ANNIKA TIDSTRÖM

CONFLICTS WHEN COMPETITORS COOPERATE

EXPLORING ELEMENTS OF CONFLICTS
FROM A BUSINESS NETWORK PERSPECTIVE

Helsingfors 2006
Conflicts when Competitors Cooperate: Exploring Elements of Conflicts from a Business Network Perspective

Key words: Conflicts, Intercompetitor cooperation, Coopetition, Business networks, Interviews, Case studies

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To my dad

For us having such a similar personality, which implies both mutual understanding and conflicts
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This is one small step for mankind, but one giant leap for me. The core of this leap has been maturity, insight and purposefulness. My previous perception was that anyone could complete a doctoral dissertation, but I was wrong. It could never be done without an appropriate amount of self discipline and above all a supportive social network.

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Vasa, October 10th, 2006

Annika Tidström
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1 INTRODUCTION

The melody of today’s business environment is cooperation between companies. Industrial cooperation is often necessary when it comes to getting access to valuable resources in order to be competitive in the marketplace. Companies interact and cooperate with other different types of companies such as customers, suppliers and competitors. Cooperation with customers and suppliers can be viewed as logical and natural based on the principles of the value chain (Porter 1985). For several reasons cooperation between competitors is rarer. Traditionally competitors are viewed as rivals that are engaged in win-lose relationships. The gains of one party automatically mean the loss for the other. Competitors usually strive at conquering or defeating each other, which naturally makes the basis of a relationship built on cooperation more difficult. Cooperative arrangements between competitors are moreover legally restricted, with the general aim of preserving a solid market economy with open competition and alternative offerings. The basic idea is to protect the market from too powerful constellations between competitors, which will more or less rule the terms on the market.

Despite expected rivalry and legal restrictions, we are able to recognize an increasing amount of cooperative arrangements between competitors, and this tendency is still expected to continue in the future (Contractor and Lorange 2002). In reality we can find a broad range of different cooperative arrangements between competitors. From an international perspective large airline companies have joined in alliances. Within the region of Ostrobothnia in western Finland there are examples of small house-building companies that have cooperated within sales with the aim of increasing exports. There could be good incentives for competitors to find common interests and synergy effects as a basis for cooperation as they are by definition aiming at attracting the same customers usually with similar products on similar markets. Although cooperative arrangements between competitors become more and more common, there is limited research within this specific field.

The nature of industrial relationships is studied within the business network approach (e.g. Gadde and Håkansson 1992; Håkansson and Snehota 1995), as well as within interorganizational theory and more particularly channels research (e.g. Rosenberg and Stern 1971; Rosenberg 1974). Most of the existing research within these fields is based on companies that are operating on different levels within the same value chain, as a buyer and a supplier. Intercompetitor cooperation, i.e. cooperation between companies occupying the same level within different value chains, has not been studied to the same extent (Bengtsson and Kock 1999; Easton and Araujo 1992; Hu and Korneliussen 1997; Johnsen and Johnsen 1998; Reve 1992). The term “intercompetitor cooperation” will be applied throughout this study. It has previously been used by Easton (1990) and stands for all types of cooperative arrangements between companies that are defined as competitors. Intercompetitor cooperation includes any form of cooperation (for example within marketing, purchasing or production) between two or several companies. The companies operate as separate units and are interrelated through exchanges taking place within the cooperation.
Actors such as customers, suppliers and competitors are all recognized from the perspective of the business network approach. According to this approach industrial relationships can be connected through interdependencies of both a complementary and a substitute nature (Johanson and Mattson 1993). The existence of substitutes within a business network indicates the existence of competitors. “Actors whose activities are substitutes for each other might engage in competition to develop or maintain exchange relationships with others, or they may develop exchange relationships between themselves in restraint of competition.” (Johanson and Mattsson 1993:7) Thorelli (1986) as well as Hultén and Mattsson (1994) argue that industrial networks may comprise competitors. Bengtsson and Kock (1999) claim that relationships between competitors are both complex and important. They call for more research within this field, in order to get a deeper understanding of how to manage multidimensional relationships and the advantages that can arise out of intercompetitor cooperation.

Scholars within the business network approach have usually described industrial relationships as long term, consisting of mutual commitment and trust. “Some of the early writings using the interaction approach seem to have over-emphasised the closeness and co-operative aspects of business relationships.” (Ford 1998:8). Holmlund-Rytkönen and Strandvik (2003; 2005) also call for more research within the field of issues that may decrease the strength of business relationships. Within the business network approach Waluszewski and Håkansson (2006) argue that trust and commitment probably are only small issues within a wide spectrum of emotions. They write that conflicting views are more rule than exception. Although the overall nature of an industrial relationship is built on cooperation, commitment and trust, there are still continuous situation-based changes occurring within the relationship. Industrial relationships are not static, but dynamic, and they contain situations of both harmony and conflict. This dual nature of an industrial relationship has been recognized by a few scholars applying the business network approach and some of these are: Axelsson 1995; Ford, Håkansson and Johanson 1986; Gadde and Håkansson 1993; Håkansson and Snehota 1995, but there are scarce studies within this field that thoroughly explore the phenomenon of conflict. Welch and Wilkinson (1999) as well as Young and Wilkinson (1997) argue that conflict and cooperation coexist in situations of interdependence and therefore it is important to understand why conflicts develop. Also scholars within channels research (Rosenberg and Stern 1971; Rosenberg 1974; Lush 1976) stress that conflicts are inevitable and inherent and that companies therefore need to understand conflict.

Here a conflict is defined as a situation in which at least one of several interconnected actors perceives incompatibility in relation to the other actor/s. Generally we can distinguish between two types of conflict: conflicts related to individuals and conflicts related to organizations. Most of the previous research focusing on conflicts has involved individual conflict (either intraindividual or interindividual) or conflicts within organizations (Aldrich 1975; Assael 1969). There are fewer studies within the field of interorganizational conflicts, i.e. conflicts between organizations. In accordance with Pruden (1969:342) interorganizational conflict can be described as “a special case of lateral intergroup conflict between separate yet functionally interdependent units

1 For a more thorough discussion about the definition of a conflict see section 2.2.
connected along the flow of work”. Much of the early research in the 50s and 60s within interorganizational conflict was theoretical rather than empirical (Aldrich 1975). Interorganizational conflict can be considered as more complex than other types of conflict, because it involves at least two organizations and may furthermore include other types of conflict such as interindividual and intraorganizational.

Several different perspectives can be taken when studying interorganizational conflicts. Schmidt (1974) divides conflict studies into three groups. Firstly there are studies focusing on the dynamics of a conflict episode. Scholars (e.g. Goldman 1966; Pondy 1967; Thomas 1992) within this field advocate a process perspective of conflict, involving different stages from latent conflict to the outcome of a conflict. Secondly it is possible to focus on certain elements of a conflict, such as the cause, topic, frequency or importance of a conflict. The third group of studies concentrates on the management of conflicts. The focus of this study lies on elements of a conflict or more particularly the nature of conflict. The nature of conflicts encompasses the issue and intensity of a conflict situation. The issue of a conflict comprises the cause and topic of a conflict, while the intensity of conflict can be divided into the importance and outcome of a conflict. Rosenberg and Stern (1971) for example have studied these elements within channels research.

Conflicts are natural elements of business relationships and they are moreover often considered as negative. Conflicts may even lead to undesirable dissolution of business relationships. Conflict management is a central task within every kind of relationship. In order to be able to manage conflicts appropriately, we need to be aware of their nature. Frazier (1999:230) calls for more research probing “more deeply into the essence of the conflict process”. It is accordingly a central task for the researcher to clearly describe the elements that are included in the nature of conflicts. Relevant questions arising out of this are for example how can we understand the elements of conflict situations in intercompetitor cooperation? Also from a network perspective it would be of interest to understand the connection between intercompetitor conflict situations and the external network actors, such as suppliers and end customers. How is the surrounding network affected by conflict situations within a focal business relationship and how do conflict situations occurring within a focal business relationship affect the surrounding network? Here it would also be relevant to deepen our knowledge of different conflict elements in relation to external network actors that are somehow connected with the studied group or network of companies. A need for carrying out research like this is stressed by Easton (2004) who argues that it is worth paying more attention to links between the small nets that we tend to research and the greater networks of which they are a part.

From an empirical perspective the nature of conflicts in intercompetitor cooperation is demanding to study. The public traditionally considers both conflicts and intercompetitor cooperation as sensitive topics. A natural problem could be to get access to companies. Another question arising out of this is what research approach and methods to use in order to be able to empirically research the phenomenon. Earlier studies within channels research have often been based on a quantitative approach, applying standardized questionnaires as a research method. Another possibility would be to study the phenomenon from a qualitative angle and thereby obtain rich and in-depth descriptions of the phenomenon.
1.1 The purpose of the study

It has become evident so far that although we are able to recognize an increasing amount of cooperative arrangements between competitors, there are few studies concerning this particular setting within interorganizational research. We can furthermore recognize conflicts as natural elements of interorganizational relationships, but from an academic point of view there is only a limited number of studies within this field. From a managerial perspective it is essential to be aware of the nature of conflicts in order to be able to manage them appropriately. The combination of intercompetitor cooperation and conflicts consequently seems to be fruitful both from a theoretical and a managerial perspective. It is based on these observations that the purpose of this study is formulated.

The purpose of the dissertation is to develop our theoretical and empirical understanding of the nature of conflicts in intercompetitor cooperation from a business network perspective.

From a theoretical perspective the focus lies on describing and analyzing previous literature on conflicts within interorganizational cooperation. Therefore key concepts related to conflicts and intercompetitor cooperation are defined and discussed. The theoretical research question is:

1. Based on previous literature how can we understand the issue and intensity of conflicts in intercompetitor cooperation?

Based on the review of previous literature an a priori theoretical model of conflicts in intercompetitor cooperation is developed. The model is tentative and will be developed based on the analysis of the findings from an empirical study. The empirical part of the dissertation is based on two case studies of groups of cooperating competitors. The method used for generating data is interviews. The empirical research questions are as follows:

2. Issue of conflict
   a) What are the causes of conflicts in intercompetitor cooperation and how can they be understood?
   b) What are the topics of conflicts in intercompetitor cooperation and how can they be understood?

3. Intensity of conflict
   a) What is the importance of conflicts in intercompetitor cooperation and how can it be understood?
   b) What is the outcome of conflicts in intercompetitor cooperation and how can it be understood?

Based on the business network approach, actors external to the focal net of the study should also be taken into consideration. The reason is that each relationship is considered to be affected by and is affecting other relationships. Each actor has its own set of relationships that directly or indirectly affects and is affected by the relationships
the actor has with other actors. Therefore the last empirical research question is formulated as follows:

4. How can the issue and intensity of conflicts be related to external network actors?

In order to fulfill the aim of the study and to provide answers to the research questions an empirically derived model of the nature of conflicts in intercompetitor cooperation from a business network perspective will be developed.

1.2 Delimitations

The theoretical reference frame of this study can basically be divided into two parts. Firstly it is based on previous literature from the interaction- and business network approach as well as channels research. The focus is on conflicts and different studies and perspectives on conflicts. The second theoretical part is influenced by organizational theory and sociology, or more specifically social conflict theory. Here a tentative framework of the nature of conflicts is developed. The key elements of conflict that are studied are issue and intensity. The conflict issue consists both of the cause and the topic of the conflict, while the intensity is based on the importance and outcome of conflict.

There are several studies within various disciplines examining the management of conflict. Here the focus lies on the nature of the conflict in itself, and therefore conflict management is excluded. The viewpoint here is that in order to manage a conflict we must be aware of the conflict situation. Litterer (1966), Schmidt (1974) as well as Eliashberg and Michie (1984) put forward similar thoughts. Litterer (1966) starts by identifying what a conflict is and the organizational elements that have an impact on the conflict. He argues that if we are aiming at managing conflict, it is these elements that we have to start looking for. To be able to manage a conflict effectively, it must be understood (Schmidt 1974). In order to understand and manage interorganizational conflict, conflict determinants and sources need to be identified (Eliashberg and Michie 1984). When it comes to conflict, the essential question is not: “How should we avoid or manage it?”, but rather: “What type of conflict is it?” (Litterer 1965) Conflicts with positive outcomes perhaps do not have to be managed. The same may be true concerning unimportant conflicts. Conflicts that are caused from an external level (for example a customer) should perhaps be managed differently than conflicts occurring within and affecting only a focal business relationship.

There is a research stream focusing on conflicts from a cross national perspective, involving political and cultural aspects. This stream of research is deliberately left out of the spectrum of this study because focus lies on conflicts on an organizational level.

There is a vast amount of literature and studies on strategic alliances such as mergers, acquisitions and joint ventures, but these types of cooperative arrangements are not included in intercompetitor cooperation, as it is understood here. Although the terms strategic alliances and intercompetitor alliances are sometimes viewed as synonyms, it...
is perceived here that an alliance has more or less absorbed the existence of separate companies and thereby also the dual aspect of exchange and interrelatedness that are central features of this study. The criterion for the choice of the companies for the empirical case studies in this study is that they have not established a company together. This means that although they cooperate and exchange resources and activities as interdependent actors, they still function as separate units. Mergers, acquisitions and joint ventures are consequently not brought into focus in this study, because both theoretically and empirically they fall into another category. On the other hand, intercompetitor cooperation is considered to take place between at least two companies and from this angle we receive a picture of the duality and interrelatedness that is of interest in research on interorganizational cooperation.

Competitors can cooperate through a variety of modes. Traditionally cooperation between companies within the same value chain, i.e. buyers and sellers, is considered to involve economic exchange, while intercompetitor cooperation has been viewed as more informal (Bengtsson, Kock and Laine 2000). In reality there are many different types of cooperation between competitors, some involve economic exchange while others do not. Easton (1990) distinguishes between two general types of cooperation between competitors: formal and informal. Formal cooperation is considered to be overt, planned and managed or at least capable of being so. Informal cooperation, on the other hand, tends to be individual, random and unplanned. Formal cooperation can for example be some kind of joint activity (production, sourcing, research and development) or subcontracting. Informal cooperation involves the transfer of people, information or social norms. Cooperation between competitors may simultaneously include both formal and informal elements. If two competitors formally cooperate vertically through one actor selling items to the other, the cooperation is also expected to include the transfer of information and other types of informal exchanges such as visits to each other’s offices, meetings at trade fairs and so on. The focus of this study lies on intercompetitor cooperation with at least some degree of formality. The competitors can for example cooperate within distribution, sales and production or by having formal and planned meetings where they are working for the interests of the business in general. The level of analysis is consequently on an organizational level instead of an individual. Within a related field of research Rosenberg and Stern (1971) have also taken the perspective of the organization and they argue that the perceptions of the key informants are considered to be representative of those held within the company as a whole.

The research approach applied in the empirical part of this study is abduction. Two qualitative case studies have been carried out within two different industries: companies manufacturing boxes for lorries and trailers and the business of natural products. Each case consist of a group of cooperating competitors that can be categorized as small or medium sized companies (SMEs). The concrete research method that have been used is interviews. From a time perspective the study is focused on the recent past, the present and the near future. The delimitations of the study and its focus are illustrated in Figure 1.
1.3 The structure of the study

This study is organized in six chapters and these are illustrated in Figure 2.

Figure 1 Delimitations of the study

Figure 2 The structure of the study
The first chapter introduces the reader to the topic of the nature of conflicts in intercompetitor cooperation. The topic is elaborated on from a broader perspective and it is positioned in relation to previous literature within interorganizational relationships. Gaps in previous literature are identified and discussed. The purpose of the study is revealed and a set of research questions are presented. The delimitations and focus of the study are moreover presented.

The second chapter defines and discusses the following key concepts of the study: intercompetitor cooperation and conflicts. The section dealing with intercompetitor cooperation includes a discussion about the definition of a competitor as well as the cooperative and competitive dimensions in cooperation between competitors. The chapter also contains different perspectives of conflicts including definitions of conflict and a discussion about the differences between conflict and competition.

The third chapter represents the theoretical context of the study. The chapter comprises four sections. In the first section conflict studies within the business network approach are presented and discussed. The second section presents and discusses conflict studies within channels research. In both sections the foci of existing studies are presented including their general findings. The studies are discussed in relation to the phenomenon of interest in this study and both advantages and disadvantages are elaborated on. The third section moves a step forward as it elaborates on the conflict elements that are of interest in this study. In addition to previous studies within the business network approach and channels research influences from the research field of social- and organizational sciences are also considered. The third chapter ends with a presentation of an a priori theoretical model.

The fourth chapter outlines the empirical research design and it contains a description of the empirical study ranging from philosophical orientation to practical issues. Issues such as critical realism, abduction, a qualitative view and case studies are presented. Furthermore interviews, access and the choice of cases are presented.

The fifth chapter includes a presentation of the findings of the empirical study. Background information about the participating companies is presented. Thereafter the process of analysing the findings is described. In the following sections causes, topics, importance and outcome of conflict situations are analyzed separately and different groups of elements are identified. This chapter also includes empirical findings specifically related to the external network surrounding the focal cases. In each section the findings from the cases are described separately. At the end of the paper comparisons are made between cases 1 and 2.

The sixth and final chapter concludes the dissertation by summing up and elaborating on the most central findings of the study. An empirically based model of the nature of conflicts in intercompetitor cooperation from a business network perspective is illustrated. Theoretical, empirical and managerial implications are discussed. Furthermore the trustworthiness of the study, its limitations, as well as suggestions for further research are discussed. The chapter ends with some afterthoughts and reflections on the work.
2 CONCEPTUAL OVERVIEW OF KEY CONCEPTS

Two of the most central concepts applied in this study are intercompetitor cooperation and conflicts. The following chapter discusses these concepts and defines what is meant here by the concepts.

2.1 Intercompetitor cooperation

*Michael Corleone: Keep your friends close, but your enemies closer.* (Godfather, part II)

Scholars within the business network approach and channels research have mainly been focusing on buyer-seller relationships, i.e. relationships between companies on different levels within the value chain. Although intercompetitor cooperation is recognized as a part of industrial networks, little research, such as Easton 1990 as well as Easton and Araujo 1992, has been carried out within this field. Axelsson (1992:244) argues that although intercompetitor cooperation is most often unrecognized, it is still “meant to be captured within the relationships the focal actors have with other actors, particularly customers”. Easton and Araujo (1992) list different reasons why scholars within the business network approach have neglected intercompetitor cooperation. These are divided into historical, ontological, theoretical and/or practical.

Historically the origins of business networks lie in studies of dyadic buyer-seller relationships in industrial markets and the economic exchange is at the heart of many studies. Laage-Hellman (1989) also puts forward similar ideas as he states that it is natural for the interaction model\(^2\) to stress the cooperative aspects of the interaction process. The model is originally based on the assumption that two actors have mutual interests and that their relationship should be beneficial for both actors. These assumptions stand in contrast to the traditional perception of competitors as rivals, who have contradicting interests. From an ontological perspective, both the interaction and the business network approach are focused on cooperation between actors. Therefore competition and competitors are not traditionally considered as central elements within the business network approach. Theoretically a narrow definition may not allow for relationships between competitors to be included. It is also evident from a practical perspective that economic exchange relationships are easier to deal with empirically than relationships that do not include an economic dimension, which has often been considered as typical of intercompetitor cooperation.

Bengtsson and Kock (1999) claim that cooperative arrangements between buyers and sellers on a vertical level are easier to grasp than intercompetitor cooperation because

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\(^2\) The interaction model is one of the most applied models within the interaction and network approach. It illustrates a dyadic buyer-seller relationship and the exchanges taking place between them as well as the atmosphere and environment surrounding the relationship. For a more thorough presentation of the model, see Håkansson (1982). The model is also presented in this study in Figure 5.
the former are built on the distribution of activities and resources among actors in a supply chain. According to Bengtsson and Kock (1999) intercompetitor cooperation is more informal and thereby more invisible. They further agree with Easton and Araujo (1992) who argue that intercompetitor cooperation is mainly built on “soft” exchanges such as information and social exchanges, whereas buyer-seller relationships usually involve economic exchange. There are also studies (e. g. Bengtsson and Kock 1999) indicating a difference between buyer-seller cooperation and intercompetitor cooperation when it comes to general motives for cooperation. Vertical cooperation is usually more proactive and based on voluntariness, while competitors are often more or less forced to interact, thereby leading to a reactive motive for intercompetitor cooperation.

Another aspect, which can be seen as a possible explaining factor for the scarce research within intercompetitor cooperation is acceptance. There are legal restrictions regulating intercompetitor cooperation. According to Finnish law among others, agreements or decisions involving the following aspects are forbidden between businessmen or manufacturers:
- directly or indirectly fixing procurement or sales prices
- limiting or controlling production, markets, technical development or investments
- dividing markets or sources of purchasing
- using different terms for similar transactions with certain business partners, whereby these receive disadvantages concerning competition. (Kåla 2005:883)

There is a general concern about cooperative arrangements between competitors and a suspicion against cartels and other illegal cooperation. Intercompetitor cooperation is often viewed by the public as somewhat hidden and forbidden. In the Finnish law it is written that the interests of the consumers should be recognized and that the freedom of doing business is protected against unjustified obstacles and restrictions (Kåla 2005:882). In Finland in 2004 for example there was a case in court involving a suspicious cartel between companies manufacturing asphalt. On different occasions while interviewing managing directors and asking them if they cooperate with competitors, the author has come across several answers, which clearly point out the legality of the cooperation. The acceptance of intercompetitor cooperation is connected with access to the phenomenon. It is easier to discuss and be open about something that is generally accepted, rather than about something one supposes generates thoughts of suspiciousness. All in all, since intercompetitor cooperation is both common in reality and scarcely researched, there is a noteworthy need to carry out research within this area.

