop/combine resources to enhance competitiveness		Bridging the gap between market and hierarchy	Characterised by strength/number of network ties and position of actors	Limited insight into the competitive dimension of intraorganisational relationships (Maurer, 2011:95)
Contingency Theory (Social interdependence theory)		Competitive and cooperative rewards structures - nature of goals and task conditions	Internal structures designed to fit external environment		Considers best fit for either competition or collaboration (either/or). Limited value when considering both/and
Paradox Perspective		Both/and in relationships of coopetition - triggers and strategies to manage tensions		Paradoxical relationship of competition and collaboration that generate tensions within the relationship	Lack of focus on antecedents of coopetition but consideration of tensions

Appendix H Sources of synergy and how units connect (links) (Source: Author)

Table H-1: Sources of synergy

Sources of Synergy	Value Creation (Synergies) How Units Connect - Links	How parents create value	Corporate Value Creation Strategies
Martin and Eisenhardt (2001)	Goold and Campbell (1998) Goold and Campbell (2002)	Goold and Campbell (2002)	Bowman and Ambrosini (2003)
Economies of Scope Benefit (in terms of efficiency) from sharing related and complementary resources among business units.	Shared Know How Sharing best practices, leveraging expertise, pooling knowledge, sharing product/ market know-how.	Select Propositions The parent unit acquires units for less or disposes of activities for more than they are worth.	Provoked learning configuration Elimination of organizational slack.
Market Power Coordinate action and resource relatedness among business units' conglomerate power. (Hill, 1985)	Coordinated Strategies Aligning the strategies of two or more units by, for example, coordinating responses to a new competitor.	Build Propositions The parent unit helps units expand their size and scope of activity by, e.g. globalization or product extensions.	Encouraged learning configuration Encouraging SBUs to devote resources (time, funding) to innovation. Establishing dialogue across SBUs.
Internal Governance Creation of a more efficient transacting environment than exists in the market - place exchange relationships inside or outside the firm.	Shared tangible resources Creating economies of scale and eliminating duplicated effort through the sharing of physical assets or resources.	Stretch Propositions The parent unit helps units improve costs, quality, or profitability by, for instance, setting stretch targets or providing benchmarks.	Reconfiguring support activities Combined activities performed in similar ways across the units.
	Vertical integration Coordinating the flow of products or services from one unit to another.	Link Propositions (see How Units Connect) The parent unit helps units work together in ways they would find difficult if left to them. For example, it might centralize activities or alter incentives.	Reconfiguring core processes Scale economies in core activities; tightly coupled to SBU activity. (Thompson, 1967)
	Pooled negotiation power Economies of scope through common purchases or joint negotiation with stakeholders.	Leverage Propositions Parent unit finds ways to exploit a central resource e.g. brand, skill, patent, relationship, in new markets or new businesses.	Leverage configuration creative Scope of the resource is extended into other domains or the resource is replicated (no causal ambiguity).
	Combined business creation Fashioning new businesses by combining know-how from different units through teams, internal joint ventures, or other alliances.		Integration reconfiguration Coordinate and integrate resources and assets. Pool skills /resources with other SBUs. Cross-divisional linkages to problem solve/ innovate.

Appendix I [EngConsult] Engagement Process

Figure I-1: Engagement process



Appendix J Email to informants EngConsult

From: Group Chairman [mailto:GroupChairman@engconsult.com]

Sent: 06 September 2013 17:58

To: *Regional and Business Unit Managing Directors*

Cc: Chambers, Morgan; *[Key Contact RS]*

Subject: Cranfield Research on Collaboration

All

Morgan Chambers, a researcher in organisational behaviour at Cranfield, is undertaking a piece of work on collaboration across a number of companies.

I have agreed we will participate in the research as we could gain some useful insights on improving collaboration. There is no “cost” except for the interview time of our staff.

Output will include observations of actual interactions in key business processes, an assessment of the effectiveness of collaboration, an understanding of opportunities for business efficiencies and suggestions for improved management practices to encourage collaboration.

