A Theory of Experienced Paradoxical Tension in Co-opetitive Alliances

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Abstract
Empirical research shows that co-opetition is a double-edged sword such that it can both help and hurt the achievement of desired performance outcomes. Despite the proliferation of co-opetitive alliances (i.e., simultaneous pursuit of competition and cooperation between firms), the field still lacks a theoretical framework that could help explain the dynamic mechanisms and conditions leading to these contradictory results. This thesis attempts to distill and integrate arguments from different literature streams of paradox, ambidexterity, and emotion to develop a framework in which experienced paradoxical tension (i.e., individual level cognitive difficulty and emotional ambivalence that pulls managers in opposite directions) serves as the main underlying mechanism through which co-opetition (i.e., an inter-firm level paradox) differentially affects performance in co-opetitive alliances. I further propose that firms’ failure or success to achieve performance objectives in co-opetitive alliances is also contingent upon having a strong co-opetition capability (i.e., a multidimensional capability comprising analytical, emotional, and balancing dimensions). This thesis includes four appended papers that have used various methodologies such as anecdotes, exemplar cases, and particularly survey questionnaires to test some parts of the developed theory. The results from different papers show support for most of the tested relationships. Overall, the thesis contributes by proposing a much-need theory of experienced paradoxical tension that address the core issues related to the nature, source, consequence, and management of such tension in co-opetitive alliances. My theory has implications for research on organizational paradox and emotion, as well as for senior managers who are responsible for the success of co-opetitive alliances.

Keywords
Co-opetition, paradox, tension, cognitive difficulty, emotional ambivalence, management, balance, capability, performance