When distinguishing between different types of business relationships, scholars usually divide relationships into horizontal and vertical relationships or horizontal and vertical cooperation. Horizontal relationships refer to competitors operating on the same level within different value chains whereas vertical relationships refer to buyers and sellers operating after each other on different levels within the same value chain. It is questionable whether the concepts of horizontal and vertical are suitable to use when referring to the actors engaged in a business relationship. Here a horizontal relationship involves cooperation within one and the same activity, for example mutual purchasing. On the other hand, vertical cooperation for example means that a company buys certain
production items from another company or that it sells the other company’s products on a certain market. In other words vertical cooperation can be understood as cooperation within activities that occur after each other from the perspective of a value or distribution chain. In this study a distinction is made between the actors involved in a relationship, for example a buyer, seller or competitor and the connections or exchanges, which can be horizontal or vertical. Intercompetitor cooperation can consequently be either horizontal or vertical, or even both simultaneously. A practical example of this would be two competitors cooperating within procurement by appointing the same supplier (horizontal cooperation), while at the same time one of the companies buys certain production items from the other company (vertical cooperation).

Most companies view competitors as threats and in line with this thought they are moreover viewed as the enemy to be eliminated (Porter 1985). This opinion reflects an environmental or macro perspective (Burt 1988; Carroll and Hannan 1989), which defines competitors as companies with similar products, customers and markets. The definition is very narrow and has been criticized by scholars advocating a cognitive perspective (Dunn and Ginsberg 1986) when defining competitors. Porac, Thomas, Wilson, Paton and Kanfer (1995) stress the view of the “managerial mind”, and argue that the managers within an organization are the most appropriate judges when it comes to defining the competitors of the company. Instead of introducing “objective” perceptions of networks, one should take into account the subjective perceptions of the actors themselves (Hultén and Mattsson 1994). A similar view is presented by Ford and Håkansson (2006), who state that it is the subjective interpretations that matter.

When examining intercompetitor cooperation it is considered necessary to identify and define competitors from the companies’ points of view. The perspective taken in this study is therefore a cognitive perspective of a competitor. By applying the cognitive perspective, it is possible to identify the multifaceted nature of business relationships as it is carried out through the eyes of the managers within the company. It is the managers’ perceptions that count as well as their description of the companies’ cooperation with competitors.

2.1.1 Defining cooperation and competition

Intercompetitor cooperation includes elements of both cooperation and competition, which radically can be seen as two endpoints on a continuum of the character of an industrial relationship. Gomes-Casseres (1999) recognizes that firms rarely compete in exactly the same place, at the very same time or within the same activity in which the firms are also trying to cooperate. Firms tend to compete in one market and cooperate in another or cooperate within a certain activity, but not within other areas. Similar findings have been put forward by Bengtsson and Kock (1999), who found that competitors tend to cooperate within activities further away from the customer, while they compete within activities near to the customer.

Even though cooperation and competition traditionally represent opposing poles of relationships between organizations we must somehow bring them into co-existence.
(Doz and Hamel 1998). In order to be able to bring them together it is important to start by identifying their different characters. One way of doing this is illustrated in Table 1.

**Table 1 Traits associated with competitive and cooperative behavior**

<table>
<thead>
<tr>
<th>Competition</th>
<th>Cooperation</th>
</tr>
</thead>
<tbody>
<tr>
<td>-Isolation</td>
<td>-Belonging</td>
</tr>
<tr>
<td>-Unit autonomy</td>
<td>-Interdependence</td>
</tr>
<tr>
<td>-Ownership</td>
<td>-Sharing</td>
</tr>
<tr>
<td>-Local focus</td>
<td>-Global focus</td>
</tr>
<tr>
<td>-Fixed priorities</td>
<td>-Flexibility</td>
</tr>
<tr>
<td>-Maintenance</td>
<td>-Development</td>
</tr>
</tbody>
</table>

Source: Doz and Hamel, 1998:257

In Table 1 cooperation is associated with belongingness, interdependence and sharing, while competition is related to isolation, unit autonomy and ownership. These characteristics clearly reveal the interconnectedness embedded in cooperation and the separateness characterizing competition. Other characteristics of cooperation depicted in the table are global focus, flexibility and development. These characteristics can be questioned as far as competition is concerned. One could argue that competition might also have a global focus, be flexible and focused on development. The same can be argued concerning local focus, fixed priorities and maintenance, which are connected to competition in the Table 1. These characteristics may also be connected to cooperation. Consequently there seems to be a blurred zone between cooperation and competition at least regarding the way they are split up in Table 1.

Joba, Maynard and Ray (1993) cite an engineer and organizational theorist Don Yates, who has said: “It is possible to look at them in terms of energy or in a force field sense. Competition is forces opposing; cooperation is forces in parallel.” The distinction between cooperation and competition lies in the nature of the way the goals of the participants in each situation are linked. In cooperation the goals are linked so that everybody “sinks or swims” together, while competition means that if one party swims, the other must sink. (Deutsch 1973) Cooperation can briefly be described as two firms that are working together in order to raise benefits for both, i.e. a win-win situation. The general motive that lies behind cooperation is to receive larger benefits in comparison with the alternative of working alone. Competition, on the other hand, can be characterized as a win-lose situation, with the aim of securing and developing one’s own position at the expense of the competitors’.

A definition found within the business network approach is that cooperation can be either direct or indirect (through a third actor) and it is a third actor that controls the goal that can only be reached through cooperation between the actors (Easton and Araujo 1992). The third actor could be a customer or another stakeholder who accordingly drives cooperation. The recognition of third actors as a determinant of cooperation can be considered as typical when viewing markets as business networks.
Within channels research, Anderson and Narus (1990:45) define cooperation as follows: “…similar or complementary coordinated actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocation over time.” According to this definition cooperation should consequently at least from a long-term perspective be advantageous for both actors involved.

Competition takes place when two actors have objectives that are in conflict, but a third party as in the case with cooperation controls the focus of the objectives. Competition aims at securing demand and competing for resources. (Easton and Araujo 1992) Cunningham (1995) defines competition as a dynamic process in which there is active rivalry between companies, i.e. a win-lose situation. The rivalry can be characterized by different degrees of intensity on a spectrum from constructive to destructive competition. Competition can also be interpreted as striving together. Easton and Araujo (1992) use the term “parallel striving” in order to explain competition. There is a definition of striving, i.e. to be in opposition to or in conflict with, that underlies the negative effects that can be observed within competition (Joba, Maynard and Ray 1993). Joba, Maynard and Ray (1993) argue that it seems to be beneficial to integrate competition and cooperation. They describe competition as goal-oriented and linear in nature and cooperation as more process-oriented. In a combination of these two, a balance would be reached between the striving/competition for the same goal that is in the hands of a third party and cooperation within certain activities that brings the parties mutual benefits.

2.1.2 Coopetition

The balance between competition and collaboration is delicate and needs to be managed constantly. (Gomes-Casseres 1999:213)

Gomes-Casseres (1999:70) writes: “The line between competition and collaboration is a thin one”. He uses the concept of collective competition and argues that it is hard to distinguish between rivals and allies. Gomes-Casseres (1999) recognizes that there is a stream of research arguing that the dividing line between cooperation and competition is vanishing and that we therefore need a new concept to describe the situation. This concept is “coopetition”. According to Gomes-Casseres (1999) the term coopetition was first mentioned by Ray Noorda, who was president and CEO of Novell Inc. He used the term to describe the company’s relationship to licensees that are also its competitors. Since then others have used the term of coopetition in the computer hardware and software industry. Not until recently have business economists defined and used coopetition in order to describe the way in which every business relationship includes elements of both competition and cooperation. Particularly concerning intercompetitor cooperation the term has been used by among others: Nalebuff and Brandenburger (1996), Doz and Hamel (1998) as well as Bengtsson and Kock (1999). Doz and Hamel (1998) use coopetition to describe a situation when potential rivals are neutralized as threats by joining each other in an alliance. They use the metaphor of princes and warriors that many centuries ago recognized that the easiest way of neutralizing
potential enemies was to invite them into one’s own camp. “Today’s ally may be tomorrow’s rival-or may be a current rival in some other market.” (Doz and Hamel 1998:xv)

The tension of cooperation and competition is not exclusive for intercompetitor relationships. There are also scholars, who argue that coopetition characterizes vertical business relationships. Young and Wilkinson (1997:57) write, “Within a buyer-seller relationship parties may cooperate to achieve reliable quality, delivery and acceptable price but compete for the most favourable payment terms.” The companies cooperate as units of a distribution system or value chain with the aim of providing the same customer with a product or service. The companies may simultaneously compete in order to get the most favourable delivery or payment terms. This simultaneous existence of cooperation and competition within non-competitor relationships can be considered as “normal” and is very much built into the system. Wilkinson and Young (1994) write that competition may not be perceived as a problem, but rather as a part of the normal practices of doing business. The situation becomes more sensitive concerning intercompetitor cooperation, where competition is usually more demarcated than within non-competitor relationships.

Tsai (2002) and Luo, Slotegraaf and Pan (2006) recognize that coopetition is not only a phenomenon existing between organizations, but that it also exists between different functions of the same organization. The units or departments cooperate in the sharing of information, while at the same time compete when it comes to getting access to resources. Coopetition can therefore be found on two levels: interorganizational and intraorganizational. Concerning interorganizational relationships coopetition may consequently exists both on an intraorganizational level and in relation to other companies.

The idea of coopetition has, however, been put forward much earlier within social sciences by Deutsch (1973), who notes that most everyday situations involve complex sets of goals and sub goals. It is therefore possible for individuals to be interdependent concerning one goal and not dependent on each other considering another goal. This can be exemplified with an example from handball, where the team cooperates aiming at winning the game, while they are individually competing as to who is to be the best player of the team.

Intercompetitor cooperation can be described by Alderson’s (1958) ideas of an underlying tension between the desire for monostasy and systasy, which means a simultaneous desire to remain independent and free from interference from others (monostasy) and a dependence on others to achieve common goals (systasy). In practice this could mean that competitors are more or less forced to cooperate with each other for example because of limited growth of the business, at the same time being afraid of revealing core competences to each other. Fey and Beamish (2000) recognize that interorganizational relationships imply conflicting desires of the firms for cooperation and autonomy. While cooperation with another company produces benefits it can also be tricky for companies that do not want to lose too much autonomy. This is a reason why conflict is likely in these types of relationships (Van de Ven and Walker 1984). Simmel (1955) presents a similar idea as he argues that the tension between intra-group
antagonism and group continuation will lead to continued conflict. The duality of business relationships has also been put forward within the business network approach by Gadde and Håkansson (1993), who state that the parties engaged in a business relationship have both incompatible and mutual interests and if they do not manage incompatibility conflicts may arise.

2.1.3 Summary

This section sets the stage for the research, as two of the most central concepts of this work have been reflected upon. These are cooperation between competitors and conflicts. Various degrees of cooperation between competitors can be identified, ranging from strategic alliances such as joint ventures to totally informal cooperation such as verbal discussions. Cooperation between competitors as it is used here means that the competitors are engaged in at least some kind of formal cooperation. Formal cooperation can also include informal cooperation, such as random exchange of information. A traditional view is that competitors are rivals with the aim of destroying or conquering each other. As far as the definition of a competitor is concerned in this work the perceptions of the informants matter, which means that a cognitive perspective is applied. Moreover the history of the relationship plays a role, which means that the companies involved in the study can have a history of being competitors although they may not be competitors at the time of this study. This chapter also discusses the existence of both cooperation and competition when competitors cooperate. This phenomenon of coopetition can naturally be related to conflicts, because there is an inbound tension between cooperation and competition.

2.2 Perspective on conflicts

To be alive is to be in conflict. (Tjosvold and Johnson 1989:1)

Conflicts are natural situations within any kind of relationship. March and Simon (1958) distinguish between individual conflict, organizational conflict (individual or group conflict within an organization) and interorganizational conflict (conflict between organizations or groups). A corresponding division is presented by Rahim (1986), who presents the following levels of conflict: intrapersonal conflict, interpersonal conflict, intragroup conflict and intergroup conflict. Here the focus lies on interorganizational conflict.

2.2.1 Defining a conflict

Scholars examining conflicts within industrial relationships have largely ignored defining the concepts used. A conflict is often undefined because of its generally easy acceptability (Pearson 1973). Concerning the trustworthiness of scientific studies it is
important to define what we mean by conflicts. As is the case with many other concepts, there are several diverse definitions of conflict. The definitions stem from different theoretical and/or empirical perspectives and some of them are more specific, while others are of a broader nature. According to Rahim (1986) “conflict” has no single meaning and the confusion has mainly been created by scholars in different disciplines who study conflict from their own perspective. A thorough discussion about definitions of conflict is presented by Schmidt and Kochan (1972), who criticize earlier definitions of conflict within organization studies for being too value-laden, too broad and that sometimes there is a mixture of definitions concerning competition and conflict. The basic idea with this section is to present general characteristics of conflicts, specific definitions of conflict and to develop a definition particularly suitable for the study of conflicts in intercompetitor cooperation. The defining of a conflict is made difficult due to the fact that conflict is often used as a synonym for other related concepts. Fink (1968) notices a conceptual and terminological confusion concerning definitions of conflict. He points out that authors use concepts such as conflict, competition, tension, opposition, disagreements, dispute and antagonism very differently. These concepts are sometimes used as synonyms, although we should be able to identify fundamental differences. Instead of comparing these concepts with each other, the discussion in this paper starts from the concept of conflict3.

Also scholars focusing on interorganizational cooperation apply different concepts, such as conflicts (e.g. Vaaland and Håkansson 2000), friction (Vaaland 2002), frictional events (Nordin 2006), stress (Holmlund-Rytkönen and Strandvik 2003) and "angry actors" (Waluszewski and Håkansson 2006). Perhaps it is still the concept of conflict that would be the most appropriate in order to describe the foci of all these studies.

A general opinion tends to be that conflicts are negative and that they should be quickly resolved and avoided if possible. Synonyms that are often used to describe a conflict are quarrel and disagreement. Conflict is usually coupled with a “win-lose-mentality”, involving situations of aggression, destruction and disappointment. There is, however, a risk of simplifying the meaning of a conflict if we only view it as something negative. According to the viewpoint of this work the initial perception of a conflict is negative, while the outcome of the conflict may also be positive. A discussion of positive outcomes of a conflict is further elaborated on in section 3.3.4.

Mack and Snyder (1957) in their literature review of the meaning of a conflict found among other things the following characteristics of a conflict: It involves at least two parties, it arises from position scarcity or resource scarcity, it requires interaction among parties and it involves an attempt to acquire or exercise power or the actual use of power. The criteria of at least two parties can be thought of as: “it takes two to tango-it takes two to conflict”. This duality of a conflict can be related to a single individual, who has to choose between two conflicting roles. It can be related to two individuals, two groups of individuals, two companies, two groups of companies and so on. K. Boulding (1964) also states that there must be at least two parties in a conflict, which means that it must always be visualized as a relationship between two or more parties. Another conflict criterion is some kind of interaction between the parties. Putnam and

---

3 A separate comparison between conflict and competition is considered necessary in this study and it is presented in section 2.2.2.
Pole (1987) recognize this in the identification of three general characteristics of more broad definitions of conflict: i) mutual dependence between the partners, ii) the perception of at least one of the parties that there is some kind of opposition or incompatibility concerning aims (or other concerns) between the parties and iii) some kind of interaction is taking place between the parties. Interaction means some kind of exchange that takes place between the parties involved.

Deutsch (1973) presents some variables that affect the course of the conflict and some of these are: the characteristics of the parties involved in the conflict and the history of their relationship, the nature of the issue giving rise to the conflict and the environment of which the conflict is a smaller part. These ideas are here found as very interesting, because they indicate a need for an open and flexible view of a conflict. This means that the development of a conflict may take on different directions depending on several surrounding factors. The roles (supplier, customer or competitor) of the actors may influence the conflict, not merely the development or change of roles within a single relationship. Within some environments or cultures, conflicts are rarer and in some cases even disapproved, in comparison with other environments.

From broader perspectives of a conflict, we will now have a look at specific definitions. There are several definitions of conflict and a list of some of these is illustrated in Table 2.
Table 2 Definitions of conflict in social sciences and management

<table>
<thead>
<tr>
<th>AUTHOR</th>
<th>DEFINITION</th>
<th>FOCUS</th>
<th>DISCIPLINE</th>
</tr>
</thead>
<tbody>
<tr>
<td>March &amp; Simon</td>
<td>“A breakdown in the standard mechanisms of decision making, so that an individual or group experiences difficulty in selecting an alternative.”</td>
<td>intraorganizational</td>
<td>organizational theory</td>
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<tr>
<td>(1958)</td>
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<tr>
<td>Smith (1966)</td>
<td>“A situation in which the conditions, practices, or goals for the different participants are inherently incompatible.”</td>
<td>intraorganizational</td>
<td>organizational theory</td>
</tr>
<tr>
<td>Litterer (1966)</td>
<td>“A type of behaviour that occurs when two or more parties are in opposition or in battle as a result of a perceived relative deprivation from the activities of or interacting with another person or group.”</td>
<td>intraorganizational</td>
<td>organizational theory</td>
</tr>
<tr>
<td>Pondy (1967)</td>
<td>“A dynamic process underlying organizational behaviour.”</td>
<td>intraorganizational</td>
<td>organizational theory</td>
</tr>
<tr>
<td>Stern &amp; Gorman</td>
<td>“Channel conflict exists when a channel member perceives the behaviour of another to be impeding the attainment of its goals or the effective performance of its instrumental behaviour patterns.”</td>
<td>interorganizational</td>
<td>channels research</td>
</tr>
<tr>
<td>(1969)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bertrand (1972)</td>
<td>“Conflict refers to an oppositional form of interaction which ignores accepted competitive rules of behaviour.”</td>
<td>interorganizational</td>
<td>social science</td>
</tr>
<tr>
<td>Tedeschi, Schlenker &amp; Bonoma (1973)</td>
<td>“An interactive state in which the behaviours or goals of one actor are to some degree incompatible with the behaviours or goals of some other actor or actors.”</td>
<td>interindividual</td>
<td>social science</td>
</tr>
<tr>
<td>Deutsch (1973)</td>
<td>“A conflict exists whenever incompatible activities occur.”</td>
<td>intraintergroup &amp; inter-group</td>
<td>social psychology</td>
</tr>
<tr>
<td>Pearson (1973)</td>
<td>“The struggle or clash between individuals or institutions generated by differences in opinions, goals, or attitudes.”</td>
<td>interorganizational</td>
<td>channels research</td>
</tr>
<tr>
<td>Filley (1975)</td>
<td>“…incompatible goals and different values, but the differences are frequently perceived rather than real…”</td>
<td>interindividual</td>
<td>behavioral sciences</td>
</tr>
<tr>
<td>Likert &amp; Likert</td>
<td>“The active striving for one’s own preferred outcome which, if attained, precludes the attainment by others of their own preferred outcome, thereby producing hostility.”</td>
<td>intraorganizational</td>
<td>social science &amp; organizational theory</td>
</tr>
<tr>
<td>(1976)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hunger &amp; Stern</td>
<td>“An opponent-centred episode or series of episodes based upon incompatibility of goals, aims or values.”</td>
<td>interorganizational</td>
<td>organizational theory &amp; channels research</td>
</tr>
<tr>
<td>(1976)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stern &amp; El-Ansary</td>
<td>“A situation in which one channel member perceives another channel member to be engaged in behaviour that is preventing or impeding him from achieving his goals.”</td>
<td>interorganizational</td>
<td>channels research</td>
</tr>
<tr>
<td>(1977)</td>
<td></td>
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</tr>
<tr>
<td>Brown (1983)</td>
<td>“Incompatible behaviour among parties whose interests differ”</td>
<td>interorganizational</td>
<td>social science &amp; organizational &amp; organizational theory</td>
</tr>
<tr>
<td>Rahim (1986)</td>
<td>“An interactive state manifested in incompatibility, disagreement, or difference within or between social, i.e., individual, group, organization, etc.”</td>
<td>intraorganizational</td>
<td>organizational theory</td>
</tr>
<tr>
<td>Bisno (1988)</td>
<td>“Perception of opposition to a person, a group of persons or systems of belief.”</td>
<td>interorganizational &amp; interindividual</td>
<td>social science</td>
</tr>
<tr>
<td>Thomas (1992)</td>
<td>“The process that begins when one party perceives that the other has negatively affected, or is about to negatively affect, something that he or she cares about.”</td>
<td>intraorganizational</td>
<td>organizational theory</td>
</tr>
</tbody>
</table>
Although these definitions focus on different types of conflict and originate from different disciplines, they will here be used here as sources of inspiration for the development of a conflict definition within a setting of intercompetitor cooperation. Many of the definitions in Table 2 are based on an intraorganizational perspective and the focus of this study lies on conflicts within an interorganizational setting. According to March and Simon (1958) interorganizational conflict is almost indistinguishable from the phenomena of intergroup conflict. Deutsch (1973) has found that results from studies on an intragroup level resemble those of an intergroup level, which indicates that we should consider intragroup conflict while examining intergroup conflict. March and Simon (1958:131) state: “the distinction between internal and external relations for an organization is frequently a cloudy one”.