She would like to interview a cross-section of people (by phone or face-to face) who have experienced both good and bad examples of collaboration at various levels of the organisation, and your names have been proposed. Interviews will probably take about 45 minutes.

Candidates in other regions have been nominated, but if you think there are “counterparts” elsewhere who should be interviewed, or other people in your region, please let me know.

She will commence in September and expects to work with us over a period of about 6 weeks.

[Name RS] has been selected as her “day-to-day” contact person, and *[Name - Chairman’s PA]* will help with appointments. Please copy *RS* on any correspondence.

Thanks for your support

[Group Chairman]

Appendix K Email to informants PhotoCo

From: [NAME] [mailto:[Group CEO Exec Asst@ [PhotoCo.com]]

Sent: 11 March 2014 15:27

To: Chambers, Morgan; *Group CEO*

Subject: RE: Collaboration Research

Hi Morgan

Group CEO has agreed the letter should come from him.

I will be sending out an initial email today to the Operational executives with the letter attached. First aim is to determine who exactly they wish to take part and whether they will brief their reports or whether the email will come directly from *Group CEO*.

I will update you on the full list of participants as soon as they are confirmed.

We can then start co-ordinating the various calls/meetings.

Many thanks

Group CEO Executive Assistant

Appendix L Interview protocol

Introduction

Thank you for agreeing to talk with me and participate in this research interview.

There are a few things to cover off before we begin the interview.

A. Confidentiality and anonymity

- The research will be confidential and the findings will only be shared with faculty at Cranfield School of Management. In addition nothing will be attributable to any one individual (*or organisation – to be discussed and decided in advance*).
- We act in accordance with the University Ethics committee

B. Can you please confirm that you are comfortable for me to **record the interview** for the purpose of working with the data after the interview?

Also I will be taking notes during our conversation. Is that okay with you?

C. The interview will be approximately **60 minutes**

D. Research Question:

‘How do the interactions of competition and collaboration between strategic business units (SBUs) impact outcomes as perceived by Corporate/Divisional Headquarters and the SBUs?’

The purpose of the research is:

1. To explore the types of interactions between SBUs within a multibusiness, multinational organisation.
2. Understand what CEO and SBU leaders mean by collaboration and get their perceptions and experience of what enables or hinders collaboration between business units within organisations
3. Understand what CEO and SBU leaders mean by internal competition and get their perceptions and experience of how they manage or foster competition between business units within organisations
4. To find out whether collaboration and competition coexist between SBUs

5. To explore how SBUs manage the coexistence of collaboration and competition
6. What impact does this have on being able to be both innovative and efficient?

Informed Consent

Do you ...

- Agree voluntarily to take part in the research project being conducted by Ms Morgan Chambers which is also part of the requirements for my Doctorate at the Cranfield School of Management, Cranfield University.
- Understand that the information which you supply is confidential and that it will be anonymised and only be used in the findings of the research.
- Understand that you do not have to answer all the questions which may be put to you. The information which you provide will be held securely until the research has been completed (published) after which it will be destroyed.
- Understand that the information which you provide will not be used for any other purpose.
- Understand that you are entitled to ask for a debriefing session or a copy of the research at the end of the project.
- Agree that you have been informed that you may withdraw from this study at any time and that any information which you have supplied will not be used for this research and any records held relating to your contribution will be destroyed.

Do you have **any other questions** with regards to how the information is going to be used?

Appendix M Interview questions

Questions:

To get started, can you please answer a couple of biographical questions?

- *For the purposes of recording , can you say your name for the tape*
 - What is your current role and title within COMPANY?
 - Who do you report to?
 - How long have you been with the organisation? in your current role?

A. CORPORATE STRATEGY and ORGANISATION STRUCTURE

- Will you briefly describe:

[Corporate Strategy of [COMPANY] - address to corporate and BU leaders ONLY]

- i. the organisational structure
(Probe: how does this support COMPANY'S current strategy?)
- ii. Your firm's corporate strategy and the key strategic challenges that COMPANY faces?

