

Co-opetition Strategy and Its Relationship with Responsive and Proactive Market Orientation in Iranian Biotechnology Industry

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Abstract

Studies confirmed on the role of network factors to extensively influence firm's market orientation. Co-opetition suggests that companies can interact in competing environment due to conflicting interests, and at the same time co-operate due to common interests for achieving pro-activeness and responsiveness market orientation. Yet little research has been done to investigate the association between market orientation approaches and interfirm network strategies. A sample of 107 small, medium and large companies took part in this research. Partial Least Squares (PLS) approach to Structural Equation Modelling (SEM) was used to explain the pro-activeness and responsiveness market orientation. The results show that co-opetition strategy regarding the trust, cooperation and competition between competitors can affect responsive and proactive market orientation. The conclusion is that, co-opetition is an important phenomenon that should be taken into consideration by marketing planners. The model has contributed to the context of market orientation and practically, serves as a tool for companies to become more market oriented, specifically those in the biotechnology industry.

Keywords: Network strategy, Co-opetition, Responsive market orientation, Proactive market orientation

1. Introduction

Market orientation is known as a key source of firm's competitive advantages (Jaworski & Kohli, 1993; Narver and Slater, 1990) and inter-firm network strategy can create similar advantages within business relationships that aim at offering the final market attractive and competitive products. Co-opetition explains a business situation in which competitors trust and co-operate with each other and co-ordinate their activities to obtain mutual benefits, but at the same time compete with other firms. In the field of market orientation, scarce studies have examined the impact of network strategy on market orientation. Researchers in marketing approved that to achieve the sustainability and success ability, firms should consider importantly the network factors (Elg, 2008; Helfert, Ritter, & Walter, 2002). In addition, firm's market orientation can be primarily influenced by network factors. The market knowledge is scarcely available within firms and exposure to this knowledge is hard to achieve; therefore, interfirm networks can help in accessing knowledge (Huggins, 2010; Håkansson & Ford, 2002). Nevertheless, previous studies regarding the relevancy between inter-firm network strategies and market orientation are inadequate (Elg, 2008). Elg (2007) noted that network factors and industry structure can better manage market orientation activities.

Cooperation and other network factors including, trust, network ties, retail power, influence market orientation among companies (Elg, 2008). In the same line, Tuominen, Rajala, & Möller, (2004) believed that network resources such as cooperation, trust, asymmetries, power, can increase the degree of firm's market orientation. In the context of business-to-business relationship, the significant role of network factors greatly motivates researchers to study their influences on market orientation. Large number of researches pertaining to inter-firm attempted to examine market orientation in the vertical relationship. Nonetheless, Elg (2007) argued that more research need to be done on the other network levels in order to gain insight into the market orientation. It has been found by marketing scholars that interactive relationship are the key elements for companies to survive and success (Kock, Nisulus, & Soderqvist, 2010). Hakansson & Ford (2002) claim that the business market is a network and network is described as a "web of relationships".

The relationships among companies can make different strategies including competition, co-existence, cooperation and newly strategy named co-opetition (Kock et al., 2010; Bengtsson & Kock, 2000). Co-opetition is a new paradigm and still is in the stage of its concept and definition (Kock et al., 2010). Some researchers look into the antecedents and consequences of co-opetition and its relationship with