Both differences and similarities can be found within these definitions. Rahim (1986) criticizes the definition by March and Simon (1958) as too narrow and thereby not very useful for research purposes. He further notices that Smith (1966) considers conflict as a situation, while Litterer (1966) considers it as a type of behavior. Tjosvold and Johnson (1989) find the definition of conflict by Deutsch (1973) as straightforward and useful. It is worth noticing that none of the definitions presented in Table 2 particularly originate from the business network approach directly. Most of the scarce conflict research within this approach lacks a definition of conflict, although some researchers (e.g. Vaaland) often use Pondy’s (1967) ideas as a guiding-star.

Only three of the definitions in Table 2 stem especially from channels research. These are the definitions of Stern and El-Ansary (1977), Hunger and Stern (1976) as well as Stern and Gorman (1969). In comparison with the other definitions outlined in Table 2, these definitions can be considered as specific as they are adjusted to a context of distribution channels. According to Stern and Gorman (1969) the concept of conflict describes situations when the desire of the companies within a distribution channel is not sufficiently coordinated. This can furthermore be interpreted as incompatible desires of the actors.

Pondy (1967) argues that the term “conflict” in literature has been used in order to describe: i) previous stages of conflict (i.e. lack of resources), ii) the emotional condition of the involved individuals (i.e. stress, anxiety, rivalry), iii) the cognitive condition of the individuals involved, i.e. their perception of conflict situations and iv) conflictful behavior that ranges from passive resistance to open aggression. Pondy (1967) further stresses that it is not important to choose between these perspectives, but to explain the relationship between them. Pondy (1967) advocates a broader definition of conflict that is based on a process perspective. The process perspective of conflicts is furthermore advocated by Thomas (1992), who argues that the trend is towards more general definitions. Goldman (1966) also views a conflict as a process. According to Goldman (1966) conflicts occur as a sequence of events from an initiating one to a concluding one. The most commonly applied process model of conflict has been developed by Pondy (1967). According to the model a conflict can be defined as a dynamic process with a sequence of conflict episodes. Each conflict episode consists of five different stages: 1) latent conflict, 2) perceived conflict, 3) felt conflict, 4) manifest conflict and 5) conflict aftermath.
Latent conflict represents underlying sources of organizational conflict and Pondy (1967) divides it into three basic types: competition for scarce resources, drives for autonomy and divergence of subunit goals. Pondy (1967) also stresses role conflicts as important types of latent conflict. Latent conflict is naturally embedded in every relationship and it can be considered as a “silent” or invisible factor that either remains as such or is perceived by the actors⁴. Another concept that illustrates these types of conflicts is covert conflict, which is used by Deutsch (1969). The second stage is perceived conflict and it can be interpreted as a situation that at least one of the parties is aware of. The third stage in a conflict episode is felt conflict, which implies a personalization of the conflict. A conflict may for example cause feelings such as anxiety or fear. Manifest conflict is the fourth stage in a conflict episode and it involves conflictful behavior, of which the most obvious act is open aggression. In order to decide if certain behavior is conflictful, one has to take into consideration the context in which it takes place. Behavior should be defined as conflictful only if some or all of the actors perceive it as conflictful. Manifest conflict exists when an actor consciously, but not necessarily deliberately, blocks another actor’s goal achievement. Conflict aftermath can briefly be described as the situation when the conflict is either resolved to the satisfaction of both actors or a situation when the conflict is suppressed, which means that the latent factors behind the conflict may be activated again and thereby even lead to dissolution of the relationship. Conflict aftermath can be related to the outcome of conflict as elaborated on in chapter 3.3.4.

According to Habib (1987) there has been little disagreement about Pondy’s (1967) process model of conflict, which has widely influenced earlier research within the field. Fey and Beamish (2000) also argue that Pondy (1967) probably provides the most widely accepted model of conflict. Pondy’s (1967) model of conflict is focused on intraorganizational conflict, but there are scholars (Brown and Day 1981) who argue that the model is also applicable to interorganizational conflict. Pondy’s conflict model has, however, also received some criticism. Schmidt and Kochan (1972) criticize Pondy’s model (1967) and argue that there are no clear rules as to how to distinguish between different stages in the process. This is probably the most common type of criticism directed at all models aiming at dividing a phenomenon into different sequential stages. A critical task for the researcher is therefore to describe the different stages in detail and how they relate to each other in terms of their similarities and differences. Furthermore Pondy’s definition of conflict, “a dynamic process underlying organizational behaviour”, has received criticism by Rahim (1986), who argues that it is too broad and encompasses very little of anything transpiring in a group of actors. Rahim's criticism seems relevant, since many concepts can be found that could be broadly defined in exactly the same way. Pondy’s conflict model is not used as a reference frame in this study, partly because it entails stages that are described from an individual perspective, such as felt conflict. The perspective of this study focuses on an organizational level and the nature of conflicts. Another explaining factor is that an emphasis on the nature of conflict is different from a process perspective, and therefore these two cannot be directly combined.

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⁴ Latent conflict, as described by Pondy (1967) can be related to hidden conflicts presented in section 3.3.2.
Inspired by the different definitions and perspectives on conflict put forward in this chapter, a definition of intercompetitor conflict is developed. The words that are especially taken into consideration are marked in bold in Table 2. Here a conflict is defined as a situation in which at least one of several interconnected actors perceives incompatibility in relation to the other actor/s. A conflict has a beginning and an end, although these can be hard to discover. Another deduction from the definition is that a conflict exists even if it is perceived by only one of the actors involved. The actor concept is taken from the business network literature and it can generally be related to an individual or a company. In this study the concept relates to a company. Although a behavioral perspective is included in some of the definitions outlined in Table 2, for example definitions with an origin in channels research, it is not used here (compare with Pondy 1967). According to Gaski (1984) it is the perception of conflict, regardless of the actuality of behaviors that is the critical element of conflict. A conflict is perceived before it is acted or behaved upon. Therefore the perceptions are in focus in this study. The definition further indicates interconnectedness between the actors. This means that the actors are connected to each other through the exchanges taking place between them. Incompatibility is deliberately used in a broad sense here and it is viewed in relation to the other actor/s. The incompatibility can be related to almost anything that can be connected to the relationship between the actors, for example goals, strategies, values and priorities.

2.2.2 Conflict versus competition

Conflict and competition are often incorrectly used as synonyms and it is important to clarify their relationship in order to understand the nature of conflict (Bisno 1988; Deutsch 1973; Rahim 1986; Schmidt and Kochan 1972). For a detailed discussion of different perspectives on conflict and competition see Fink (1966).

Although some scholars (among others Axelsson 1995; Gadde and Håkansson 1993) applying the business network approach recognize a dual nature of industrial relationships, they use the concepts of cooperation and conflict in order to describe this duality. In this study cooperation and conflict are on different levels and should not directly be compared in this way. Cooperation and competition are concepts on the same level and they describe the overall nature of the relationship. Both cooperation and competition can include situations of harmony and conflict. A business relationship that is built on either cooperation or competition can furthermore simultaneously involve harmony and conflict, because these can be related to different situations and/or activities. The relation between cooperation/competition on one hand, and harmony/conflict on the other is illustrated in Figure 3. The objective with the figure is to show different levels of concepts. It is a simplification of reality, because we may

5 Here one could question the idea that a company is able to perceive something, as perceptions usually relate to the cognitive capacity of human beings. A similar dilemma has appeared in previous studies within business networks, for example concerning trust and commitment, as one could ask if companies are able to trust each other and feel committed to each other. In this study the informant is considered as representative of the company and is therefore expected to present some form of collective perception that represents the company’s point of view.
also argue that a business relationship is simultaneously built on cooperation and competition (coopetition). It is moreover arguable that a business relationship may be in a state somewhere between harmony and conflict, and that we should rather view the concepts on a continuum.

Bengtsson and Kock (1999:180) write that both vertical and horizontal business relationships can include elements of “competition/conflict and cooperation/harmony”. The perspective of this study is, however, that conflict is not the same as competition, neither is harmony the same as cooperation. Within a setting of intercompetitor cooperation Bengtsson and Kock (1999) further state that conflicts are rare in cooperation as the competitors live in harmony, while conflicts arise frequently in competition. Competition can, however, also consist of harmony for example in cases when the companies are able to act side by side on the market without any direct interaction or interference from each other.

Bisno (1988) argues that a conflict can concern anything from basic interests to deep emotional feelings. Similar ideas have been put forward by Mack (1965), who argues that competitive behavior is regulated, while conflictual is not. When elaborating on Mack’s (1965) ideas of separating conflict and competition, Fink (1966) writes that competition is regulated, while conflict is unregulated. Regulated implies that there are established rules or institutionalized norms, which limit what competitors can do in relation to each other when aiming at reaching their respective goals. On the other hand, unregulated means the violation of rules. These ideas by Bisno (1988), Mack (1965) and Fink (1966) are also applied here, as the competitive dimension of intercompetitor cooperation is seen as a common understanding and acceptance of “the rules of the game”. A conflict can involve anything that leads to perceived incompatibility between the parties involved. The terms of competition are considered as regulated through formal contracts and the focus of competition is very customer related, whereas conflict can be related to almost everything.

Another characteristic of conflict is that it generates change. The stability of the system is put under turbulence, which continues until a new balance is achieved (Stern and Gorman 1969). Deutsch (1973) also has similar ideas as he writes that a conflict implies a change in the status quo, which is not the case in competition where the terms of
competition are built into the system and are a part of the everyday (status quo) nature of the relationship.

An additional distinction between conflict and competition has been made by Deutsch (1973), who focuses on goal incompatibility. Competition is described as an opposition of goals of the interdependent parties, in a way that the probability of goal attainment for one of the parties decreases as the probability for the other increases. Competition occurs when the parties perceive that their goals are negatively linked. In conflict that is derived from competition, the incompatibility reflects incompatibility concerning goals. Deutsch (1973) argues that conflict may occur even though there is no perceived or actual incompatibility concerning goals. An interpretation of Deutsch’s (1973) ideas is that competition always includes some kind of goal incompatibility, while conflict may or may not involve incompatibility concerning goals. This can be related to Schmidt and Kochan (1972), who argue that incompatible goals are a sign of both competition and conflict. In intercompetitor cooperation the competitive dimension may involve incompatibility concerning the overall goal of reaching the same customer.

Easton and Araujo (1992:72) define competition as follows: “Competition occurs when two actors have objectives that are in conflict but the locus of their objective is under control of a third party”. According to Easton (1990) competition can be described as the winning of a prize that is in the hands of a third party (usually the customer). Competition means striving in parallel within the rules of the game. It is dependent on the available resources and has an object related, impersonal character. Easton (1990) describes conflicting behavior as overt and focused on destroying or hurting an opponent whose goals are seen as mutually incompatible. Mack (1965) separates conflict and competition with the help of the Latin bases of the words where “Competition is from com (together) and petere (to seek). Conflict derives from com (together) and fligere (to strike).” This can be compared with Easton’s ideas of competition as striving in parallel and conflict as focusing on destroying or hurting the opponent. An interesting notion in Easton’s definition of competition is the involvement of third parties. This can be related to the earlier discussion of goal incompatibility as a characteristic of competition. According to Easton (1990) conflict operates through direct interference and it works outside accepted rules of market conduct. Moreover it is independent of resources and is personal in nature. Simmel (1955) also stresses a personal nature of conflict and an impersonal nature of competition. To be more specific, a conflict can be both personal and impersonal, while competition is impersonal.

There is a stream of research that relates conflict and competition to each other instead of comparing their differences. There are scholars arguing that conflict may comprise competition. According to Raven and Kruglanski (1970) competition is one form of conflict. Mack and Snyder (1957) propose that competition may be a source of conflict. According to the definition used in this study a conflict implies a situation of perceived incompatibility. In accordance with this definition the suggestion that competition can be seen as a type of conflict is supported. There is an underlying incompatibility related to competition, because of the fact that the parties involved in competition have some kind of similar interests that cannot be fulfilled by the parties simultaneously. Here competition can be seen as one type of conflict, but it is still considered as important to
separate our thinking about conflict and competition at least when focusing on conflicts in intercompetitior cooperation. There are some researchers who are more cautious when relating conflict and competition to each other. According to Bisno (1988) “although competition is not automatically conflict, it often results in conflict”. Deutsch (1973) writes that although competition produces conflict, not all instances of conflict reflect competition.

2.2.3 Summary

The second part of this chapter presents numerous definitions of conflicts. These definitions stem from different areas of research such as psychology, organizational theory and channels research. No specific definition has been found especially concerning conflicts within business networks. Based on these previous definitions of conflict a new definition is developed. This new definition is considered as most suitable for this study. A conflict is defined here as a situation in which at least one of several interconnected actors perceives incompatibility in relation to the other actor/s. The section also includes a presentation of visible versus hidden conflict and it is concluded that hidden conflict should also be taken into consideration. Visible conflict is overt and manifest and it is recognizable. On the other hand hidden conflict is covert, latent and it is therefore harder to recognize than visible conflict. A hidden conflict may turn into visible and have impacts on a relationship. Therefore it is important to try and recognize hidden conflict and bring it up to the surface. In this section a conflict is moreover related to as well as distinguished from cooperation, competition and harmony. Conflict is not the same as competition and both competition and cooperation may include situations of conflict and harmony.
3 THEORETICAL CONTEXT

This chapter is grouped into four sections. Sections 3.1 and 3.2 contain the first part of the development of an a priori theoretical reference frame for studying the nature of conflicts in intercompetitor cooperation. It is based on a literature review of two research streams that are dealing with conflicts within an interorganizational setting. These are the business network approach and channels research. Existing research is presented and commented upon. The comments are based on the relevance, interest and development possibilities of the existing literature from the perspective of the focus of this study. A narrower and more detailed perspective is taken in the third section (3.3) where the different elements of conflict situations are presented. This section is based both on findings from the business network approach and channels research. However, in order to achieve a deeper understanding for the development of an a priori theoretical model, influences are also taken from organizational and social conflict theory. In the fourth section (3.4) the a priori model is illustrated and presented.

3.1 Conflict studies within the business network approach

The interaction approach was established as a reaction to a traditional way of understanding a business company’s marketing activities. The focus of the interaction approach lies in business markets and the nature of these markets is different from that which was implicit in the conventional marketing literature. According to the interaction approach no business is an island (Håkansson and Snehota 1989), which means that each company has business relationships with other companies such as suppliers, customers and competitors. The interaction approach has been developed later on into the network approach, which briefly means that no business relationship is an island. The business network approach emerged in the 80s (Johanson and Mattsson 1993). The term “network” is adopted from exchange theory and it refers to two or more connected exchange relationships (Cook and Emerson 1978). The network approach means that a single business relationship is viewed as part of a broader network structure, rather than as an isolated entity (Håkansson and Snehota 1995). A relationship between two companies should not be considered in isolation, but one should also take into consideration how each company’s other relationships are affected by the relationship and how these affect the relationship in question (Johanson and Mattsson 1993).

Another aspect that is recognized within the business network approach is the dynamics of industrial relationships.

_Inter-organizational relationships are complex, variegated, multi-level, and dynamic phenomena. This is because interaction is taking place, not only between companies in different stages of economic and technological development, but also between groups of functional specialists or individuals performing different roles and having changing objectives. It would be surprising, therefore, if the interactions did not vary in intensity, style, and scope from one relationship to another and also over time._ (Cunningham 1982:358-359)
The quotation above indicates that business relationships are not static, but dynamic, which indicates a need to study various kinds of business relationships, their evolution and content development over time. Håkansson and Snehota (1995) stress that there is perhaps no such thing as a “typical” relationship. Business relationships will never be in a state that can be described as “equilibrium”. Relationships are variable and each relationship tends to be unique in some respect. “While the total pattern of business relationships appears relatively stable, new relationships develop and old decay over time and, above all, the existing relationships between companies change in content and strength.” (Håkansson and Snehota 1995:269) This further implies that it is difficult to compare one relationship with another. Changes that are initiated for some reason or another affect others and cause reactions and counter-reactions. The change that occurs within business networks is not a change from one state to another given state, but it is rather a state of dynamic flux, which can be described as a continuous process. According to Håkansson and Snehota (1995) the most critical issue for management, and definitely the most difficult one, is to cope with change in relationships and within the network. “The complexity of effects and underlying factors of relationship development is difficult to reduce to manageable proportions. Yet it has to be done. It is needed in order cope with relationship development.“ (Håkansson and Snehota 1995:42)

The ideas of the business network approach concerning business relationships as dynamic and consisting of continuous changes can be related to the previous discussion in this study relating to different perspectives of a conflict. A conflict was said to generate change (Deutsch 1973; Stern and Gorman 1969). If conflict generates change, it is one of the factors within the relationship that has an impact on its development. Conflicts, therefore, become major aspects within business relationships that need to be understood from a theoretical perspective and managed from a managerial one.

Although the traditional focus of the business network approach lies on cooperative aspects of business relationships, conflicts are sometimes recognized as aspects or situations within them. An overview of literature on conflicts within business networks is outlined in Figure 4 and presented in the sections below. The studies are grouped based on their focus concerning conflicts as well as on their time of completion. Some studies may be considered as belonging to another group of focus, but it is the closest connection with conflict that matters when grouping them. For example the studies by Bengtsson and Kock (1999; 2003) are based on a network perspective, but they relate conflicts to intercompetitor cooperation and therefore they are grouped as in Figure 4. One of the axes is time and the other is focus. Although time represents a linear development of the research, this is not necessarily true concerning focus. The axis of focus does not represent a linear development of for example a deepening of focus, but its main purpose is to present certain foci on conflicts.
3.1.1 The interaction model

The first work on conflict within the business network approach can be seen in the interaction model (Håkansson 1982:24), which briefly consists of a buyer-seller dyad and the interaction process, atmosphere and surrounding environment. Conflicts are included in the atmosphere of an industrial relationship, as well as cooperation. According to Håkansson and Snehota (1995:9) “Elements of cooperation and conflict have been found to coexist in the atmosphere of business relationships”. Similar thoughts have also been put forward by Johanson and Mattsson (1993:7), who write: “…exchange relationships linking actors whose activities are complementary to each other are of a cooperative nature. Such cooperation also includes conflict”. Holmlund and Törnroos (1997) also recognize that conflicts are part of industrial relationships. A simplified illustration of the interaction model and particularly the placing of conflict is presented in Figure 5.

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6 There are several other studies within the business network approach that recognize the existence of conflicts in interorganizational cooperation, but only Håkansson (1982) is thoroughly presented here, because it was the first and has inspired a lot of studies since it was developed.
The atmosphere is of special interest here because it involves cooperation and conflict. Moreover it contains the divisions of power-dependence, closeness-distance of the relationship as well as the actors’ mutual expectations. The dynamic nature of business relationships is consequently inherent within the atmosphere. According to Håkansson (1982) a company may have a relationship with a particular buyer or seller, which can be characterized by cooperation. On the other hand it is possible for a company to have a relationship with another company that involves a minimum level of cooperation. Transactions occur, but the overall nature of the relationship is marked by frequent conflict.

The interaction model has served as a source of inspiration for several scholars applying the business network approach. It is one of the most well-known and accepted models within this field. It is therefore significant to notice that conflicts are included in the model.

3.1.2 Degrees of cooperation and conflict

There is one stream of research that explores conflicts in business relationships by focusing on different degrees of conflict on one hand and cooperation on the other. According to Axelsson (1992:199): “The degree of conflict in relation to cooperation within a specific relationship may vary”. This implies that sometimes the nature of an industrial relationship may merely consist of conflict and at other times it may mostly be based on harmony. The earlier discussion about the dynamism of business relationships can further be related to this idea. Different degrees of conflict and collaboration have been modeled by Laage-Hellman (1988) as well as Gadde and Håkansson (1993). According to Laage-Hellman (1989) conflicts between companies can theoretically be handled with the traditional interaction model, but conflicts that involve more than two companies are not covered by the model. Laage-Hellman (1989) rightly asks for a model in which conflicts between more than two companies are
Laage-Hellman (1989) developed the model illustrated in Figure 6 and it is based on the idea of a dyadic business relationship and the simultaneous existence of common and conflicting interests.

![Common and conflicting interests](source: Laage-Hellman, 1988)

Situation number 1 is characterized by both weak common and conflicting interests and can be considered as uninteresting because the companies can act independently of each other without considering each other’s operations. Situation number 2 implies strong conflicting and weak common interests. Laage-Hellman (1989) exemplifies this situation as a result of the fact that the companies are competing for the same customers or the same resources. By definition competitors describe the companies as they are presented by Laage-Hellman. Although some goals of the competitors may be in conflict, they can still have a lot of common interests. Laage-Hellman further argues that companies engaged in situation 3, with strong common interests and weak conflicting interests have strong reasons to consider some form of cooperation. There is, however, a risk within strong common interests, because if both companies have the same interests this may easily lead to a conflict. Compatible interests would in this respect suit the model better than common interests. Situation 4 involves both strong common and strong conflicting interests. The companies have motivations to cooperate within certain areas and counteract each other in others. According to the perspective of this study this is a natural situation concerning inter-competitor cooperation. Laage-Hellman (1989) argues that this situation is the most interesting from a theoretical perspective. He puts forward questions about the interplay between the cooperative and conflicting aspects of the relationship as well as the affect caused by connections to other relationships in the network.