[Business Unit Strategy]

- iii. Your business unit strategy and the key strategic challenges that your business unit faces?

B. INTERNAL COLLABORATION

- What do you understand the word collaboration to mean within COMPANY?
 - *What other words or phrases would you use to describe collaborating? Working together?*

- *Do you make a distinction between the words cooperation and collaboration?*
- Can you describe a situation that best illustrates when you collaborated with another SBU
 1. *SBU X - directed to respond specifically to stated SBU to ensure interaction of the dyad*
 2. *SBU Y - chosen by the interviewee*
- Who initiated the collaboration?
 - *Why was this decision taken?*
 - *How was this implemented?*
- What were some of the personal or organisational factors that were in place that enabled (or got in the way of) this collaboration?
 - *Was it always like this? Has it always been like this?*
 - *What changed? What triggered it?*
- What was the outcome?
 - *What was the perceived value resulting from the collaboration between the SBUs?*
 1. *From the SBU perspective? Example?*
 2. *From the corporate/group perspective? Example?*
- Anything else you would like to add at this stage about your interactions of collaboration with another SBU? collaborations with other SBUs

C. INTERNAL COMPETITION

- What does competition between SBUs look like within the organisation?
 - *What other words or phrases would you use to describe internal competition?*
- Can you describe a situation that best illustrates an example of when you were in competition or competing with another SBU:

1. *SBU X - directed to respond specifically to stated SBU to ensure interaction of the dyad*
 2. *SBU Y - chosen by the interviewee*
- Who initiated the competition?
 - *Why was this decision taken?*
 - *How was this implemented?*
 - What were some of the personal or organisational factors that were in place that encouraged (discouraged) this competition?
 - *Was it always like this? Has it always been like this?*
 - *What changed? What triggered it?*
 - What was the outcome of this interaction?
 - *What was the perceived value resulting from the competition between the SBUs?*
 1. *From the SBU perspective? Example?*
 2. *From the corporate/group perspective? Example?*

D. COLLABORATION AND COMPETITION

- Does the execution of the current corporate strategy require that the BUs both collaborate and compete with each other
- Can you describe a situation when you found yourself both collaborating with an SBU and competing with the same SBU over the same or a different issue? At the same time?
 - *What were the circumstances around this?*
 - *How did you manage both interactions with the same business unit?*
 - *What organisational systems, practices and processes support or hinder these interactions happening at the same time....with the same business unit?*
 - *What were some of the factors involved in the decisions?*

E. OVERALL

Do you view your business unit as?

A. a **collaborator** with other business units?

- Which ones?
- And on a scale of 1-7, how would you rate the degree of collaboration between the specific business unit and why?
- where 1- not very collaborative to 7- extremely intense collaboration

B. a **competitor** with other business units?

- Which ones?
- On a scale of 1-7, how would you rate the degree of competition between specific business units and why?
- where 1- not much competition to 7- extremely intense competition

Culture

How would you describe the culture of COMPANY? of your BU?

(Probes: competitive, collaborative, bureaucratic, meritocratic, high performance...)

- Anything else you would like to add?
- Is there anybody else that you suggest I talk to?
- May I follow up with you if there is anything that is unclear?

Thank you.

Appendix N Thank you email

Da: Chambers, Morgan [mailto:morgan.chambers@cranfield.ac.uk]

Inviato: lunedì 9 giugno 2014 10:18

A: [Name] G M; [Name] AP

Oggetto: Research Interview: Grazie

Dear Name GM and Name AP,

Thank you for the opportunity to meet with you both for the research interview last week. I look forward to sharing the overall findings at the conclusion of the research.

I also appreciate that I may contact you before the conclusion of the research, should there be a need to clarify any further points.

Once again many thanks for your valuable time and insights.

Best wishes
Morgan

Morgan Chambers
Doctoral Researcher

Appendix O Follow up questions by email

From: [mailto: [name]@[company].com]
Sent: 30 March 2014 21:09
To: Chambers, Morgan
Subject: RE: Research Follow up Question Please

Apologies Morgan on the late reply.

To address your queries:

- I believe I referred to “Upset Limit” in the sense that our assignment was to an overall agreed upon budget that we were not to exceed without client authorization. This assignment budget was split into appropriate budgets by discipline whose objective was to manage to their respective budget caps as well.

- Although I can't recall the specific context of the remark, I believe what I meant by *“more often we are building grade separations involving rail “* in that there tends to be a priority given to replacing at-grade rail to road crossings over road to road crossings, which as you can expect are more often manageable with common traffic signal systems. In my experience within the Central Canada unit, this means the rail unit (CRA) and highways and bridges (CPI) must collaborate. Discussions occur quite often between CRA and CPI when strategizing personnel to designate for these assignments. Typically this depends upon the primary client; if the railway is dictating the need for the grade separation, the lead tends to be CRA. If the municipality or region (owning the road) dictates the need, CRA would typically take the lead.

Hope this helps. If you need further clarification on these or other points raised, please contact me at your earliest convenience.

Cheers

Sr. Project Engineer

Appendix P Extended, follow-up lines of questioning

From: [Name 1]
Sent: 16 September 2013 16:48
To: [Name 2]
Cc: H; Chambers, Morgan
Subject: Research on collaboration

Hi [Name 2],

[Chairman] has agreed that [EngConsult] will work with Morgan Chambers of Cranfield on a research project looking at Interactions of Competition and Collaboration between Strategic Business Units, which he has asked me to help co-ordinate. Protocols on confidentiality are included in the Cranfield proposal.

Morgan has been doing some interviews and the subject of mobility has come up. She requested an interview with someone on HR side, and in view of the context and your presentation on Saturday, I wondered whether you might be able to spare a bit of time to talk to her. She is carrying out a comprehensive set of interviews including Regional MD's and senior management, and is looking at strategic questions, so I thought that you would be the best person for her to talk to in the first place at least.

Many thanks

[Name 1]

Appendix Q [PhotoCo] Company contact sheet

COMPANY CONTACT SHEET

Contact Type: In person

Site: London Offices

Visit: M

Contact Date:

Phone:

Today's Date: Thurs., May 15th, 2014

Written by: MC

1. What were the main issues or themes that struck me in the contact?

Mergers and Acquisitions – acquisition process has been more complementary - and where those entrepreneurs have earn out clauses they have been more collaborative (pure speculation) than those who have previously been competitors.

Organisation Structure - have taken away the P and L from the businesses - so that now rolls up as a matrix to the Division

Trust in the capability of another division manufacturing product - ... the motivation to make the product themselves ...some competition in terms of manufacture comes into play because it may damage the buying units brand and reputation.

2. Summarize the information you got (or failed to get) on each of the target questions you had for this contact

Question	Information
Biographical	MBA under CB
Corporate Strategy - levels of autonomy - external and internal challenges	Greater interdependence created by formalizing a matrix structure within the Division across the BU Internal relates to how to move from a product led to consumer led organisation. External challenges are around changing technology - moving from mechanical product to electronic products. Hence have capability gap and therefore try to acquire companies that have those skills
Structure - collaboration - competition	Board established to help sort out collaboration issues before they get up to Group CEO @ [photographic and broadcast]. Organisation more international - not transnational - interesting he asked me on what level - finances international - resource sharing transnational ? Less interdependence, less integration?
Definition/Understanding - Collaboration - Internal competition - SBU	Subsidiary operating companies different from the organisational structure. Are the key performance indicators based on the organisational units?
Key Performance Indicators	Cross selling of sales force - they are now selling multiple products rather than one. They use the specialist sales people for any in-depth information and to answer any technical or specific product information
Anything else question?	