According to Gadde and Håkansson (1993:75) “effective relationships require some collaboration, but they require an equal measure of conflict”. If the degree of both collaboration and conflict is low, the relationship is not considered as especially meaningful to either party. If the degree of collaboration is low, whereas the degree of conflict is high, the relationship will not work very well. A relationship with a low degree of conflict and a high degree of cooperation is viewed as somewhat “nice”. Gadde and Håkansson (1992) claim that the parties do not put enough demands on each other, and a higher degree of conflict could therefore give rise to more innovations and development. Gadde and Håkansson (1993) seem to recognize potential positive aspects of conflicts, which is an important contribution in relation to Laage-Hellman (1989). In a situation of high cooperation and low conflict some kind of pseudo-community can
arise. This implies a lack of spark or fire or a lack of reality check, which is considered as important for the evaluation and development of the relationship. (Joba, Maynard and Ray 1993) According to the author's opinion a “nice” relationship need not necessarily be the most efficient one. As Hamel, Doz and Prahalad (1989) write harmony is not necessarily the best measure of success. In accordance with Gadde and Håkansson (1993) a business relationship with both high levels of conflict and collaboration is considered developed as well. This description suits well the logics behind an effective business relationship. It further reflects that the parties involved in the relationship know each other very well and have good strategies for managing conflicts.

3.1.3 Conflicts and intercompetitor cooperation

Bengtsson and Kock (1999) argue that actors must compete to a certain extent in order for the business network to be effective. They continue by stressing that there is a demand for cooperation, since the actors must create bonds in order to establish long-term relationships. A special interest on intercompetitor cooperation within a business network setting has been shown by Easton (1990). Easton (1990) stresses that it should not be taken for granted that the relationships between competitors are primarily competitive in a traditional sense. Easton (1990) and Easton and Araujo (1992) distinguish between five types of intercompetitor relationships: conflict, competition, coexistence, cooperation and collusion. A situation of conflict means that one of the actors is aiming at destroying an opponent. According to Easton and Araujo (1992), destruction in its lowest form could mean forcing a competitor to exit a certain relationship. From a more intense perspective, it could mean striving to force a competitor out of a network. The meaning of conflict that is used in this context is of a traditional nature, viewing competitors as rivals with the primary aim of conquering each other. Competition means negatively linked goals and can be characterized by “parallel striving”. Moreover, an action-reaction pattern arises when competitors imitate each other. If a competitor launches a new product line, the other companies will directly follow suit. In this dimension, interaction can be characterized as simple and direct. Moreover, power and dependence are equally distributed among the competitors. (Bengtsson and Kock 1999) On a continuum it can be placed between conflict and coexistence. Coexistence can briefly be described as independence, i.e. the competitors are simply perceived to be unaware of one another. The exchanges between the actors are not economic, but merely consist of information and other social exchanges. Bonds do not exist as the actors are only aware of each other but do not interact. Cooperation exists when companies perceive that the achievement of their goals is positively related. According to Easton and Araujo (1992), cooperation takes place when two or more actors have objectives that are mutually dependent. Furthermore, cooperation implies frequent exchanges, which comprise business, information and social exchanges. Collusion can be described as intercompetitor cooperation designed to directly or indirectly injure a third party. It can be directed towards customers, suppliers, non-colluding competitors or society in general. The difference between conflict and collusion is that collusion does not intend to destroy third parties.
According to Easton (1990), conflict is understood as one type of relationship between competitors. Conflict is not directly viewed as inherent in all types of intercompetitor relationships. Within this division conflict and competition are placed on an equal level. With reference to section 2.2.2 a different view of conflict and competition is taken here. If intercompetitor relationships are divided into certain categories, there is a risk of overlooking the dynamism within a single relationship. Similar thoughts are put forward by Easton and Araujo (1992) who argue that major or minor modes of the above presented five types of intercompetitor relationships may co-exist. The nature of a single intercompetitor relationship may change from one point in time to another and perhaps it may also be argued that an intercompetitor relationship simultaneously may be based on several types of relationships.

Bengtsson and Kock (1999) have indirectly focused on conflict within intercompetitor cooperation. They base their study of cooperation and competition between competitors on Easton’s (1990) categorization of intercompetitor cooperation, but their focus lies on coexistence, cooperation, competition and coopetition. Although they leave out conflicts as a separate category, they use conflicts as a background factor when explaining the difference between cooperation and competition. In a more recent study Bengtsson and Kock (2003) focus on tension in coopetitive business relationships with regard to different kinds of roles that the actors take on. Here conflicts are specifically related to roles. This paper is interesting because it moves one step nearer in focus on elements of conflict, seeing that incompatibility concerning roles can cause a conflict.

### 3.1.4 Conflicts from a network perspective

The majority of research within interorganizational conflict is focused on a dyadic business relationship, i.e. a relationship between two organizations. Some researchers claim that interorganizational conflict cannot fully be understood within the frames of a single dyad (Vaaland and Håkansson 2000, Welch and Wilkinson 1999). According to the business network approach, each industrial relationship affects and is affected either directly or indirectly by other relationships. In order to receive a thorough understanding of an interorganizational conflict we should view the phenomenon as a part of its context. This problem is expressed by Vaaland and Håkansson (2000) as follows: By adding third parties, we may distort the understanding of the main variables apparent in the dyad because we add complexity. On the other hand we reduce the risk of simplifying the phenomena of conflict in complex structures. Only three studies within the business network approach have been found that take third parties into consideration and these are the studies by Hadjikhani and Håkansson (1996) as well as Welch and Wilkinson (1999; 2005). In the studies by Vaaland (2001; 2002) the ideas of the network approach indirectly appear.

Hadjikhani and Håkansson (1996) have studied a conflict between a buyer (the Indian Defence Ministry) and a seller (The Swedish firm Bofors) and its consequences for other business relationships. One of the conclusions of their study is that the more closely connected a relationship is to the primary relationship, the more it will be affected by changes within it. Welch and Wilkinson (1999; 2005) have studied an
Australian exporter of raw sugar and its customer the Japanese sugar refining industry. As the world price of sugar decreased well below the fixed contract price, Japanese refiners first required renegotiation of the contract with its Australian exporter, and later on started to refuse delivery of shipments. Earlier analysis of this case has put forward a somewhat different view than Welch and Wilkinson (1999; 2005), who found out that rather than being a case of dyadic conflict, the dispute was a result of a wider process of domestic policy reform in Japan. There are basically two similarities between the studies by Welch and Wilkinson (1999) and Hadjikhani and Håkansson (1996). Firstly both studies are primarily focused on a dyad between firms in different countries, i.e. conflicts within international business relationships. Secondly, both studies involve governmental institutions as one of the parties within the dyad or as a third party affecting the conflict within the dyad.

Another aspect, which characterizes many of the above mentioned studies is a focus on visible conditions of conflict. Hadjikhani and Håkansson (1996) express the case as the “Bofors-scandal”, which in itself explains that it has an extraordinary character. The “Bofors-scandal” is described as a conflict between the Swedish weapon supplier Bofors and the Indian government. Welch and Wilkinson (1999:1) write that their paper contributes to the studies of conflict in networks by pointing-out “a well known dispute” between Japanese and Western firms. The actors of the dyad in their case are an Australian exporter of raw sugar and its customer the Japanese sugar refining industry. Welch and Wilkinson (1999:2) describe the incident as “one of the more spectacular examples of conflict which has occurred in the history of post-war trade between the two countries”.

### 3.1.5 Sources of conflict

One of the more recent fields of conflict studies within a business network setting explores conflicts on a deeper level than earlier research by focusing on different elements of the conflict in itself. Conflicts within buyer-seller relationships from the perspective of complex projects have been studied in Vaaland (2001; 2002) as well as Vaaland and Håkansson (2000; 2003). Vaaland and Håkansson (2000) list different sources of conflict and they furthermore discuss conflicts both as a functional and dysfunctional phenomenon. They also suggest that conflicts should be analyzed in relation to the degree of governance formalization. The contradicting governance mechanisms suggested by the authors are formal- and informal mechanisms. In accordance with formal mechanisms, conflicts are viewed as problematic and should be avoided with the help of formal arrangements. Informal mechanisms are based on social interaction and conflicts are viewed as natural elements of relationships with the potential of enhancing effectiveness through new resource- and activity combinations. The core of a conflict is seen to be present in formal or informal governance mechanisms according to Vaaland (2001). This study contains an empirical study of 200 conflict events related to the Norwegian oil industry. The findings of the study indicate that conflict events are significantly more associated with informal governance mechanisms than with formal. The same result is presented by Vaaland (2002).
3.1.6 Comments

From a historical perspective conflicts are first included in the atmosphere of the interaction model (Håkansson 1982). The phenomenon of conflicts within buyer-seller relationships is, however, handled on a very general and superficial level. Although conflicts are considered to exist within the atmosphere of a business relationship, these are not directly empirically studied in Håkansson (1982). The observation that conflicts are included in industrial relationships is an important break point within the business network approach. A statement, however, is not enough to increase our understanding within the important and interesting field of conflicts within business settings.

Laage-Hellman (1989) as well as Gadde and Håkansson (1993) move a bit further as they distinguish between different degrees of cooperation and conflict within a single business relationship. Although Laage-Hellman’s (1989) model takes into account such an important aspect such as various degrees of collaboration/conflict, his model still contains some limitations. Firstly, it fails to take into consideration more than two companies, although he initially stresses the need for a model that covers more than one dyad. It would be of interest to study groups of companies and furthermore to take external network actors into consideration.

One of the main contributions of the ideas by Gadde and Håkansson (1993) in comparison with Laage-Hellman (1989) is the indication that business relationships need a certain level of conflict in order to be effective. A positive perspective of conflicts is consequently included, which is considered here as valuable. Gadde and Håkansson (1993), however, neither recognize dynamic features of industrial relationships nor specify the meaning of conflict. In order to be able to position contributions of a study it is essential to define the concepts used. Moreover, as conflict is contrasted to collaboration, these can be interpreted on the same level and understood as the endpoints on a continuum. In this study collaboration and cooperation are viewed as synonyms and competition as the opposite pole, therefore conflict and collaboration are concepts that should not be analyzed on the same level.

A general distinction between the interaction model and the models by Laage-Hellman (1989) as well as Gadde and Håkansson (1993) is the relation between cooperation and conflict. In the interaction model cooperation and conflict are separated so that one company is expected to have some relationships that are conflictful and others that are cooperative. Cooperation and conflict are integrated within a single relationship in the models by Laage-Hellman (1989) and Gadde and Håkansson (1993). These models can, however, be considered as static as they do not take into account variations within a single relationship. Axelsson (1992:199) moves in this direction as he writes: “The degree of conflict in relation to cooperation within a specific relationship may vary”. This implies that sometimes the nature of a business relationship may merely consist of conflict and at other times it may mostly be based on cooperation. The degree of cooperation and conflict may also vary between different activities or exchanges taking place within the relationship. The actors may have a cooperative relationship concerning distribution of finished products, while they simultaneously have a conflicting relationship when it comes to purchasing.
Conflicts are related to intercompetitor cooperation in Easton (1990) as well as Bengtsson and Kock (1999). Conflicts are generally viewed as negative and they are treated on the same level as cooperation and competition. Laage-Hellman (1989) as well as Gadde and Håkansson (1993) also treat conflict on the same level as cooperation/collaboration. This is questioned in section 2.2.3 where an alternative view is presented. A general notion is that there is scarce research within the business network approach focusing on intercompetitor cooperation, and therefore research within this particular field is expected to deepen our understanding of different kinds of business relationships.

From a business network perspective conflicts have been studied by Hadjikhani and Håkansson (1996) and Welch and Wilkinson (1999; 2005). Their studies are based on cooperation between a governmental institution and a company and the studies are carried out from an international perspective. A positive aspect with these studies is the clear focus on a network perspective. It is, however, questionable if a relationship between a company and a governmental institution resembles a traditional business-to-business relationship. Hadjikhani and Håkansson (1996) as well as Welch and Wilkinson (1999; 2005) focus on conflicts of a manifest and larger character. In section 2.2.2 it is argued that we should also take hidden conditions of conflicts into consideration. It is arguable that these extraordinary conflicts are less interesting to study than ordinary conflicts that occur in everyday interactions. Findings from studies of extraordinary conflicts are more difficult to generalize because of their uniqueness in comparison with more ordinary conflicts that more or less can be found in every business relationship between competitors. Ordinary conflicts can be harder to detect than extraordinary conflicts, but they may still have even greater consequences for the relationship as a whole. One of the basic ideas behind this study is that conflicts continuously occur in every business relationship, and that it is therefore reasonable to study everyday conflicts.

Welch and Wilkinson (2005:206) write: “The way in which actors are connected in a network therefore affects the development of conflict.” An important issue that is stressed by Welch and Wilkinson (2005) is that conflict can either stem from relationships connected to the focal dyad or it may have an influence on these relationships.

Vaaland (2001; 2002) as well as Vaaland and Håkansson (2000; 2003) have studied conflicts in buyer-seller relationships within a context of complex projects. The main focus of their studies lies on informal and formal governance mechanisms and their relation to conflicts. These studies are different from earlier conflict literature within the business network approach because they apply a deeper level of analysis concerning certain elements of a conflict situation. The definition of conflict is elaborated on and potential causes of conflict are identified (Vaaland 2001). The above-mentioned studies bring conflict research within business networks forward by taking into account the cause of conflict, which constitutes but one of many possible elements to study. It is in this direction where important contributions to existing research can be made.
3.2 Conflict studies in channels research

A marketing channel is defined as a set of interdependent organizations involved in the process of making a product or service available for use or consumption (Stern and El-Ansary 1977). Bucklin (1966) defines a channel of distribution as comprised of a set of institutions, which perform all the activities (functions) utilized to move a product from production to consumption. A channel of distribution can be seen as a web of interdependent relations. The actions and behavior of one company affects another channel member and vice versa. (Stern and Gorman 1969) Distribution channels can generally be characterized by a high level of commitment (Rosenberg and Stern 1971). This implies that the companies are naturally bound together in order to reach a common goal. Conflicts naturally occur within marketing channels because of the constant interaction and interdependence between producers, wholesalers and retailers (Etgar 1979).

The ideas behind the business network approach are partly based on research within distribution channels. Both streams of research are concentrated on vertically linked business relationships. Competitors are not only viewed as companies on the same level of distribution, but rather as rivalry among different systems of distribution (Reve and Stern 1979). Although the dyadic perspective is common in conflict studies within the field of distribution channel research, network ideas are implicitly built into the system when a chain of companies are involved. Herein we can identify one of the basic principles of the business network approach, i.e. the connection between several business units. Most of the research within the field of distribution channels has been focused on the presence, use and consequences of power. Power is considered to be used to achieve effective role congruence and performance and to keep conflict within its functional range. Conflicts are viewed as inevitable and inherent and therefore companies within a given channel need to understand conflict (Rosenberg and Stern 1971; Rosenberg 1974; Lush 1976). It is the dependency in marketing channel relationships that represents causes of conflict in distribution channels (Stern and Gorman 1969). There are studies within this field focusing on the sources and consequences of conflicts, but also on the management of conflicts.

3.2.1 The connection between conflict and power

Power can be defined as “... the ability of one channel member to get another channel member to do what it otherwise would not have done” (Stern and El-Ansary 1977:286). This definition illuminates a two-dimensional impact of power, as one of the actors gets its will through by getting the other actor to act in a certain way, while the other party may feel used and suppressed. In this situation we can clearly see a connection between power and conflict. Bucklin and Sengupta (1993) argue that an unbalanced division of power in a business relationship can give rise to conflicts. An unbalanced division of power can be interpreted as a situation when one of the actors is more powerful than the other/others. They further state that an unequal division of power can have a negative impact on the efficiency of the relationship. According to Stern and El-Ansary (1988)

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7 An overview of the early history of definitions of a channel is presented in Bucklin (1966).
both imbalanced and balanced power may lead to situations of conflict. Balanced power can be understood as a situation when all parties are equally powerful, but concerning different areas of operation. Aspects related to power could consequently cause conflicts.

There are basically two different streams of research within conflicts and power. According to one stream of research conflicts are a result of power, while the other stream suggests that acts of power follow a conflict (Gaski 1984). Power has been considered as a precondition for conflict by Raven and Kruglanski (1970) and as a result of conflict by Bachrach and Baratz (1969) as well as Dahl (1963). Examples of different studies that focus on the relationship between power and conflict are outlined in Table 3. A detailed overview of studies of power as well as power and conflict is presented by Gaski (1984). Table 3 includes studies which involve both power and conflict. There are also several other studies in this area, which are excluded here for example because the sample is students instead of informants representing companies (as in Walker 1972 and Dwyer 1980).

Table 3 Studies of power and conflict in channels research

<table>
<thead>
<tr>
<th>Study</th>
<th>Research design</th>
<th>Focus on conflicts</th>
<th>Main results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lusch, 1976</td>
<td>Mail survey to 567 auto dealers</td>
<td>Frequency of disagreements</td>
<td>*Coercive sources of power increase conflict – noncoercive sources of power reduce conflict</td>
</tr>
<tr>
<td>Brown &amp; Frazier, 1978</td>
<td>Personal interviews with 26 auto dealers</td>
<td>Importance-weighted frequency of disagreements</td>
<td>*Conflict is significantly related to the particular Influence strategy utilized</td>
</tr>
<tr>
<td>Wilkinson, 1981</td>
<td>Personal interviews with 60 hotel retailers of bulk beer examining 75 brewer-hotel dyads</td>
<td>Frequency of conflict</td>
<td>*The frequency of conflict that one firm has with another channel member is directly related to the coercive power of this other channel member, and inversely related to the noncoercive power of this other channel member. *Coercive power will not explain more intra-channel conflict than non-coercive power.</td>
</tr>
</tbody>
</table>

Lusch (1976) was the first to explicitly incorporate conflict in the analysis of channel power (Gaski 1984). Lusch (1976) recognizes that earlier research within the marketing literature has either been focused on power or on conflict, whereas little has been done when it comes to relating these concepts to each other. This is the focus of Lusch’s study, which is commonly viewed as one of the precursors within this area. The empirical part of his study is derived from a franchise distribution channel within the automobile industry. Lusch argues that the phenomenon of power and conflict can naturally be identified within such a setting because it involves a high degree of functional interdependence, which simultaneously means a high potential for conflict. Moreover, franchise distribution channels have well-defined power structures, in which the balance of power can heavily be weighted in favour of the franchiser. Five sources of power are presented by Lusch (1976) (originally by French & Raven 1959): reward,
legitimate, referent, expert and coercive. A coercive source of power involves potential punishment and can be characterized as a situation where an individual begrudgingly yields power to another. In noncoercive power sources (reward, legitimate, referent and expert), the individual willingly yields power to another. Lusch (1976) focuses on manifest conflicts that he believes contain two dimensions: frequency and intensity. The frequency dimension is examined in his study. Lusch (1976) argues that to the extent that B perceives A to possess noncoercive source of power, B will have fewer and less intense conflicts with A. Lusch found a significantly positive relationship between intrachannel conflict as perceived by dealers and coercive sources of franchiser power. Conflict was concurrently negatively related to noncoercive source of power. Lusch interpreted the results by concluding that coercive sources of power increase conflict in the channel, while noncoercive sources of power reduce it.

Brown and Frazier (1978) focus on applied power and its impact on distribution channel relationships. Their study is based on the automobile industry, and more particularly how manufacturers with different strategies aim at influencing franchised dealers. The findings of the study show that overall power, conflict and satisfaction are related to a certain applied influence strategy. The authors distinguish between implicit and explicit influence. Implicit influence is related to non-overt applications of power, while explicit influence involves overt applications of power. A general comment on the empirical context is that power is crucial especially concerning franchising. Within a franchisee relationship the involved actors are usually more formally connected in comparison with intercompetitor cooperation involving informal exchanges. Therefore the study by Brown and Frazier (1978) may not be directly related to intercompetitor cooperation. It is still included here, in order to show a potential connection between power and conflict.

Wilkinson (1981) focuses on power, conflict and satisfaction in distribution channels. Based on earlier studies of among others Lusch (1976) he proposes that the frequency of conflict that one firm has with another channel member is directly related to the coercive power of this other channel member and inversely related to the noncoercive power of this other channel member. The empirical results of the study support this hypothesis. Another hypothesis, which was not supported by the empirical finding, is that coercive power will explain more intra-channel conflict than noncoercive power. The findings show that coercive and noncoercive power contribute roughly equally to the variance in conflict and that the use of coercive power may be regarded as much a result of a conflict as a cause. In the study conflict is measured in a structured manner by asking respondents to rate how frequently conflicts occur with respect to fourteen different preset issues.

Some studies on power in relation to conflict are presented and discussed in this section, because power inevitably seems to be related to conflict. Power may cause a conflict or it may also be related to the outcome of a conflict for example if an actor starts using coercive sources of power as a consequence of conflict. Power may also be related to the management or resolution of conflicts. The studies presented in this section are rather old and are moreover based on distribution channels. However, they provide a picture of potential relations between power and conflict. Based on this section we can
conclude that power may also be related to conflicts within a setting of intercompetitor cooperation. Power may be related to different elements of conflict.