3. Anything else that struck you as salient, interesting, illuminating or important in this contact?

Less infrastructure in the organisation to promote actual collaboration - happens if at all at the budgeting process

4. What new (or remaining) target questions do you have in considering the next contact with this site?

HR Collaboration - consider where are the opportunities for collaboration - what would be of mutual benefit?

[Name] Tired – jet lag, just come back from business trip– He is curious to learn about collaboration and how other companies manage it - he thinks it might be a product thing - not sure what he meant by that and have to go back to transcript.

Raised an interesting question re the entrepreneurs when they have money in the bank. A reward is not going to be the decider to collaborate - they will collaborate because they want to - what is in it for them?

[p] - A little bit of the case of “not invented it here”

Sense of identity with the brand (and culture issues too) between Italy and North America. Nth America: 45 % of total business. Is there anything like peer pressure to encourage group identity.

5. DOCUMENTS Provided?

Newly published full Annual Report /Organisation chart

Does any of the literature talk to group identity in the literature review - talk about social capital.

Also struck me that in Co3 across Divisions do not collaborate - wonder how they go about indentifying the opportunities - do they share common resources or knowledge to win work as in Co1 or - they will even cooperate , or collaborate, however, when they need to bring their forces together...what are the linkages and opportunities that are relevant to the organisation?

On a product development level the resources are people, time and physical product - tangible material

Appendix R [EventCo] Interim update: Summary notes

Notes from Review Meeting with ZP

January 9th 2014

[EventCo] Corporate Office

Interim update report

Action Items

- ✓ Add into report reflection time of CEO to talk about collaboration
- ✓ Collaboration and competition happen at different levels and over different things
- ✓ Promised presentation due Mid March
- ✓ Values of collaboration to be launched
- ✓ Explanation of JVs - some ownerships of JV (x %) but for collaboration to be called JV - more like a geo-adapt.
- ✓ Balance of spontaneity and flexibility vs. undisciplined and lack of purpose
- ✓ Shared Hansen (2009) matrix - opportunities for collaboration with other business units - where are the synergies?
- ✓ Add ExCo formation to presentation which structure ensures dialogue and identification of possible opportunities across Business Units/Subs
- ✓ ZP says initiative feels more like moving away from competition as opposed to moving towards collaboration - based on previous history of company
- ✓ Add quotes but need to ensure that not identifiable
- ✓ Next meeting mid march with CEO -US and Group People/Culture – present full results

Appendix S EngConsult informants

Table S-1: EngConsult - Informants

Informant	Company	Location	Group Board Member	Interview Completed	Phone F2F	Agreed to Record	Thank you sent	Length of interview	Transcripts completed	Words per interview
1	EngConsult	US	N	20/09/2103	Phone	Y	Y	00:56:35	Voicescript	8735
2	EngConsult	UK	N	06/12/2013	Phone	Y	Y	00:54:00	Alvine	6150
3	EngConsult	UK	N	12/11/2013	Phone	Y	Y	01:03:46	Voicescript	9718
4	EngConsult	UK	N	10/10/2013	Phone	Y	Y	00:55:01	Voicescript	8748
5	EngConsult	UK	N	06/12/2013	Phone	Y	Y	00:57:48	Alvine	6554
6	EngConsult	Canada	N	13/12/2013	Phone	Y	Y	00:59:13	Alvine	7353
7	EngConsult	US	N	25/09/2103	Phone	Y	Y	01:04:10	Voicescript	11484
8	EngConsult	UK	N	02/10/2013	F2F	Y	Y	00:52:28	Voicescript	10829
9	EngConsult	US	N	16/09/2013	Phone	Y	Y	00:46:54	Voicescript	7520
10	EngConsult	UK	N	16/09/2013	F2F	Y	Y	01:33:42	Voicescript	22283
11	EngConsult	US	N	16/09/2013	Phone	Y	Y	01:08:02	Alvine	9706
12	EngConsult	Ireland	N	11/11/2013	Phone	Y	Y	00:51:56	Voicescript	8903
13	EngConsult	US	N	17/09/2013	Phone	Y	Y	01:02:15	Voicescript	10740
14	EngConsult	US	N	16/09/2013	Phone	Y	Y	01:05:33	Voicescript	10867
15	EngConsult	Australia	N	04/09/2013	Phone	Y	Y	00:57:00	Voicescript	8104

Informant	Company	Location	Group Board Member	Interview Completed	Phone F2F	Agreed to Record	Thank you sent	Length of interview	Transcripts completed	Words per interview
16	EngConsult	UK	N	15/10/2013	Phone	Y	Y	01:04:37	Alvine	10096
17	EngConsult	UK	N	29/11/2013	Phone	Y	Y	01:35:34	Alvine	12205
18	EngConsult	UK	N	29/11/2013	Phone	Y	Y	01:35:34	Alvine	10013
19	EngConsult	US	N	05/11/2013	F2F	Y	Y	01:04:38	Voicescript	11621
20	EngConsult	UK	Y	16/09/2013	Phone	Y	Y	00:55:48	Voicescript	10071
21	EngConsult	South Africa	N	25/10/2013	Phone	Y	Y	01:07:44	Voicescript	9658
22	EngConsult	UK	N	21/10/2013	Phone	Y	Y	01:06:15	Voicescript	9658
23	EngConsult	UAE	N	16/10/2013	Phone	Y	Y	01:01:43	Voicescript	8267
24	EngConsult	UK	N	22/09/2013	Phone	Y	Y	01:19:47	Voicescript	14568
25	EngConsult	UK	N	31/10/2013	Phone	Y	Y	01:06:05	Voicescript	9150
26	EngConsult	UK	N	21/10/2013	Phone	Y	Y	01:14:52	Voicescript	11033
27	EngConsult	UK	N	16/12/2013	Phone	Y	Y	00:39:51	Alvine	5443
28	EngConsult	UK	N	30/09/2013	F2F	Y	Y	01:02:17	Voicescript	10539
29	EngConsult	UK	N	02/10/2013	F2F	Y	Y	01:06:09	Voicescript	11185
30	EngConsult	US	N	16/10/2013	Phone	Y	Y	00:57:29	Voicescript	11939
31	EngConsult	UK	N	20/09/2013	Phone	Y	Y	00:44:30	Voicescript	8566
32	EngConsult	Malaysia	N	06/12/2013	Phone	Y	Y	00:27:10	Alvine	4182
33	EngConsult	Singapore	N	04/11/2013	Phone	Y	Y	00:52:58	Voicescript	6026
34	EngConsult	Hong Kong	N	26/09/2013	Phone	Y	Y	00:59:30	Morgan	4768

Informant	Company	Location	Group Board Member	Interview Completed	Phone F2F	Agreed to Record	Thank you sent	Length of interview	Transcripts completed	Words per interview
35	EngConsult	US	N	25/09/2013	Phone	Y	Y	01:12:18	Voicescript	9647
36	EngConsult	US	N	09/09/2013	Phone	Y	Y	01:09:33	Voicescript	9817
37	EngConsult	UK	N	03/10/2013	Phone	Y	Y	01:02:27	Voicescript	10936
38	EngConsult	Canada	N	04/09/2013	Phone	Y	Y	00:50:00	Voicescript	8541
39	EngConsult	India	N	03/09/2013	Phone	Y	Y	00:59:00	Alvine	9806
40	EngConsult	UAE	Y	12/11/2013	Phone	Y	Y	00:51:29	Voicescript	9800
41	EngConsult	US	Y	31/10/2013	Phone	Y	Y	00:58:00	Voicescript	8608
42	EngConsult	UAE	N	13/09/2013	F2F	Y	Y	02:05:39	Voicescript	25748
43	EngConsult	China	N	06/09/2013	Phone	Y	Y	01:16:00	Alvine	13806
44	EngConsult	Malaysia	N	18/12/2013	Phone	Y	Y	00:53:40	Alvine	6336
45	EngConsult	Canada	N	05/09/2013	Phone	Y	Y	01:21:03	Alvine	13437
46	EngConsult	Netherlands	N	01/10/2013	Phone	Y	Y	01:06:00	Voicescript	11336
47	EngConsult	UK	N	22/11/2013	F2F	Y	Y	01:31:42	Voicescript	14343
48	EngConsult	US	N	03/09/2013	Phone	Y	Y	01:52:55	Alvine	6669
49	EngConsult	US	N	06/09/2013	Phone	Y	Y	01:08:41	Alvine	7630
50	EngConsult	NZ	N	18/10/2013	F2F	Y	Y	00:53:40	Alvine	9917
51	EngConsult	UK	N	04/11/2013	Phone	Y	Y	00:52:58	Voicescript	9170
52	EngConsult	India	N	23/09/2103	Phone	Y	Y	00:44:31	Voicescript	8754
53	EngConsult	China	N	06/09/2013	Phone	Y	Y	01:04:00	Voicescript	12201