### 3.2.2 Various elements of conflict

There are some studies within channels research that do not focus on power and conflict, but on other elements of conflict situations. Some of these studies include elements such as cause and importance of conflict, which are of interest as far as this study is concerned. An overview of previous studies of elements of conflict in distribution channels is presented in Table 4.
<table>
<thead>
<tr>
<th>Study</th>
<th>Sample</th>
<th>Method</th>
<th>Focus on conflict</th>
<th>Main findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pruden, 1969</td>
<td>A manufacturer and distributor of wood building materials and its distributors</td>
<td>44 interviews, observation</td>
<td>Interorganizational conflict, level of conflict</td>
<td>*Rejected proposition: As the level of interorganizational conflict increases, the level of linking increases. *Higher level of conflict – higher level of linkage fruitful *Higher level of conflict and low use of linkage – low productivity</td>
</tr>
<tr>
<td>Rosenberg &amp; Stern, 1971</td>
<td>87 questionnaire responses and 11 interviews. Distribution channel of a household good</td>
<td>questionnaire, interviews</td>
<td>Causes of conflict and measurement of conflict</td>
<td>*Causes of conflict: goal incongruity, domain dissensus and perceptual differences *The longer the relationship with a distributor or dealer, the higher the conflict with the single manufacturer. *The greater one member’s dissatisfaction with another’s performance, the higher the conflict level between them.</td>
</tr>
<tr>
<td>Pearson, 1973</td>
<td>55 channel segments</td>
<td>questionnaire</td>
<td>*Performance and conflict *Pro-conflict or anti-conflict?</td>
<td>*There is no difference in the operational performance in channel segments characterized by conflict and those segments characterized by cooperation.</td>
</tr>
<tr>
<td>Rosenberg, 1974</td>
<td>8 manufacturers from consumer product industries</td>
<td>interviews</td>
<td>Clarification of the concept of conflict; nature, outcome, level, anticipated conflict, resolution, measurement and consequences</td>
<td>*Conflict is easily disregarded in the invisible periods. *Iteration of conflict processes permits the channel to “learn” to cope with conflict. *Conflict measurement strategies: a) reactive (after flair-up) b) anticipatory (in the covert state) *Conflicts can be both negative and positive.</td>
</tr>
<tr>
<td>Etgar, 1979</td>
<td>138 dealers</td>
<td>structured questionnaire</td>
<td>Sources and types of intrachannel conflict</td>
<td>*Affective and manifest conflicts are primarily caused by attitudinal factor *In manifest conflict situations the most important causes of conflict are divergence in expectations, lack of role clarity, divergence in perception and competition over resources. *In affective conflict situations, the most important causes are divergence in perceptions and in goals.</td>
</tr>
<tr>
<td>Brown &amp; Day, 1981</td>
<td>A franchised distribution channel for automobiles (210 responses)</td>
<td>questionnaire</td>
<td>Manifest conflict: Frequency and intensity of disagreements as well as the importance of issues</td>
<td>*A measure of manifest conflict: frequency x intensity x importance</td>
</tr>
</tbody>
</table>
Pruden (1969) views interorganizational conflict as varying from high levels to low levels of conflict between two organizations. He furthermore studies linkage and exchange. Linkage can be explained as the process of interorganizational coordination and it varies from high frequency to low frequency. Exchange means the effectiveness of interorganization management and it also ranges from high to low. The results of the study indicate that the following proposition cannot be supported: As the level of interorganizational conflict increases, the level of interorganizational linking process increases.

The process of conflict has been modeled by Rosenberg and Stern (1971), who discuss the causes of conflict, a level of conflict (structural and attitudinal factors as well as behavioral reaction) and outcomes of conflict (behavioral and financial). Both the causes of conflict and the outcome of conflict are used in this study as parts of the nature of conflict. Rosenberg and Stern (1971) studied a specific channel distributing a relatively expensive household durable good. The methods used for the study were 11 interviews and 87 mail surveys. In order to identify the issues of conflict a Likert-type scale was used. Examples of issues related to causes of conflict were goals, domains, perceptions and miscellaneous.

The process model of conflict (Rosenberg and Stern 1971) was developed later on by Rosenberg (1974) and the stages in his model are as follows: 1) goals, 2) implementation, 3) external circumstances, 4) tension, 5) incident, 6) flare-up, 7) resolution and 8) outcome. The logics of the model can be described as starting with the differing marketing goals between the members within a distribution channel. These goals guide the implementation of both planned and unplanned action. If the channel lacks substantial agreement and cooperation among its members, tension arises. Examples of external circumstances affecting the level of tension are competition, sales decreases, government regulation and technological change. Suddenly an incident may occur, such as confrontation between the parties, which can no longer contain the
tension. The incident functions as a trigger for a flair-up that brings the conflict into the open. After that the conflict is either resolved by concrete action, such as mediation or negotiation, or the conflict slowly swallows up by itself. The conflict process finally ends with an outcome that may involve behavioral or financial aspects that may trace the parties back to the origins of the conflict. In comparison with the model of Rosenberg and Stern (1971) this model is more developed and detailed. It is, however, conceptual and not based on an empirical study. The logics of the model can be compared with the different stages in Pondy’s (1967) model, and thereby similarities can easily be distinguished. Both models contain hidden aspects of a conflict, visible aspects of a conflict as well as the outcome of a conflict.

The effect of conflict on performance within distribution channels is studied by Pearson (1973). The key question to be answered is if the operational results associated with conflict are good or bad? A structured questionnaire is used as research method and the respondents are asked to rate accuracy or inaccuracy of pre-set statements. Fifteen cooperation statements and fifteen conflict statements are used. The findings of the study show that there is no difference in performance in channels characterized by conflict and channels characterized by cooperation. Different findings could have appeared if a dynamic perspective had been taken. Pearson’s (1973) study can be referred to a certain section of time. According to Pearson (1973) conflict and cooperation are endpoints of a conflict-cooperation continuum. Another view is taken in this paper where conflict is related to harmony and may be included in cooperation. Cooperation, on the other hand, is put here on an equal level with competition.

The purpose of the study by Etgar (1979) is to empirically analyze what types of causes of conflict are associated with different types of intrachannel conflict. He distinguishes between attitudinal and structural causes of conflict. Attitudinal sources of conflict involve conflicts about channel roles, expectations, perceptions and channel communications. Structural causes of conflict can be divided into divergence of goals, drives for autonomy and control and fights over scarce resources. The findings of the study show that attitudinal rather than structural causes of conflict are major causes of both affective and manifest conflict.

Brown and Day (1981) view channel conflict as a process, which ranges from a latent stage of incompatibility to outcome. They focus on visible stages of conflict, which implies that the hidden conflicts are not taken into account. The empirical focus of the study is on manufacturer-dealer dyads within automobile industry. A quantitative approach is applied when analyzing conflict and a measure of manifest conflict is developed. Manifest conflict is measured by integrating frequency, intensity and importance of conflicts.

Magrath and Hardy (1989) define a channel conflict as the frequency multiplied by the intensity and importance of conflicts between manufacturers and resellers. In a conceptual paper they concentrate on the manufacturer’s view of a conflict situation. They develop a model of channel conflict by leveling the conflict into continuous, occasional and infrequent frequency on one scale and major, occasionally and minor intensity of disputes on the other. Causes of conflict are related to differences in goals, desired target accounts, desired product lines and interpersonal relations. The paper is of
a conceptual nature, but suggestions are supported by examples from reality. Although
the paper outlines a fairly structured view on channel conflict, which moreover is
viewed only from the perspective of one actor, the model constitutes a suitable
background for further studies.

Although Dant and Schul (1992) concentrate on conflict resolution processes their study
is relevant here because they relate different resolution strategies to among other things
issue characteristics of a conflict. Issue size is divided into policy issues such as
contractual criteria and delivery standards and operational activities such as facilities
programs and activities. Issue stakes relates to the potential financial implications of the
conflict situation. Issue stakes as they are understood in Dant and Schul (1992) can
naturally be related to the importance of the issues. Issue complexity can be regarded as
high or low and complex issues are defined as including simultaneous sub issues and/or
multiple considerations that are diverse in content (Kolb and Glidden 1986). This is an
interesting notion, because in practice a conflict may involve almost anything and have
many interrelated sub issues. The notion of power is indirectly taken into account in the
study as it distinguishes between the more and less powerful actor. It is consequently
the elaboration of the issue of conflict in Dant and Schul (1992) that is of special
interest for this study.

The paper by Hibbard et al. (2001) focuses on destructive acts, which can be related to
conflicts as they are defined in this study. Namely Hibbard et al. (2001) define a
destructive act as an action that is by an aggrieved channel member that has a
significant negative influence on the viability or functioning of the affected company.
Both survey and archival data were used as the device for the collection of empirical
data. A remarkable thing related to this paper is that both the perceptions of the dealer
as well as the supplier are included. This can be considered as a prerequisite when focus
lies on interaction between companies, but in practice many studies within this field are
based only on the perception of one of the actors from the dyad. Hibbard et al. (2001)
develop 42 hypotheses, of which 32 are supported by the empirical findings. The major
findings of the study are as follows: Dealers’ reactions are influenced by several
antecedent factors such as perceived intensity of the act, the attributions relative to the
act, relationship quality before the act and the level of interdependence.

Rose and Shoham (2004) focus on task and emotional conflict within a setting of
international distribution channels. They argue that we have scarce knowledge of the
antecedents and consequences of conflicts related to task and emotions in an
interorganizational setting. One of the main findings of their study is that team spirit and
interorganizational connectedness reduce task and emotional conflict. Furthermore they
state that earlier studies within the field of international channels of distribution have
examined issues and their impact on conflict from a general perspective, but they have
not made a distinction between different types of conflict. “Previous findings regarding
conflict within an organization may not be applicable to interorganizational settings”
(Rose and Shoham 2004:948). These observations are quite interesting as they show a
need for further investigations into conflicts in interorganizational relationships. Rose
and Shoham (2004) use team spirit and interorganizational connectedness as context
variables. A number of testable hypothesis are derived, which indicates a quantitative
nature of the study. Moreover the authors gathered information from only one side of a
dyad and they claim that future research should take into consideration both sides of the dyad.

3.2.3 Comments

The nature of conflicts is generally more thoroughly examined within distribution channel research than within the business network approach. Distinctions are made between causes, frequency, intensity and importance of conflicts. A vast majority of the conflict research within a distribution channel setting has been carried out in the 70s and 80s. The applied research methods have often been of a quantitative nature, giving rise to standardized results. Although channels research focuses on a different type of interorganizational cooperation (companies vertically linked within a channel of distribution) than in this study (intercompetitor cooperation), it is still considered as appropriate to use as a part of the study's theoretical reference frame. Research within distribution channels is still based on interorganizational cooperation and the interaction that takes place between the companies. Young and Wilkinson (1997) argue that coopetition may characterize vertical business relationships.

When studying the literature within this field I have noticed that most of the studies are concentrated on visible, measurable conflict, although it is very important to consider hidden conflict. Traditionally, conflict within the field of channels research has been viewed as dysfunctional, but there are also studies indicating a functional outcome of conflicts (Rosenberg 1974; Rosenberg and Stern 1971). An extensive overview of previous research into conflicts in distribution channels is presented by Brown and Day (1981). It is apparent from the overview that a lot of previous research has been focused on visible conflict and on either intensity or frequency of conflicts. In comparison with conflict studies within the business network approach, literature within distribution channels seems to have gone a bit further when it comes to modeling interorganizational conflict. Conflicts are portrayed in a more colorful manner, as several different perspectives of conflicts are taken into account.

Although the work of Lusch (1976) is one of the most prominent within this area, there are still some comments on a few aspects related to his study. Firstly the work of Lusch (1976) indicates a view that one actor has a conflict with another actor and this does not take into account the meaning of duality in a conflict situation. In my opinion it is essential to view a conflict situation from the perspective of all actors involved. When doing this the researcher gets a better grip of the different elements, for example cause, visibility and importance that can be related to a conflict situation. By definition, a conflict involves interaction between at least two parties and by excluding one of them, we only get half of the reality. Secondly Lusch (1976) used a mail survey as a research instrument and the sources of conflict were preset by presenting different alternatives in the survey. Hereby, there is a risk of missing other sources of conflict that are not included among the alternatives. Twenty issues were presented and the dealer was asked to fill in whether he disagreed with his manufacturer very frequently, frequently, infrequently or very infrequently. Lusch consequently uses a quantitative approach in his study and thereby risks missing important and rich qualitative descriptions of the
conflict situation. Furthermore Lusch focuses on manifest conditions of conflict as
many other scholars examining interorganizational conflicts. As have been stated before
in this study, manifest conflict may be easier to detect, although it may be less
interesting than hidden conflict. A positive comment on Lusch is that he recognizes
some conflict as functional for distribution channels, but based on his study it was,
however, not possible to draw any conclusions concerning whether coercive sources of
power may be excluded from use by auto manufacturers.

Pruden’s (1969) study takes on a deductive approach as two hypotheses are derived and
tested. The study is merely quantitative as it is the different levels that are of interest
instead of the meaning of the variables. Pruden (1969) places conflict and cooperation at
different ends of a continuum, which is in contrast to the viewpoint of this study.
Furthermore Pruden (1969) focuses on productivity in relation to both conflict and
linking processes, which means that the aim of his study takes on a different angle than
this study. The study by Rosenberg and Stern (1971) is also of a quantitative nature, as
they aim at measurement, weighing and testing. The conflict issues used are pre-set,
which gives limited possibilities for new empirically driven insights into the
phenomenon of interorganizational conflict.

The use of pre-set statements when examining different aspects of conflicts seems to be
common within channels research. Pearson (1973) measures the perceptions of conflict
both from the buyer and seller’s point of view, which is rather uncommon within this
field. It is, however, desirable in order to get a dyadic perspective of the phenomenon.
Especially from a business network perspective it is essential to regard all actors
involved in the conflict situation. Another advantage with Pearson's (1973) study is that
it indicates that conflicts may be positive. Based on the findings from his study no
difference in operational performance could be detected in channel segments
characterized by conflicts and segments characterized by cooperation.

The study by Brown and Day (1981) is valuable because it presents an extensive
overview of previous studies within the field of marketing channel conflict. When
considering the overview one can notice that most of the previous studies within the
field have focused on intensity or frequency of conflict. Many times the applied
research approach has been of a quantitative nature, and the aim is directed towards
explaining instead of understanding, as is the focus of study in this dissertation.

A critical and systematic literature review reveals the absence of general theory on
interorganizational conflict. Ideas of interorganizational conflict exist, but these are
often unfamiliar to researchers and are not integrated with mainstream theories about
organizations (Distefano 1984). A possibility to enlarge and deepen our understanding
of conflicts in interorganizational context is to draw from other fields of research.

3.3 Elements of conflict in focus

This section sets the stage for the development of an a priori theoretical model. In
addition to previous literature within the business network approach as well as channels
research, influences from the theoretical fields of social conflict theory and organizational research are also included. Eckert and Rinehart (2005) argue that conflict theories rooted in sociology can be also used when studying conflicts within business-to-business settings.

In relation to process models of conflict, the nature of conflict is different. Firstly, the nature of conflict captures some central elements of the conflict that helps us to gain an in-depth understanding of the phenomenon. Secondly, a process perspective of conflicts usually distinguishes between different stages in the conflict situation, while the nature of conflict is concentrated on elements and how these can be understood both separately and to some extent in relation to each other. It is arguable that there are several different elements of conflict. According to the viewpoint of this study, elements of conflicts are, for example, the following: source or cause, topic, size, importance, frequency, management or resolution and outcome.

Under a heading of the nature of conflict Deutsch (1973) writes that he likes to stress fundamental dimensions of conflict and some of these are: conflict size, centrality of the issues, the number and interdependence of the issues, consensus on the importance of different issues and consciousness of the issues. Conflict size can be understood as the expected difference in the value that an individual would receive if he or she finds the outcome of a conflict as positive, in comparison with the values that would be received if the outcome is perceived as negative and the other actor perceives it as positive. The more concordant the interests of the actors in conflict, the smaller the size of the conflict. Conflict size as defined by Deutsch is left out of the spectrum of this study. From the viewpoint of this study, centrality of the issues can be compared with the importance of conflict, which is included as an element of conflict in this study. The number of issues (Deutsch 1973) can be understood as frequency, which in this study is disregarded as one of the elements of conflict in focus. The reason therefore is that frequency in the form of a number is merely a quantitative element and is therefore not considered as most suitable for the aim of increasing our understanding of the nature of conflicts. Consciousness of the issues (Deutsch 1973) resembles of the visibility of conflicts, which is included in this study. Although Deutsch’s ideas originate from a research tradition of social sciences, they are still mentioned here because it appears that scholars within business studies have been influenced by similar thoughts as they have developed their view of the nature of conflicts.

Within distribution channel research Rosenberg (1974) uses “the nature of conflict” in order to describe the conflict process, conflict situations, conflict issues, conflict resolution and conflict measurement. This view shows that the substance of the nature of a conflict can be very broad, depending on the perspective of the researcher. There is, though, a danger with using a too broad meaning of the nature of conflict, because then there is a risk of trying to mix different perspectives of a conflict that are not naturally compatible. As can be seen from Rosenberg’s (1974) understanding of the nature of conflict, conflict resolution is included. Many of the earlier studies within conflict research have been focused on resolution or management of conflict, which also involves different techniques for coping with conflicts. There are various techniques for coping with conflicts and some of these are problem solving, bargaining and negotiations. Different techniques for coping and managing conflicts are deliberately
not included in the nature of conflict in this study. The basic idea in this study is to concentrate on the conflict in itself, and not on techniques applied by individuals in order to stimulate, manipulate or resolve the conflict. Before starting to use techniques for resolving or managing a conflict one needs to be aware of what the conflict is all about.

Here the nature of a conflict can be illustrated as a portfolio consisting of different elements. The portfolio is based on the concepts of issue and intensity concerning conflicts. Eriksson (1989) also includes issue and intensity when she discusses the nature of conflicts. The issue of a conflict is here understood as the cause and topic of a conflict, while the intensity of conflict involves the importance and outcome of a conflict.

The issue of a conflict can be described as the object of the conflict, which includes the topic of the conflict and the cause of the conflict. The topic of conflict deals with the question what the conflict is all about. The topic of a conflict is visible as it is perceived and expressed by at least one of the actors within a business relationship. Some topics of conflict may be perceived by only one of the actors involved in the relationship, while some conflicts are perceived by all actors. In situations when the topic is perceived by only one actor, the conflict is partly hidden. The cause of a conflict is one of the most central elements that need to be identified when aiming at understanding the nature of conflicts. The cause of conflict answers to the question as to why the conflict has occurred and it has an impact on the topic of the conflict.

It is important to make a clear distinction between the cause and topic of a conflict. The difference can be illustrated by the following examples. One actor may for example perceive that the other actor has sold products to a customer that belongs to the first actor. In this case the topic of the conflict is “sold products”, but the cause can be a gap in the contract between the parties. Another example is a situation when the actors disagree over the enforcement of a new environmental standard. The cause of this type of conflict situation may be that the actors have different financial resources in order to carry out the standard requirements. The topic of the conflict is the enforcement of the new standard. It is moreover worth noticing that the same aspect (for example goal incompatibility) in some conflict situations may constitute the topic of the conflict, while in others it may be the cause of the conflict.

The intensity of a conflict is related to its importance and outcome. There are several aspects that have to be taken into consideration concerning the importance of a conflict. The importance may be related to the issue of the conflict. One actor may perceive the topic of a conflict as very important while the other actor perceives it as unimportant. A conflict may be considered as important if it is caused by critical factors that may also have great impacts on future conflicts. Some issues of conflict may include strategically important issues, while others may involve more routine tasks. Strategically important issues can in general be considered as more important than conflicts involving routine issues. Some conflicts are only minor irritations, while others can be widespread quarrels. A conflict that involves several individuals and/or departments can generally be considered as more important than a conflict involving only a few actors.
The outcome of a conflict can also be understood as the result of a conflict. Sometimes the outcome can be challenging to identify, because it can be hard to measure the end of a particular conflict situation. The outcome of one conflict situation may be the cause of a future conflict. A simple, but realistic way of analyzing the outcome of a conflict is to view it as positive, negative or both. It is the perceptions of the actors involved that are taken into consideration when analyzing the outcome. An outcome of a conflict can be considered as positive if all actors (company level) involved perceive it as positive. The outcome of a conflict is negative if all actors perceive it as negative. If one of the actors perceives the outcome as positive, while the other perceives it as negative, we can see it as a mixed outcome. In this study the intensity of a conflict is divided into the importance of the conflict and the outcome of conflict. In other words intensity can be understood as the “strength” of a conflict. The intensity of a conflict is related to the issue of the conflict. The importance of a conflict is analyzed with respect to the cause and topic of the conflict and the outcome of a conflict may give rise to new causes of conflict.

3.3.1 Cause

The cause of a conflict can be hard to identify, but it is essential to grasp when the management of the conflict comes into question. If one intervenes without a proper diagnosis of the conflict, there is a likelihood that one is trying to solve the wrong problem. A proper diagnosis involves identification of the cause of the conflict. The results of the diagnosis indicate whether there is any need for and also the type of intervention necessary for managing conflict (Rahim 1986).