Informant	Company	Location	Group Board Member	Interview Completed	Phone F2F	Agreed to Record	Thank you sent	Length of interview	Transcripts completed	Words per interview
54	EngConsult	US	N	10/09/2013	Phone	Y	Y	01:06:41	Alvine	10352
55	EngConsult	UAE	N	23/09/2013	Phone	Y	Y	01:05:43	Voicescript	10558
56	EngConsult	Pakistan	N	18/10/2013	Phone	Y	Y	01:16:12	Voicescript	13173
57	EngConsult	UK	Y	22/11/2013	F2F	Y	Y	00:54:00	Voicescript	8742

Appendix T EventCo informants

Table T-1: EventCo - Informants

Informant #	Company	Location	ExCo Member	Interview Completed	Phone F2F	Agreed to Record	Thank you sent	Length of interview	Transcripts completed	Words per interview
58	EventCo	UK	N	17/10/2103	F2F	Y	Y	00:59:29	Y	12825
59	EventCo	UK	N	07/11/2013	F2F	Y	Y	00:55:09	Y	10460
60	EventCo	US	N	29/10/2013	Phone	Y	Y	01:07:50	Y	10612
61	EventCo	US	N	26/11/2013	Phone	Y	Y	01:15:00	Y	8255
62	EventCo	UK	Y	24/10/2013	F2F	Y	Y	01:06:58	Y	11204
63	EventCo	Hong Kong	Y	07/10/2103	Phone	Y	Y	00:44:05	Y	6185
64	EventCo	US	N	17/10/2103	Phone	Y	Y	00:59:36	Y	9439
65	EventCo	US	N	06/12/2013	Phone	Y	Y	01:00:04	Y	8255
66	EventCo	Hong Kong	N	19/11/2013	Phone	Y	Y	00:50:47	Y	7890
67	EventCo	UK	N	24/10/2013	F2F	Y	Y	00:58:00	Y	11729
68	EventCo	US	N	07/10/2013	Phone	Y	Y	00:02:35 00:54:28	Y	9997
69	EventCo	US	Y	11/10/2013	Phone	Y	Y	01:05:20	Y	12744
70	EventCo	UK/US	Y	13/11/2013	F2F	Y	Y	00:59:23	Y	9768
71	EventCo	US	N	17/10/2103	Phone	Y	Y	00:59:18	Y	10403
72	EventCo	US	N	20/11/2013	Phone	Y	Y	00:47:00	Y	8005
73	EventCo	The Netherlands	Y	08/10/2013	Phone	Y	Y	00:55:41	Y	8878

Informant #	Company	Location	ExCo Member	Interview Completed	Phone F2F	Agreed to Record	Thank you sent	Length of interview	Transcripts completed	Words per interview
74	EventCo	UK	N	17/10/2103	Phone	Y	Y	00:01:26	Y	7769
75	EventCo	US	N	16/10/2013	Phone	Y	Y	00:50:31	Y	9324
76	EventCo	UK	N	07/11/2013	F2F	Y	Y	00:48:27	Y	7449

Appendix U PhotoCo informants

Table U-1: PhotoCo - Informants

Informant	Company	Location	Ops Exec Member	Interview Completed	Phone F2F	Agreed to Record	Thank you sent	Length of interview	Transcripts completed	Words per interview
77	PhotoCo	Italy	N	06/06/2014	F2F	Y	Y	01:03:55	N	Audio - NVivo
78	PhotoCo	UK	N	09/06/2014	Phone	Y	Y	00:43:29	Y	5905
79	PhotoCo	US	N	05/06/2014	Phone	Y	Y	00:47:44	Y	6121
80	PhotoCo	UK	N	09/06/2014	Phone	Y	Y	00:58:51	Y	7839
81	PhotoCo	Italy	N	05/06/2014	F2F	Y	Y	00:44:55	N	Audio - NVivo
82	PhotoCo	UK	N	09/06/2014	Phone	Y	Y	01:03:36	Y	8955
83	PhotoCo	Italy	N	06/06/2014	F2F	y	Y	01:03:55	N	Audio - NVivo
84	PhotoCo	UK	N	09/06/2014	Phone	Y	Y	00:52:28	Y	7285
85	PhotoCo	Italy	N	06/06/2014	F2F	Y	Y	00:46:51	Y	6502
86	PhotoCo	Italy	Y	05/06/2014	F2F	Y	Y	01:19:47	Y	11646
87	PhotoCo	Italy	N	06/06//2014	F2F	Y	Y	00:44:48	Y	5017
88	PhotoCo	UK	Y	06/06/2014	F2F	Y	Y	01:09:41	Y	9581
89	PhotoCo	US	Y	24/06/2014	Phone	Y	Y	01:18:49	Y	12180
90	PhotoCo	US	N	06/06/2014	Phone	Y	Y	00:57:42	Y	7628
91	PhotoCo	UK	Y	15/05/2014	F2F	Y	Y	00:40:40	Y	6704

Informant	Company	Location	Ops Exec Member	Interview Completed	Phone F2F	Agreed to Record	Thank you sent	Length of interview	Transcripts completed	Words per interview
92	PhotoCo	Italy	N	06/06/2014	F2F	Y	Y	00:41:49	Y	6408
93	PhotoCo	Italy	N	06/06/2014	F2F	Y	Y	00:57:28	Y	7505
94	PhotoCo	US	N	06/06/2014	Phone	Y	Y	01:16:13	Y	8977
95	PhotoCo	UK	Y	15/05/2014	F2F	Y	Y	00:38:10	Y	5932
96	PhotoCo	US	Y	04/06/2014	Phone	Y	Y	00:57:52	Y	8370
97	PhotoCo	Japan	N	06/06/2014	F2F	Y	Y	00:32:50	Y	3898
98	PhotoCo	Italy	N	05/06/2014	F2F	Y	Y	00:54:59	N	Audio - NVivo

Appendix V Content of competition and collaboration

Table V-1: Content of competition and collaboration

Content	EngConsult	C	C	EventCo	C	C	PhotoCo	C	C
		+	-		+	-		+	-
Resources	acquisition and utilisation of people resources	✓	✓						✓
- lower cost	lower cost alternatives	✓	✓				manufacturing	✓	
- knowledge	best practices (technical)	✓		best practices (events)			best practices (low)	✓	
- financial	sub-venture funding	✓	✓	acquisition funding (low)		✓			
HQ attention							HQ attention		✓
Market expansion	regional sector expansion and growth	✓		global expansion of vertical brands	✓		global expansion of brands	✓	
- client referral	internal recommendation	✓		internal recommendation	✓		internal recommendation	✓	
- cross selling	very little	✓		very little	✓		distribution channels	✓	
Charter expansion	extend adjacent skills to retain/gain work		✓	new business development		✓	Product extension		✓

Note: C+ = collaboration; C- = competition