At the same time when the amount of possible topics for conflict is nearly infinite, the causes of conflict may also be innumerable. One can speculate that there are as many causes as there are conflict situations. In a comparison to topics of conflict, causes of conflict are more difficult to grasp. When identifying and analyzing causes of conflict it can therefore be helpful to use some type of classification criteria. In this study inspiration for a categorization of causes of conflict has been taken from a certain stream of research within the business network approach, namely: dissolution of industrial relationships. During the last century this particular stream of research has attracted more and more attention for example in studies by Alajoutsijärvi, Möller and Tähtinen (1999) and Tähtinen and Halinen-Kaila (1997). There is a logical indirect connection between dissolution of business relationships as well as conflicts within business relationships. These offer a new perspective of business relationships: “negative” elements of business relationships. Dissolution is seldom considered as positive, because the actors have usually invested a lot of resources into the relationship. A conflict is traditionally considered as negative, although this perception can be further elaborated on (see section 2.2). There is also a more direct connection between conflict and dissolution as a potential reason for dissolution of business relationships can be a hidden or unmanaged conflict.

Within the research stream of dissolution of business relationships Tähtinen and Halinen-Kaila (1997) have examined the reasons (causes) for dissolution. Referring to
the discussion in the previous paragraph, causes of dissolution can be used as a guideline when identifying causes of conflict. Tähtinen and Halinen-Kaila (1997) have categorized the causes of dissolution of business relationships into three different groups. The causes can stem from the actors (here organizations) involved in the relationship, from the dyad (which in this study is interpreted as the relationship in itself) or from the network (here interpreted as an external dimension). These reasons for dissolution are described by the authors as precipitating events of relationship dissolution. Precipitating events occur within the established relationship in comparison with predisposing factors that already exist when the actors enter into a relationship.

Here potential causes of conflicts in intercompetitor cooperation are divided into organizational-, relationship- and externally related causes. Organizational related conflicts are derived from actor related conflicts. In Tähtinen and Halinen-Kaila (1997) actor related conflicts can involve both an individual and an organizational dimension but since this study excludes individual aspects of conflicts, organizational related conflicts is considered as a more appropriate term to use than actor related conflicts. Examples of organizational conflicts are differences in goals and values as well as incompatible organizational cultures. Relationship related conflicts imply the interaction and exchange processes that take place between the actors. Externally related conflicts are causes of conflict that the actors involved in the relationship have no or little control over. One of the basic principles of the business network approach is that no business relationship is an island, which implies that every relationship affects and is affected by other relationships within the industrial network (Håkansson and Snehota 1995; Johanson and Mattsson 1993).

**Organizational related causes**

The most commonly presented causes of interorganizational conflict are: 1) competition for scarce resources, 2) desire for autonomy, 3) goal divergence and 4) perceptual incongruities (Kochan, Huber and Cummings 1975; Perry and Levine 1976; Pondy 1967; Rosenberg and Stern 1971). A desire for autonomy can be compared with some general factors that have an impact on the emergence of a conflict such as if the actors are independent or dependent and if they have different or similar status (Jameson 1999). Stern and El-Ansary (1977) also argue that dependency may constitute a seed of conflict. According to Schmidt and Kochan (1972) the occurrence of a conflict is dependent on to what extent necessary resources are shared as well as the degree of mutual dependence. Walton and Dutton (1969) present among others the following causes of conflict for interdepartmental conflict: mutual task dependence, task-related asymmetries, ambiguities and dependence on common resources. Mutual task dependence has to do with the units’ dependence upon each other for assistance, information, compliance or other coordinative tasks. Task-related asymmetries may involve power-dependence and status or ranking. Ambiguity can involve uncertainty concerning the means to goals or the criteria used to evaluate the performance of a unit. Additionally there exists a potential for conflict when two units depend on a common pool of scarce resources such as manpower, equipment, capital and centralized services.

Dependence is often related to power, which can further be related to autonomy. There are basically two different streams of research into conflicts and power within
interorganizational relationships. According to one stream of research conflicts are a result of power, while the other stream suggests that acts of power follow a conflict (Gaski 1984). Bucklin and Sengupta (1993) argue that an unbalanced division of power in an industrial relationship can give rise to conflicts. They further state that an unequal division of power can have a negative impact on the efficiency of the relationship. In a study of the relationship between conflicts and power within distribution channels, Lusch (1976) came to the conclusion that forced methods of power application tend to give rise to a greater amount of conflicts. A characteristic of forced methods of power is that one actor in some way or another takes the right to punish the other part.

According to Molnar and Rogers (1979) interdependence is in itself a source of conflict because it tends to increase awareness of latent conflicts. The basis of interorganizational cooperation is to find the right balance between cooperating and sharing on one hand and preserving one's autonomy on the other. Intercompetitor cooperation means coalition of different organizational cultures and this may give rise to conflicts. Cooperation usually involves compromises, which indicates that each company has most likely to give up something. An organization has specific goals, values, norms and traditions that are usually deeply rooted in the operations of a company. A compromise might make one actor feel neglected or degraded, which in turn can give rise to a situation of conflict. One actor may also perceive that the other actor in some way operates in a manner that is inconsistent with the values of the first actor. If competitors have similar norms and values this may lead to a better understanding of how the other actor behaves. An equal leadership style and organizational culture are considered as important factors in an industrial relationship (Bucklin and Sengupta 1993).

Stern and El-Ansary (1977), Stern and Gorman (1969) as well as Schmidt and Kochan (1972) present goal incompatibility as a common cause of channel conflict. Rahim (1986) also argues that goal conflicts can be classified as a cause of conflict. Goal conflicts occur when a desired outcome or an end-state of two entities is inconsistent. According to this definition potential conflicts arising out of inconsistent goals can be considered as natural in intercompetitor cooperation, since by definition competitors have the similar end goal of reaching the same customer. This can be viewed as some kind of inherent goal conflict that is more or less built into intercompetitor cooperation. Competitors can moreover have other goal conflicts that are related to more operational issues. Gomes-Casseres (1999) argues that classic sources of conflict are overlapping markets and businesses. The findings of a study on international joint ventures by Hyder (1988) also indicate that differences in goals give rise to conflicts between the actors in all of the examined cases. One example that arose from his study is that local partners were interested in immediate profits, while the foreign partners treated their joint ventures as long-term investments. Disagreements concerning long-term planning involved differences in the choice of the major area of activity. The hypothesized causes of conflict in Rosenberg and Stern's study (1971) are goal incongruity, domain dissensus and perceptual differences. The results of their study on levels of conflict in a distribution channel reveal that concerning the manufacturer-distributors dyad, the conflict levels were significant for goal disparity and perceptual differences. Concerning the distributors-dealers dyad, the conflict causes that appeared as significant were
perceptions and domains. Differences in perceptions of reality have furthermore been identified as sources of conflict by Stern and El-Ansary (1977) as well as Stern and Gorman (1969). Different perceptions of reality mean that there will be different bases of action in response to the same situation.

Another aspect that can constitute a source of conflict in relationships between competitors is role-confusion or dissatisfaction. According to Walton and Dutton (1969) role dissatisfaction means that there is a gap between the existing role and the desired role of an individual, group of individuals or companies. At the same time when the actors in a business relationship have to preserve their own competitive advantage, they also have to share and adapt in the relationship with the other actor. The companies can simultaneously be characterized as partners and competitors. Stern and Gorman (1969) also state that roles can constitute a cause of conflict in interorganizational cooperation. According to Bengtsson and Kock (2003) there is a tension whenever a company concurrently has different conflicting roles in a relationship with another company.

When defining a competitor it seems to be more appropriate to talk about roles or positions within the network, instead of directly relating it to horizontal cooperation. According to DiStefano (1984) the dynamic nature of today’s business environment requires that the theoretical formulations keep pace with the reality they aim to describe. Sometimes it can be hard to identify and define different actors within an industrial network. The relationships that link the actors together can be multidimensional. The complexity of the nature of industrial relationships can be illustrated by the following example: Firm A and B cooperate concerning the promotion of a new industry standard, they compete for the same customer groups and A every now and then sells production items to B. In this particular case, A and B would at the same time be cooperation partners, competitors and supplier/customer in relation to each other. They are accordingly cooperating both horizontally and vertically. Another example of the multifaceted nature of today’s business relationships can be found in Vaaland (2001) where a buyer defines the seller as a supplier, a cooperation partner and a competitor. Easton and Araujo (1992) also argue that each actor within an industrial network can have a variety of roles depending on the perspective taken (customer, supplier, competitor) as well as the activities carried out (distributor, supplier, consultant). The perspective may furthermore differ depending on who is defining the actors. Although two companies are generally perceived as competitors from a societal perspective, they may themselves view each other as cooperation partners.

Another issue, which further complicates the definition of the actors in business markets is that the roles within a relationship may vary from one point of time to another. This means that two companies may have a history of being competitors with no cooperation at all, while they are at present cooperating by offering their products on the market through the same sales agent. The competitors may even simultaneously be suppliers and competitors in relation to each other. The concurrent existence of these roles can be explained by the fact that they are related to different activities within the relationship.

Within the context of marketing channels Etgar (1979) divides causes of conflict into attitudinal and structural. Attitudinal causes of conflict are associated with conflicts about channel roles, expectations, perceptions and channel communications. A situation
of conflict may arise if channel members deviate from their established roles and do not perform as is expected by other companies within the channel. Different expectation may be generated by differences in information availability, information processing capacities and experience. Channel members may furthermore have incompatible perceptions of the channel and its environment. Conflicts caused by communication are for example desire for secrecy, lack of motivation for information transmission and use of unknown concepts and ideas. Structural causes of intrachannel conflict are: goal divergence, drive for autonomy and competition for scarce resources. (Etgar 1979)

According to Schmidt (1974) the most common causes for conflicts in organizations have to do with information, perceptions and roles. Conflicts related to information are caused by the fact that the actors have received different information and thus received a different understanding of the conflict topic. Conflicts caused by perceptions mean that although the actors have received the same information, their past experience causes them to interpret it in different ways. As far as roles are concerned, they cause actors to take different perceptions.

*Relationship related conflicts*

Causes of conflict that can be found on a relationship level represent the interaction and exchanges taking place between the actors. Competitors can cooperate within different sectors of activities for example purchasing, research, manufacturing or marketing. The cause of a conflict can likewise be found within different sectors of the activities. The conflict can be rooted in different priorities concerning resources and activities. It is challenging to identify the causes of a conflict on the relationship level, because resources and activities are embedded in a larger set of resources and activities. Activities that are in the centre of the cooperation may also have a genuine historical background that further complicates the identification.

Kaufmann (1995) argues that an un-cooperative, opportunistic behaviour is usually more attractive for competitors. He further argues that competitors tend to cooperate within areas of low plasticity and risk. The cooperation is often based on previous positive experiences with the other actor. Empirical studies have shown that competitors usually cooperate within research and development, while they compete concerning distribution and marketing. This indicates cooperation within operational activities that are further away from the customer and competition within areas closer to the customer. (Kaufmann 1995; Bengtsson and Kock 1999; Bengtsson, Kock and Laine 2000) Similar results are presented by Levmore (1998), who writes that competitors are more willing to cooperate concerning capital than labor. He illustrates this with examples from the car industry, where competitors avoid cooperation concerning the recruitment of designers and advertising agents, while they are willing to cooperate within purchasing of steel and tires from the same suppliers.

While the similarities between the companies constitute a driving force for cooperation, they may also be the biggest threat towards the cooperation as a whole. According to Molnar and Rogers (1979) similarity may constitute a source of conflict. In relationships of a modest degree of similarity the extent of a conflict is constrained by
the narrow scope of the relationship. In relationships of high similarity, a conflict can easily spread into other areas. (Molnar and Rogers 1979)

Competitors tend to avoid cooperation within areas that constitute an important source for their own core competence, for example marketing or key personnel. Competitors tend to keep secret knowledge that is part of the core competence that forms competitive advantage. When companies simultaneously apply a cooperation based and a competition based strategy there is a risk of conflict if one actor gets access to valuable information that in some way can weaken the other actor’s competitiveness within areas that were supposed to be outside the cooperation. This can be called uncontrolled revelation of information (Bresser 1988). When both actors are equally interested in internalizing the other actor’s knowledge, distrust and conflicts might disturb the harmony in the relationship, which eventually can lead to dissolution of the cooperation as a whole. (Hamel, Doz and Prahalad 1989) According to Stern and El-Ansary (1977) conflict in distribution channels can be caused by differences in domain definitions across the channel members. A channel domain consists of four critical elements: population to be served, territory to be covered, functions or duties to be performed and territory to be used in marketing. This can be related to the division of work between the cooperating actors.

*External*

As two or more competitors cooperate, the operations and exchanges that occur within the cooperation effects and is effected by connections to other actors outside the focal cooperation. If a situation of conflict arises within a cooperative arrangement between competitors, it may be related to the surrounding network of relationships. Every element of the nature of the conflict, i.e. topic, cause, importance and outcome, can be related to the external relationships of the focal cooperation.

The results of Vaaland’s (2002) study reveal that nearly half of the conflicts were interconnected with parties outside the dyadic relation. If a conflict originates from an external level it means that it is difficult for the actors to influence the situation. The basic argument of the business network approach is that no business is an island, which means that the relationship between two companies affects and is affected by the surrounding network of other relationships. A change in one relationship may lead to a change in another and vice versa. (Håkansson and Snehota 1995; Johanson and Mattsson 1993) From a conflict perspective this means that the cause of a conflict in an interorganizational relationship can be found within the surrounding network of the actors involved in the relationship in question. The external source of conflict may either be directly related to both parties involved in a conflict situation or it may be directly related to one part and thereby indirectly to the other. Examples of external sources of conflict can be relationships to customers or suppliers.

According to Bengtsson (1994) competitors often try to avoid cooperation, while companies that are situated after each other in the distribution chain strive to maintain cooperation. Cooperation between competitors can sometimes be forced by some external factor. The motive for cooperation can therefore be considered as reactive and simultaneously gives rise to rivalry and conflicts. It seems like competitors avoid
cooperation with each other if they can manage on their own, while cooperation is attractive in a situation of crises, when the knowledge and resources of a competitor is the only way to survive. An empirical study by Laine and Åhman (2000) shows that competitors started to cooperate in order to expand internationally and thereby avoided a national economic recession.

Within channels research Molnar and Rogers (1979) take the surrounding network into consideration when studying interorganizational conflicts. They view the network as a contextual variable that may have an impact on interdependence and conflict relations. A conclusion from their study is that relationship to third parties may give rise to conflicts by limiting the autonomy of the focal actors in decisions about the amount and type of interaction that is desirable. The notion of external conflict is also presented in Bertrand (1972), who from a social science perspective argues that a conflict is external when it exists beyond the limits of one system.

External factors affecting a focal business relationship can also be related to for example natural catastrophes that are out of the control of a company.

Summary

In this section causes of conflicts are grouped into organizational, relational and external. These concepts used for grouping existing literature is based on Tähtinen and Halinen-Kaila (1997), who focus on the dissolution of business relationships and apply a similar division of causes for dissolution. Concerning causes of conflicts, this section presents several different causes of conflicts that may be relevant concerning intercompetitor cooperation. Examples of causes are competition for scarce resources, desire for autonomy, goal divergence, power and roles. On a relationship level causes are expected to be found within the interaction and exchanges occurring between companies. Relationship related conflicts may involve questions such as where to cooperate and to compete. A basic issue within the business network approach is that each relationship affects and is affected by other relationships. If we want to understand something from a network perspective we do also have to regard actors outside the focal spectrum of the study. Not only actors representing for example companies should be regarded but also for example natural catastrophes that may have an impact on conflicts within focal business relationships.

3.3.2 Topic

The topic of a conflict can be described as what the conflict is all about. The topic is considered as visible, when it is perceived and expressed by the actors. Goldman (1966) defines conflict topics as classes of subject-matter giving rise to conflictful relations between two or more actors. According to him the topics are observable structural features of organizations. Within the business network approach studies about topics of conflict are seemingly nonexistent. Channels research seems to lack a broad spectrum of studies of topics of conflict. The topic of conflict, as it is defined in this study, can be compared with the issue of conflict applied by scholars within channels research (e.g.
Reve and Stern 1979; Rosenberg 1974), who do not make a distinction between topic and cause of conflict.

One possibility of elaborating and conceptualizing topics of conflict could be to use the means-end chain model. The model provides a theoretically elaborate conceptualisation of the abstraction of consumers’ product knowledge (Lin and Fu 2005). It is a conceptual tool which provides understanding on how customers perceive the self-relevant outcomes of product use and consumption. The means-end chain model distinguishes between different levels of abstraction, ranging from concrete attributes to abstract values. (Reynolds and Gutman 1988) It becomes apparent from existing research that topics of conflict can be articulated both on a concrete and abstract level. It may, however, also be so that although a concrete topic of conflict is articulated, there may still be consensus at a higher level of abstraction. The actors may agree on the fact that increased sales are important, but the actors may disagree when it comes to the concrete means of achieving this goal. These ideas could perhaps also be related to findings from studies by Kaufmann (1995), Bengtsson and Kock (1999) as well as Bengtsson, Kock and Laine (2000), who show that competitors often compete within activities near to the customer, while they cooperate within activities far away from the customer. It is the first perspective that will be applied throughout this work, i.e. exploring topics of conflict both on a concrete and abstract level. The second suggested perspective is not applied in this study because then the researcher would have to focus more thoroughly on the cooperative aspects of the relationships.

When examining studies on topics of interorganizational conflict two broad types can be found. Firstly there are studies outlining the topics of conflict on a detailed level and secondly there are those categorizing the topics into broader groups. The advantage of one approach constitutes the disadvantage of the other. A phenomenon is easier to grasp and compare with other studies if it is categorized into certain groups. A disadvantage is that one might overlook unique aspects and thereby receive a simplified and narrowed view of reality.

Within channels research, Stern and El-Ansary (1977) as well as Reve and Stern (1979) have found out that conflicts can occur over a number of topics, which include: 1) how much inventory should be carried by various members, 2) who has the right to represent a particular product within a given area, 3) whether prices and service are being maintained at reasonable levels and 4) why distributors are sometimes bypassed via direct selling. In a comprehensive study of distribution channels, Rosenberg (1974) found the following conflict topics:

-Delivery of product  
-Product shortages and inventory problems  
-Procedures for handling complaints  
-Errors in billing  
-Disagreements over pricing  
-Resistance to changing policies and programs  
-Containers and packaging
Another study within channels research has been carried out by Webster (1976), who presents the most common conflict topics arising between manufacturers and industrial distributors. These are:

- Policy regarding the handling of large accounts
- Required inventory stocking levels for the distributor
- The quality of distributor management
- Overlapping distributor territories
- Size of distributor margins and the distributor’s primary obligations and loyalty to the customer or to the supplier

Some similarities can be found in the above-mentioned studies. Required level of inventory appears as a conflict topic in all studies as well as the price level. It seems like the above-presented conflict topics can be seen as very typical particularly within a distributor channels setting. This argumentation would indicate that the topics of conflict are highly context and relationship-specific. In other words, this would further imply that the topics of conflict within a distribution channel are not necessarily comparable with those within intercompetitor cooperation.

However the studies by Reve and Stern (1979), Rosenberg (1974), Stern and El-Ansary (1977) as well as Webster (1976) are open to a broad spectrum of different conflict topics. Dant and Schul (1992) make a categorization and distinguish between policy issues and operational issues. Policy issues involve contractual arrangements, delivery standards and product line requirements. Operational issues, on the other hand, include for example facilities, programs and activities. Another study within channels research that applies a broad spectrum is by Molnar and Rogers (1979), who distinguish between two types of conflict in interorganizational relationships: structural and operating conflict. A structural conflict involves the rules that govern a relationship. It relates to the basic identities and responsibilities that define a relationship. It furthermore reflects an inability to establish or maintain the basic rules or principles that exist within the relationship. An operating conflict is related to the interpretation and application of the rules that govern a relationship. A similarity between Dant and Schul (1992) and Molnar and Rogers (1979) is that conflict topics are divided into topics that can be directly related to the operations of the actors and topics related to procedures governing the operations. This division seems to be clear and logical.

Stern and Gorman (1969) found out that conflicts within distribution channels tend to occur over policies and procedures used to reach individual channel members’ goals rather than the incompatible goals themselves. This is an interesting finding as far as intercompetitor cooperation is concerned. Goal incompatibility can be seen as something inherent within intercompetitor cooperation and according to Stern and Gorman’s (1969) study, this goal incompatibility is not in itself a topic of conflict. Rather we can see topics of conflict over the means behind the goal incompatibility.

Within social sciences Goldman (1966) notices that there is scarce research within social conflicts that focus on the topics about which disagreements take place. Goldman (1966) uses conflict topics to illustrate three types of disagreements: a) disagreements about task-expectations associated with a position, b) disagreements about the role-
performances of particular incumbents of that position and c) disagreements about the conditions of incumbency of the person in the position. Although these classes of conflict are derived from a social perspective, we can still recognize some potential similarities with intercompetitor cooperation from an organizational perspective. Topics of conflict concerning tasks can be related to the division of work between the competitors. Roles were earlier presented as causes of conflict, but based on Goldman (1966) roles can also constitute the topic of a conflict.

Visible and hidden conflicts

Scholars (for example Pondy, 1967 and Deutsch, 1969) usually make a distinction between overt/latent conflict and covert/manifest conflict. In this study the terms of visible and hidden conflict are used in order to describe similar phenomenon, because these terms are considered to be more distinct and enlightening. It is the perceptions of the informants that are central when deciding if a conflict is visible or hidden. Visible conflict can briefly be described as a conflict that is perceived by all parties involved. A conflict is hidden if none of the actors are aware of its existence, meaning that the opinions of the actors are incompatible. A third party, for example a researcher, has the possibility of detecting hidden conflicts. The division of a conflict into hidden/visible is complicated, because on one hand the conflict can be visible, while on the other it can be hidden. This can be compared with a statement by Goldman (1966), who argues that sometimes it can be difficult to tell whether a fight or a love affair is going on. If a conflict is perceived by only one of the actors involved it is here named partly hidden conflict.

According to Rosenberg (1974) most conflict is hidden and becomes visible with an incident. This statement indicates that the “seeds” of a conflict may exist years before we notice it. Similar ideas are put forward by Bernard (1949), who argues that actual conflict may exist in hidden form years before there is a clear formulation of the topic. She stresses the danger of seeing the visible conflict as the conflict itself, because the “true issue” may be much deeper than the topic on the surface. She further writes that it is a mistake to limit the thinking about a conflict to visible conditions. Bernard (1949) argues that we must focus on hidden conflict that goes on from one day to another in various degrees of intensity. If we do not concentrate on identifying hidden conflicts, they may burst into serious visible conflicts that have a major impact on the relationship. Visible conflict may be easier to detect that hidden conflict. When analyzing hidden conflict, it is important to understand whether the conflict is simply a triggering of an old, unmanaged conflict or if it really is something new (Boulding, E. 1964).

Deutsch (1973) applies the concept of displaced conflict concerning situations where experienced conflict is visible, while that which is not directly expressed is the hidden conflict. The visible conflict may reflect the hidden conflict in a symbolic manner. An indirect form is usually considered as “safer”, when the conflict actually involves issues that seem dangerous to deal with in a more direct manner. A visible conflict may also simply reflect a general irritation or tension within an industrial relationship. This irritation results from a hidden conflict.
We should concentrate both on hidden and visible conflict in order to be able to understand the full meaning of conflicts (Coser 1956). A great deal of the existing research within interorganizational conflict is focused on visible conflict. Visible conflicts are easier to detect than hidden, but the hidden conflicts may still be more important. Since there can be a connection between hidden and visible conflicts, it is essential to consider both.

**Summary**

It becomes apparent from the presentation in this section that studies of conflict topics are seemingly nonexistent both within the business network approach and channels research. One reason therefore could be that a conflict topic can involve almost anything. In this study it is still considered as valuable to study conflict topics because it seems like they are central elements within the nature of conflicts. Summing up topics of conflict, it seems reasonable to argue that they are highly context specific and thereby topics of conflict within distribution channels can be totally different from those within intercompetitor cooperation. As far as categories of conflict are concerned, the same categories could probably be found within various settings. It seems reasonable to start analyzing topics of conflict in intercompetitor cooperation by taking on a holistic, i.e. detailed perspective and if possibly thereafter divide the detailed topics into broader groups of topics. One aspect that should be noted is that roles can be coupled both with cause and topic of conflict. This indicates that a certain aspect may be related to different elements of a conflict depending on the circumstances. In this section it has also been argued that we should concentrate both on hidden and visible conflicts.

**3.3.3 Importance**

The importance of a conflict as it is understood in this study can be related to the level of conflict that has often been applied in similar research settings. The level of a conflict is considered to be less informative than the importance of conflict. For example Fink (1968) notices different levels of conflict as he distinguishes between small-scale conflicts and large-scale conflicts. In Pruden’s study (1969) interorganizational conflict is also considered to vary from high to low levels of conflict relations between two organizations. A similar conceptual use of the level of conflict is found in a study by Rosenberg and Stern (1971), who write that the longer the respondents had been working within the company, the higher the level of conflict with the manufacturer. The findings also show that the greater one respondent’s dissatisfaction with another’s performance, the higher the conflict level between them. The results of the study further indicate that all participants were so busy increasing sales that many conflict issues were reduced to relatively minor irritants. The notion of minor irritants in combination with a discussion of levels of conflict leads us one step nearer to the meaning of the importance of conflict as it is applied here. Cadotte and Stern (1979) propose that the level of conflict within a channel is dependent on the importance to the parties of the issues about which conflicts occur. Consequently, conflicts involving unimportant issues should contribute less to a measure of channel conflict than conflicts over very important issues. According to Hyder (1988) the level of conflict can be identified through distinguishing between day-to-day activities and more strategic matters. More
routine conflicts are expected to be of a lower level than conflicts concerning strategic issues. By reviewing how the above-mentioned scholars have treated level and importance of conflict we can recognize that importance of conflict is treated in more detail compared with level of conflict. This further means that the importance of a conflict gives us a deeper understanding.

Another concept that can be related to importance of conflict is intensity of conflict. Magrath and Hardy (1988) describes the intensity of conflict as ranging from minor flare-ups that are easily forgotten to major disagreements characterized by terminations, lawsuits or other types of counter sanctioning. Rosenberg (1974) also states that the issues of conflict in his study varied in intensity from minor irritation to crisis. When researching stress in interorganizational relationships Holmlund-Rytkönen and Strandvik (2003) write that how negative the experiences are may vary from non-existent to significant. By this the authors conclude that the stress level may consequently vary from none to significant. Although the study by Holmlund-Rytkönen and Strandvik (2003) is of a quantitative nature it still illustrates differing stress levels, which may be compared to conflicts, as they are both generally perceived as negative.

The importance of a conflict in this study is analyzed with respect to the perceptions of the informants. A conflict is expected to be of greater importance if it concerns strategically important issues and of less importance if it involves minor routine issues. It is also worth taking into account the recognition by Brown and Day (1981) that even though conflicts concerning a particular issue may be frequent, the impact of such conflict may be small if the issue is of little or no importance to the parties concerned. This further implies that even a few conflicts involving very important issues can have huge implications.

Summary

It becomes apparent from the literature review that the importance of conflicts are often described as varying from low to high levels, small-scale to large-scale or day-to-day activities and more strategic long-term issues. It is, however, arguable that the importance of a conflict should not be analyzed only in light of its frequency, because a conflict occurring only once may be perceived as very important, while a conflict that is occurring almost on a daily basis may be regarded as unimportant. Previous research focusing on the importance of conflicts has mainly been focused on different levels of importance. In this study it is argued that it would be valuable to know on what basis conflicts are regarded to have different potencies. It is important to understand the circumstances on which a conflict is regarded as important or unimportant. Here other elements of a conflict situation may become relevant, such as the cause, topic and outcome of conflicts.
3.3.4 Outcome

*Conflicts can be fun when they are not taken too seriously.* (Tjosvold and Johnson 1989:11)

Here outcome is viewed as an element of the nature of conflict. Another term that can be used to describe the outcome is the result of the conflict. An argument for including the outcome within the nature of conflict is that it exists although there has been no management of the conflict. In this study the outcome is also something more than the ultimate result of the conflict. The outcome of a conflict shines through the whole conflict situation as it can be recognized with respect to other elements of the situation. In this study the outcome is related to the intensity of the conflict as it may have implications for future conflicts.

A conflict is generally viewed as negative, as it is defined as a situation in which at least one of several interconnected actors perceives incompatibility in relation to the other actor/s. A conflict can, however, have consequences that are largely positive (Assael 1969; Anderson and Narus 1990; Dwyer, Schurr and Oh 1987). Filley (1975) argues that a conflict in itself is neither good nor bad. It is the outcome of the conflict that is either favourable or unfavourable depending on the measures used and the subjective criteria of the actor that judges the results. Hamel, Doz and Prahalad (1989:134) stress: “harmony is not the most important measure of success”. They further argue that conflict may be the best proof of mutually beneficial collaboration. Eckert and Rinehart (2005:144) write

> Current literature on close exchange relationships between organizations indicates that the success of these relationships hinges on the type of variables that at one time would have been reserved for a discussion of personal relationships: trust, commitment, communication effectiveness. If these variables are relevant, why not consider the concept of conflict leading to constructive outcomes?

According to the viewpoint of this study, a conflict can initially be considered as negative due to the incompatibility involved in a conflict situation. The outcome of a conflict may on the other hand be negative, positive or both. All actors involved may perceive the outcome of a conflict as favourable, but the situation may also be reverse so that all actors perceive the outcome as negative. The situation becomes further complicated if one actor perceives the outcome as positive and the other as negative. In this study the outcome of a conflict is categorized as mutually positive (+/+), mutually negative (-/-) or mixed (+/- or -/+). A mutually positive conflict implies that both parties are satisfied with the outcome of the conflict. A mutually negative conflict is a situation where both parties to some extent feel that the outcome of the conflict is negative. A mixed outcome of a conflict means that one party is satisfied, while the other is dissatisfied with the outcome. This situation can also be described as a win-lose situation, where one actor has gained and the other has lost. These kinds of situations may cause a new conflict to arise.
We should furthermore consider the possible effect of more or less hidden positive outcomes of a conflict. Although the parties may feel defeated with the outcome of the conflict, the conflict situation as a whole could have led to clarification of ideas or cohesion of teamwork.

The categorization of outcomes in this study can be compared with March and Simon (1958), Rahim (1986) and Deutsch (1973). Rahim (1986) talks about purely cooperative conflicts ("positive-sum-games") and pure competitive conflicts ("zero-sum-games" or "negative-sum-games"). He further states that most managerial conflicts can be characterized by both cooperative and competitive aspects, i.e. mixed conflicts. Deutsch (1973) makes a distinction between destructive and constructive conflicts. A conflict is destructive if the actors are dissatisfied with the outcome of the conflict. A conflict is constructive if all actors are satisfied with the outcome. An overview of positive and negative outcomes of conflict is presented in Table 5.
Table 5 Positive and negative outcomes of conflict

<table>
<thead>
<tr>
<th>Positive outcomes</th>
<th>Author and year</th>
<th>Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased awareness</td>
<td>Tjosvold &amp; Johnson (1989)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td>Better ideas</td>
<td>Schmidt (1974)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td></td>
<td>Tjosvold &amp; Johnson (1989)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td>New approaches</td>
<td>Litterer (1965)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td></td>
<td>Schmidt (1974)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td></td>
<td>Filley (1975)</td>
<td>Interpersonal conflicts</td>
</tr>
<tr>
<td></td>
<td>Rahim (1986)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td></td>
<td>Walton (1987)</td>
<td>Interpersonal conflicts</td>
</tr>
<tr>
<td></td>
<td>Tjosvold &amp; Johnson (1989)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td>Long-standing problems are dealt with</td>
<td>Schmidt (1974)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td>Clarification of ideas</td>
<td>Schmidt (1974)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td></td>
<td>Gemünden (1985)</td>
<td>Vertical cooperation</td>
</tr>
<tr>
<td>The tension stimulates interest and creativity</td>
<td>Deutsch (1973)</td>
<td>Intrapersonal-, interpersonal- &amp; intergroup conflict</td>
</tr>
<tr>
<td></td>
<td>Schmidt (1974)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td></td>
<td>Rosenberg (1974)</td>
<td>Distribution channels</td>
</tr>
<tr>
<td></td>
<td>Tjosvold &amp; Johnson (1989)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td></td>
<td>Gomes-Casseres (1999)</td>
<td>Interorganizational conflicts</td>
</tr>
<tr>
<td>Increase in group cohesion</td>
<td>Filley (1975)</td>
<td>Interpersonal conflicts</td>
</tr>
<tr>
<td>Increase in performance</td>
<td>Filley (1975)</td>
<td>Interpersonal conflicts</td>
</tr>
<tr>
<td>People’s capacities are tested</td>
<td>Schmidt (1974)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td>Demonstrating a need for change</td>
<td>Litterer (1966)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td></td>
<td>Rosenberg (1974)</td>
<td>Distribution channels</td>
</tr>
<tr>
<td></td>
<td>Tjosvold &amp; Johnson (1989)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td>Increased flexibility A critical review of past actions</td>
<td>Gomes-Casseres (1999)</td>
<td>Interorganizational conflicts</td>
</tr>
<tr>
<td></td>
<td>Assael (1969)</td>
<td>Interorganizational conflicts</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Negative outcomes</th>
<th>Author and year</th>
<th>Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>People feel defeated</td>
<td>Schmidt (1974)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td>Increased distance between people</td>
<td>Schmidt (1974)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td>A climate of distrust and suspicion</td>
<td>Schmidt (1974)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td>Resistance to teamwork</td>
<td>Schmidt (1974)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td>People leave</td>
<td>Schmidt (1974)</td>
<td>Intraorganizational conflicts</td>
</tr>
<tr>
<td>Reduced efficiency</td>
<td>Rosenberg (1974)</td>
<td>Distribution channels</td>
</tr>
<tr>
<td>Increased costs</td>
<td>Rosenberg (1974)</td>
<td>Distribution channels</td>
</tr>
<tr>
<td>Resistance to resolve future conflicts</td>
<td>Rosenberg (1974)</td>
<td>Distribution channels</td>
</tr>
<tr>
<td>Emotional disruption</td>
<td>Rosenberg (1974)</td>
<td>Distribution channels</td>
</tr>
</tbody>
</table>
According to Tjosvold and Johnson (1989) a conflict is positive if it makes individuals more aware of problems that need to be resolved. A situation of conflict involves some kind of incompatibility. Different viewpoints represent gaps or problems that should be overlapped. Tjosvold and Johnson (1989) further argue that better decisions usually arise when they are the results of disagreements, because disagreements often make the participants think through their arguments more thoroughly. A conflict can furthermore be considered as positive, for example if it gives rise to new innovative ideas and solutions that are valuable for the relationship (Rahim 1986; Tjosvold and Johnson 1989; Walton 1987). This is supported by Gemünden (1985), who starts from industrial relationships between a buyer and a seller and claims that conflicts should be viewed as potential productive tensions that can motivate and explain underlying problems. Stern and El-Ansary (1977) argue that the existence of conflict is often highly functional and without conflict systems could become passive and noninnovative. Conflict often leads to innovation (Litterer 1966).

According to Pondy (1967) a resolved conflict may lead to a basis for a more cooperative relationship. A certain degree of conflict is essential for group formation and the persistence of group life (Coser 1956). According to Rahim (1986) a moderate amount of conflict may provide necessary activation or stimulation in order to optimize job performance of the organizational members or to enhance their adaptive or innovative capabilities.

Conflict may also increase cognitive flexibility as well as the ability to deal with complex and contradictory information. Underlying issues may become explicit during a situation of conflict and moreover the situation can motivate and give strength to deal with tough problems. “It enhances people’s understanding of real interests, goals and needs, and stimulates continued communication around those issues. Even the most destructive, personal, hair-raising conflict provides valuable information that can enhance decisions and build stronger consensus. The complaints, whining, negativity, nitpicking and bullying provide important data that will eventually increase flexibility, innovation and improvement.” (Van Slyke 1999:133) Joba, Maynard and Ray (1993) also note different possible outcomes of a conflict. According to them conflict typically gives rise to energy soak, but it can also spark or fire, which means that it can be a catalyst motivating individuals to higher and higher achievements. A conflict is further the medium through which problems can be aired and solutions found. Conflict can also be viewed as a part of a process of self-assessment in a way that one may get the pleasure out of testing and using one’s own capabilities. Furthermore, conflicts demarcate groups from one another and thereby help to establish group and personal identities. Moreover, external conflict usually fosters internal cohesiveness. (Dutsch 1973)

There are also some researchers within the business network approach as well as within channels research who recognize possible positive outcomes of conflict. Håkansson and Snehota (1995) write that a certain amount of conflict might even be necessary in order to preserve a healthy relationship between two firms. Waluszewski and Håkansson (2006) also stress that conflicts and "angry" actors could be important. There are several examples of how crises between companies have developed into successful new directions in the relationships (Håkansson 1982). Within distribution channel research
Stern and Gorman (1969) distinguish between two basic types of conflict outcome: disintegration and unification. Disintegration is regarded as negative, since it can for example lead to termination of the relationship. Unification has a positive meaning as it can be understood as bringing the actors closer to each other. Stern and Gorman (1969) state that a positive outcome of conflict is the creation of more effective and efficient channel systems. Stern and El-Ansary (1988) also recognize some positive aspects related to conflict situations. They state that without any conflict, members of a channel tend to become passive and noninnovative. Conflicts motivate channel members to adapt, grow and to take hold of new opportunities. Conflict can be regarded as “one of the most useful social forces available” (p. 289). The findings of a study of constructive outcomes of conflict in a channels setting reveal that it is an unwise strategy to avoid conflicts (Eckert and Rinehart 2005).

Until this point we have only been elaborating on merely positive outcomes of a conflict. It seems to be more essential to present positive outcomes than negative, as it is easier to argue on behalf of negative outcomes. A mutually negative outcome is crucial because it may cause future conflicts. A conflict situation seldom lacks some kinds of negative attitudes and feelings. Fey and Beamish (2000) propose that a small amount of conflict may be healthy for an international joint venture as it may force the managers to evaluate their decisions more carefully. Their empirical findings do not, however, support this proposition, which indicates that conflicts may not cause managers to evaluate their decisions more carefully.

The central task in the identification of the outcome of conflict is to take all actors' perceptions into consideration. We thereby receive an integrated understanding of the outcome, if it is to be characterized as mutually positive, negative or mixed and its possible implications for other conflicts. The findings from a study by Eckert and Rinehart (2005) indicate that conflict could have positive and negative consequences simultaneously.

This again indicates that conflict outcome is a more complex concept than previously theorized. This idea is also ripe for further research. Can individual episodes of conflict have positive and negative consequences? (Eckert and Rinehart, 2005:155)

Summary

A traditional view is that conflicts at least to some extent are negative. Conflicts usually causes feelings of anger and/or disappointment. Within various disciplines of research it has, however, been recognized that conflicts may be positive. In fact it has been argued that relationships require a certain degree of conflict in order to be productive. In this study outcomes of conflict are grouped into positive, negative and mixed. Examples of positive outcomes of conflicts are better ideas, new approaches and increase in group cohesion. Negative outcomes of a conflict are for example that persons feel defeated, reduced efficiency and increased costs. An outcome is mixed when it is negative from the perspective of one actor/several actors at the same time as it is positive from the perspective of another actor/other actors.
3.4 Theoretical framework

From the presentation in earlier sections of this chapter it becomes evident that we need a combination of several theoretical angles in order to be able to capture conflicts in intercompetitor cooperation from a business network perspective. The conflict elements that are of interest in this study are issue, i.e. cause and topic, and intensity, i.e. importance and outcome. A theoretical a priori model is illustrated in Figure 7. The model should be viewed as tentative, because it represents an initial pre-understanding of the phenomenon based on a literature review. Analyses of the findings from an empirical study will be used to deepen our understanding of conflicts in intercompetitor cooperation from a business network perspective. This will also result in a development of the model in Figure 7.

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**Figure 7 A priori theoretical model**
As far as causes of conflicts are concerned there are previous studies within this field both within the business network approach (Vaaland 2001; 2002 and Vaaland and Håkansson 2000; 2003) and channels research (e.g. Rosenberg and Stern 1971). Based on previous literature the causes are understood here as being on an organizational, relational or external level. Topics of conflict situations have been studied in channels research by for example Rosenberg (1974), Reve and Stern (1979) as well as Stern and El-Ansary (1977). Based on previous literature topics of conflict can be viewed as context specific, which simultaneously indicates that they may vary depending on the circumstances. All the existing conflict studies within the business network approach are focused on manifest or visible conflict, while there are several scholars within social sciences (e.g. Deutsch 1973) that stress hidden conflicts. Within channels research there are also very scarce studies on hidden conflicts. In this study hidden conflicts are recognized, because they are considered as essential for deepening our understanding of conflict situations. A hidden conflict may turn into a visible conflict that has an impact on the cooperation between the involved companies. The visibility of a conflict situation is related to the topic of the conflict.

Within channels research Dant and Schul (1992) as well as Magrath and Hardy (1988) have been focusing on the importance and Rosenberg and Stern (1971) on the outcome. As far as the business network approach is concerned, no study focusing primarily on importance of conflicts has been found. It seems relevant to include the element of importance to the nature of conflicts, not merely from a quantitative perspective as usually has been done within channels research, but also to analyze the contextual perceptions behind different degrees of impact. Previous literature indicates that importance may vary from minor to major. It is essential to recognize that conflicts may also be positive or constructive and this observation has been made both within the business network approach (e.g. Gadde and Håkansson 1993) as well as channels research (Rosenberg 1974). Moreover the outcome can be negative or mixed, meaning that it is both negative and positive.

This study focuses on contributing to the existing research within the business network approach by studying elements of conflicts in intercompetitor cooperation. Cooperation between competitors and the business network, or more specifically external network actors, are crucial. In relation to intercompetitor cooperation conflicts have been included in Easton (1990) as well as Bengtsson and Kock (1999). In this study it is stressed that cooperation between competitors is included in the business network approach. A network perspective on conflicts has been applied by Hadjikhani and Håkansson (1996) and Welch and Wilkinson (1999; 2005). None of these studies have, however, thoroughly studied different elements of conflicts. Conflicts are natural within every business relationship and they have an impact on the nature of relationships. They may even lead to dissolution of business relationships. As with other exchanges occurring within business relationships between two or several companies, situations of conflicts may also be related to the external network of actors such as customers and suppliers. In order to be able to understand and possibly manage a conflict it is important to be aware of its connection to the external network, i.e. both the influence on the external network from the focal group of cooperating competitors and the influence from the external network on the group of cooperating competitors. Moreover it is crucial to identify which element of a conflict is related to the network. If a conflict
situation is perceived as very important because it has a negative outcome related to the customer it could be crucial to try to resolve the conflict.

As far as the elements of conflict situations are concerned there is more research on this subject within channels research than within the business network approach. On the other hand channels research lacks a focus on intercompetitor cooperation as well as a network perspective. Most of the studies within channels research are moreover concentrated only on the perspective of one of the involved actors. From the network perspective and moreover when considering the visibility of conflict situations it is essential to include the perceptions of all actors involved in the focal case.
4 EMPIRICAL RESEARCH DESIGN

This chapter is divided into two parts. Firstly the research strategy is described from a more theoretical angle. Thereafter the research process is presented from a practical point of view.

4.1 Research strategy

It is important to have an inbound logic within scientific research. This means that the choices and assumptions made on a higher and more abstract or philosophical level should be concurrent with the research approach applied as well as the method and techniques for generating information. The research strategy applied in this study is illustrated in Figure 8. The ontology and epistemological background lies within critical realism. The applied research is of a qualitative nature and, more specifically, case study research. The method used is interviews. All parts of Figure 8 are described in the sections below.

Figure 8 Framing the research strategy
4.1.1 Epistemological point of view

According to Denzin and Lincoln (2000), ontology is the set of ideas or framework that guides a researcher. It is a matter of how reality is constructed. Epistemology is the philosophical basis for claiming to know what we know (Easton 1998). Epistemology attempts to answer what distinguishes true knowledge from false knowledge. Epistemological issues guide methodological decisions. (Easton 1995) Within business-to-business studies it seems many times that researchers consciously or unconsciously leave out a discussion of their ontological and epistemological viewpoints. Tikkanen (1996) especially notices that researchers applying the business network approach favour practical research instead of more scientific philosophical questions. These aspects are often left for the reader to interpret. The researchers are generally more interested in describing the concrete methods applied in the research process. Tikkanen (1996) has analyzed Nordic studies applying the business network approach in order to find out their scientific orientation or point-of-departure. According to his findings most of these studies are based on conventionalism/relativism and constructivism. According to Tikkanen (1996) business network research has clearly been influenced by the ideas of hermeneutics, but there still seems to be no study that is based on pure hermeneutic. Based on Burrell and Morgan’s (1979) four paradigms for the analysis of social theory, Tikkanen (1996) recognizes that studies applying the business network approach lie between the interpretive and functionalist sociology, which simultaneously indicates both a subjective and objective orientation. There is still a strong tendency towards subjective and context-related research. One characteristic of the business network approach is a well-intended focus on mutual goals, which shows a clear tendency towards voluntarism and intentionalism as far as the view of human beings is concerned.

From a business network perspective we can generally distinguish between four epistemologies: constructivism, positivism, conventionalism, critical realism. "…To do research one has to choose between variants of these four and it is better to do so knowing what the alternatives are, what characteristics they have, what benefits they may provide, and what problems they engender." (Easton 1995: 448) In accordance with (Easton 1995; 1998) four epistemological orientations are presented and discussed below.

Constructivism presumes that what we call reality is constructed. Hegelian idealism is one stream of thought belonging to constructivism. According to Hegelian idealism the world does not exist independently of our perceptions of it. Everything starts from a pre-existing view of the world and this view decides what data to collect. These data are afterwards interpreted in accordance to the pre-existing model. The general idea that lies behind constructivism is that individuals learn from experience. We construct or own models of the surrounding world. We move from what we know to the unknown and continuously develop our models. In the end we accept the model that we feel most comfortable with. This model may best suit our values and beliefs. Language is extremely important within constructivism. Language is considered as socially constructed, which means that common terms such as organization and market have
different meanings in different contexts. In other words, language allows plurality of perspectives. (Easton 1995)

According to the constructivist paradigm there are multiple realities (Charmaz 2000; Denzin and Lincoln 2000). From a constructivist perspective the researcher constructs an image of a reality. The researcher should look for meanings and go deeper than surface meanings. Charmaz (2000) A constructivist researcher tries to understand contextualized meaning (Greene 2000). According to Morén and Blom (2003) the researcher tries to examine the underlying values, meanings and interpretations. Within social science Morén and Blom (2003) argue that constructivism to some extent regards the context. The aim is directed at understanding. The principles of hermeneutics can consequently be coupled with constructivism. (Denzin and Lincoln 2000)

Constructivism does not approve of the traditional positivistic demands of scientific research. Traditional positivist criteria such as validity, reliability and objectivity are replaced by credibility, trustworthiness and confirmability (Denzin and Lincoln 2000). According to Charmaz (2000) there is a distinction between the real and the true in constructivist grounded theory. The truth as something universal and lasting is not a part of the constructivist approach. Instead, human realities are addressed, but these are not regarded as one-dimensional. Constructivism goes hand in hand with natural research settings and qualitative methods such as case studies and interviews (Greene 2000). Interpretive case studies are suitable to use within the constructivist paradigm (Denzin and Lincoln 2000).

There are some problems connected with constructivism. The problem with constructivist research is mostly related to evaluating the findings. It becomes problematic to judge what is good science. (Easton 1995) Constructivist reports are often descriptive, which means that the possibilities of explaining are limited. Moreover it is not possible to analyse the effects of something. (Morén and Blom 2003) One of the elements covered in the focus of this study is cause, which in itself contains an inherent notion of a search for aspects explaining something. Moreover, this study focuses on the relationship between the focal cases and external network actors, which also builds on identifying some kind of relationship between different observations. Based on these critical insights and the research questions of this study, constructivism is not the viewpoint of this study.

Positivevism is coupled with the search for regularities and causal relationships (Burrell and Morgan 1979). Easton (1995) recognizes that positivism does not seem to be particularly suitable for research into industrial networks. Scholars applying the business network approach have developed their own language when they discuss the topic, a lot of which has not been empirically tested. According to Easton (1995) a central difficulty arises because of the connectedness and complexity dimensions of network phenomena in general. “Traditional logical empirical studies would require more and better data than are currently available and, even were they available, would find it hard to provide analytical techniques that would tease out the underlying relationships.” (p. 449) Easton (1995) argues that it has been very difficult to defend a positivist standpoint within organizational research, and on an interorganizational level it would therefore be even more difficult. Similar ideas are put forward by Ford and
Håkansson (2006:12), who write that “...a researcher seeking to explain interaction over time have to be more interested in the evolving views of the actors, rather than attempting to model the sequence of cause and effect in a supposedly “objective” way”. The aim of this study is directed towards understanding the phenomenon of conflicts in intercompetitor cooperation, which moreover can be viewed as a sensitive phenomenon. Based on these arguments positivism is not applied in this study.

Conventionalism can be viewed as an alternative to positivism. Relativism is one stream of thought within conventionalism. One dilemma with relativism is its self-refuting nature. "If all knowledge claims are relative, then relativism cannot lay claim to being the only way of describing science and its epistemology" (Easton 1995: 437). Relativism may furthermore be criticised for simply being "a product of the times" (p. 437) and eventually it may be replaced. (Easton 1995) Conventionalism is not regarded as suitable for the focus of this study.

Critical realism is both about understanding and explaining a phenomenon. The basic assumption underlying realism is that there is a reality "out there" (Easton 1995; Easton 1998). This reality can be discovered and ultimately understood (Easton 1995). This reality exists independent of us (Easton 1998). "We see through a glass darkly but there is something there to see" (Easton 1998: 76). Based on critical realism the task of science:

...is to use its method to improve our perceptual (measurement) processes, separate illusion from reality, and thereby generate the most accurate possible description and understanding of the world. (Hunt 1990:9)

According to a critical realist perspective, the reality is considered to be both external and independent, and socially and historically constructed (Mörn and Blom 2002). Within the realist orientation a researcher seeks valid explanatory knowledge. It is argued that the meaning of explaining is understood differently based on the applied epistemology. The meaning of explaining consequently differs between a positivist and realist perspective. We have to explain the production of social phenomena but also understand or interpret what they mean. Although the starting point for the interpretation is the researcher's own frame of meaning, the phenomena exist regardless of the researcher's interpretations of them. (Easton 2002) Another basic assumption behind critical realism is our knowledge of the world is fallible and theory-laden. Based on realism it is, however, arguable that all knowledge is not equally fallible and that it is true that facts are theory-dependent, but this does not mean that they are theory determined. The fact that all knowledge is fallible means that science may be false anytime when it makes statements of its object, therefore theories in science can only be regarded as the best truth about reality we have at the moment. We do not have ultimate knowledge. New scientific studies may show that the knowledge was false. Theories can always be replaced with new theories. (Danermark et. al 2002) In accordance with critical realism data is always theory-laden, which means that all data arise in connection with some theory (Bhaskar 1978).
Cause is central within critical realism, but the meaning of cause within the frames of critical realism is totally different from statistical co-variance. Cause involves what makes something happen, what produces, generates, creates, determines it, or what enables or leads to it. Another way of describing causality from a critical realist perspective is "how the event came about" (Danemark et. al 2002:52). Cause is not about the relationship between two events, but it is about objects or relations and their nature. The central issue is what causal powers and liabilities there are in a certain object or relation. Within critical realism we can distinguish between events, mechanisms and structures that constitute a complex and compound whole. Structural mechanisms lead to certain effects based on what other mechanisms they at the particular time being are combined with. This means that the same events may have totally different causes. (Sayer 1992) The context of time consequently matters when it comes to critical realism. A central task of science is therefore to as much as possible try to reach beyond the purely empirical assertion of a phenomenon to a description of what it was in the object that made it possible. Therefore critical realism favours both abstract and concrete studies and it is argued that the knowledge generated in one study may be used for another study.

According to Easton (1998; 2004) critical realism is considered as an appropriate epistemological viewpoint for carrying out scientific research within business networks. Easton (2004:68) writes: "It (critical realism) can provide modes for modelling exchanges and linking them to market models, although it has to be admitted that the task is never going to be easy."

In accordance with a critical realist perspective, this work starts from theory. The author has conducted an extensive literature review which constitutes the theoretical context of the study. Moreover, the empirical research questions of the study (section 1.1) contain the question of "how". These questions resemble an attempt at understanding causality and explaining how a certain conflict element came about. Also the fourth research question involves a notion of causality because it concerns the relationship between different conflict elements and external network actors. Critical realism seems to be a suitable philosophy when aiming at understanding and explaining events occurring within business-to-business relationships. It has previously been argued that each business relationship is influenced and influences other business relationships. Based on these arguments, the basic principles of critical realism is applied in this study.

4.1.2 Abduction

There are two basic scientific approaches to be used when carrying out research and these are deduction and induction. Deduction implies that the researcher starts by deriving hypotheses from theory and thereafter tests these hypotheses on an empirical sample. A deductive approach can be seen as appropriate when there is a solid theoretical background on which the researcher logically develop hypotheses. Deduction has traditionally been considered as the most appropriate approach when carrying out reliable research. This can be related to the traditional favouring of positivism. Induction, on the other hand, can be described as research starting from an
empirical phenomenon aiming at theory generation or development. Induction has received attention within social sciences among others and it is usually coupled with more anti-positivist epistemologies, such as hermeneutics.

It seems it is often hard for researchers within various fields to consequently and thoroughly use either the deductive or inductive approach in their extremes. Several scholars, however, advocate making the line between deduction and induction more flexible. Some mention one of the approaches “in its purest form” (Bonoma 1985), which indicates that there are also other forms of one of the approaches. Others state that deduction and induction should be preferably viewed as end points of a continuum of possibilities. Another example is Bonoma (1985), who writes that when case study research is applied a theory/data/theory revision cycle is useful. According to Eisenhardt (1989) researchers continuously compare theory and data. Perry (1998:786; 2001:305) writes about “levels of induction and deduction” and “induction versus deduction continuum” (1998:788) as well as “a blend of induction and deduction” (2001:321). Gummesson (2003) also indicates that both induction and deduction are involved in research when he writes that it is a process of both theory testing and theory generation. Furthermore he writes that “a case study could be primarily inductive where the cases provide data for conceptualisation and theory generation, or primarily deductive where cases are used to confront existing theory with reality and tests validity” (p. 488). Parkhe (1993) states that inductive and deductive approaches for theory development are inseparable. When reflecting on the grounded theory approach as an instrument for developing theory, Merriam (1988) writes that the researcher continuously moves back and forth between induction and deduction. According to Perry (1998) it is neither practical nor preferred to start from scratch with absolutely no theoretical background. An interesting discussion of different degrees of induction and deduction is found in Perry (2001). Perry (1998) advocates a mix of induction and deduction and he writes that it is unlikely for a researcher to genuinely separate induction and deduction. Pettigrew (1997) writes that the recognition of inductive patterns has to go hand in hand with deduction. Furthermore Pettigrew argues that researchers do always carry some pre understanding of the phenomenon that is studied. “The inseparable balancing act of deduction and induction.” (Pettigrew 1997:339) Miles and Huberman (1994:17) also write that induction and deduction are linked research approaches. Furthermore they stress pre-structured research in qualitative research. “Pure induction might prevent the researcher from benefitting from existing theory, just as pure deduction might prevent the development of new and useful theory” (Perry 1998:789).

Perry (1998:788) writes, “case study research includes some deduction based on prior theory, although inductive theory building is more prominent”. In Perry (2001:307) it is written: “An often-times useful form of case research is the middle road involving both induction and some very limited deduction”. This is also the perspective that is applied in this study. It has previously been stated in this study that there is no solid theoretical background suitable as an anchor for the empirical study. Deduction takes place in the middle of the study and in the end of the study. In the middle of the study deduction represents the tentative theoretical framework, which has been derived from previous literature. In the end of the study deduction is activated again through the comparison of the empirical findings with existing literature within the field. Perry (2001) stresses risks with pure induction and refers to Yin (1989) as well as Miles and Huberman
One risk is that data analysis becomes difficult because the generated material is too flexible and “loose”.

In this study the role of theory resembles the view of Perry (2001:310), who writes:

In the literature review part of a case thesis, small initial models of theory drawn as boxes and lines are developed. Furthermore, the prior theory provides a focus to the data-collection phase in the form of research issues that always conclude the literature review. That is, the literature review is the same as in a conventional thesis, charting the body of knowledge and identifying gaps. But the gaps are not expressed as precise, testable, closed yes/no propositions or hypothesis, but as general broad, open research issues.

More recently a term comprising deduction and induction has appeared and that is abduction. Abduction can be described as the middle course between induction and deduction. According to Kirkeby (1990) abduction is a means of trying to diminish the distance between creativity and the scientific world. Kirkeby (1990) writes that the concept of abduction was introduced by the American philosopher Charles Sanders Peirce (1939-1914). Within the business network approach, Dubois and Gadde (2002) have developed a similar concept and that is "systematic combining". The abductive approach means that the researcher continuously moves back and forth between theory and the empirical world. The abductive logic in this study is illustrated in Figure 9.

Research focus:
Theory
(1) Theoretical preunderstanding
The development of a tentative framework
(3) Comparing the empirical findings with existing literature with the aim of theory development.

Empirical setting
(2) Theory generation from real life

TIME

Figure 9 From theory to empirical setting to theory – an abductive research approach

Abduction is somewhat closer to induction than to deduction. Kovács and Spens (2005:140) write that “both induction and deduction start out with empirical observations prior to any theoretical framework given or indicated in the research process”. The authors, however, continue by saying that in an inductive process a theoretical framework is missing entirely, while an abductive process can also start out from theory. Danermark et al. (2002) write that abduction is suitable from a critical realist perspective. An abductive research approach is applied in this study.
Neuman (1997:334) writes that grounded theory (Glaser and Strauss 1967) is a “more inductive method”, which furthermore indicates that different degrees of induction exist. In accordance with grounded theory the researcher constructs theory with the help of comparisons. As the researcher identifies a certain event, he or she tries to find similarities and differences. The general idea behind grounded theory is to identify categories and concepts that naturally emerge from the data and thereafter to link these and create theories. (Ryan and Bernard 2000) According to grounded theory a preset strategy for data generation may lead the research to irrelevancy and pitfalls. The generation of findings and the analysis of data as it has been carried out here have some similarities with grounded theory. Firstly groups of empirical findings have been systematically worked out in close relation to the data. Secondly the findings have been generated through a process where additional informants have been included when needed and the analysis and interpretation of data has been made in accordance with a stepwise pattern. Thirdly grounded theory recognizes that concepts and categories that have emerged from the data can be combined with existing ones that are considered useful.

4.1.3 A qualitative approach

From a critical realist perspective, an empirical study may consist of both qualitative and quantitative approaches. The focus of this study lies on a qualitative approach. In comparison of quantitative data, qualitative data are nuanced, open and varied. According to Miles and Huberman (1994) qualitative data provide well-grounded and rich descriptions and explanations. They continue by arguing that qualitative data may provide the researcher with interesting previously unexpected findings, which may lead to new theoretical insights. One characteristic of qualitative data is that it focuses on ordinary events that occur naturally in a natural setting, and it is consequently coupled with real life situations. Qualitative research takes on a holistic perspective and thereby searches for an understanding of the whole (Janesick 1994). Quantitative data, on the other hand, is standardized and logic with the aim of explaining causalities or verifying preset hypothesis. A simple general distinction is that qualitative data is focused on language and words, while quantitative data is focused on numbers and their relationships. “Quality refers to what kind, to the essential character of something. Quantity refers to how much, how large, the amount of something” (Kvale 1996:67).

Two aspects that are often stressed in relation to qualitative research are the pre-understanding of the researcher and the role of the researcher. According to Janesick (1994) it is important that the researcher already at the beginning of the study identifies his or her own biases and ideology. Within qualitative research it is fully accepted that research is ideologically driven. “There is no value-free or bias-free design” (Janesick 1994:212). These ideas are highly related to how the generation and development of science is understood. As far as the role of the researcher is concerned, qualitative research implies that the researcher becomes the research instrument. The researcher must consequently be able to observe behavior and must have the skills needed to observe and carry out face-to-face interviews. Morse (1994) writes that qualitative
research is only as good as the researcher. According to him it is the researcher’s skills, patience and wisdom that play a central role in the gathering of necessary information.

Flexibility is a part of qualitative research (Marshall and Rossman 1989; Miles and Huberman 1994; Glesne and Peshkin 1992). Questions can be modified, added or deleted. In qualitative research the researcher has the possibility to invent or put together new tools or techniques, or to add informants. It is not pre set which interpretive practices to apply. (Merriam 1988; Denzin and Lincoln 2000) “To us it seems clear that research is actually more a craft than a slavish adherence to methodological rules.” (Miles and Huberman 1994:5) Eisenhardt (1989) says that the adjustments provide the researcher with the possibility to probe emergent ideas or to benefit from special opportunities that appear in a given situation. It is accepted to add methods for data generation during an empirical study because researchers are aiming at understanding each case individually in as much depth as possible (Eisenhardt 1989). Eisenhardt (1989), however, stresses that this opportunity should not be viewed as a license to be unsystematic.

Meaning has a central role within qualitative research and it only exists within a certain context. (Easton 1995) Furthermore this means that the same situation can have a different meaning under different circumstances (Neuman 1997). The context is consequently central in qualitative research (Patton 1987; Neuman 1997). Walker (1985) writes that qualitative research is suitable when the topic studied can be regarded as sensitive, which is the case in this study. In fact both conflict and cooperation between competitors can be considered as sensitive. Conflicts are usually coupled with feelings of disappointment and/or anger and cooperation between competitors is sometimes considered as illegal.

Janesick (2000) writes about “stretching exercises” (p. 386) as an opportunity for the researcher to warm up before initiating a qualitative study. According to Janesick (2000) one example of stretching exercises is interview, writing and reflection practicing. Although I have not carried out a pilot study in its traditional sense stretching exercises were indeed done before the commencement of this study. Together with a colleague we have been studying a case of dissolution of cooperation between competitors for several years. The setting of cooperation between competitors is similar to the setting of this study and also the method used in both research projects is mainly personal interviews. Furthermore the topic of dissolution can naturally be compared with conflicts, since both to some extent are sensitive topics. During the search for a case for this study several managers were interviewed on the topic of cooperation between competitors. This means that I have had the possibility to learn and develop as a researcher before starting the process of data generation here.

4.1.4 Case studies

Easton (1995) writes that a majority of the studies within the business network approach consciously or unconsciously are based on case studies. Case studies can be considered as appropriate for studying business networks because they enable the researcher to
capture the complex pattern of links between different actors in the network and to trace
the development of changes occurring within the network over time. Halinen and
Törnroos (2005) also argue that case studies are the most suitable research strategy for
business networks. According to Eisenhardt (1989:534) a “case study is a research
strategy which focuses on understanding the dynamics present within single settings”.
Business networks are characterized by complexity and change and therefore a case
study is considered as suitable for research.

The ultimate goal in a case study is to develop a holistic description of the phenomenon.
Qualitative case studies are relevant when the studied phenomenon is broad and
complex and when the existent knowledge is insufficient in order for the researcher to
set causal questions (Bonoma 1985). Easton (1995) argues that case studies are useful
solely in situations when the researcher has very scarce knowledge about the subject. “It
can be used in an inductive mode, following interesting and apparently relevant clues,
exploring the boundaries of the phenomenon, and coming at the subject from different
points of data attack.” (p. 475-476) According to Eisenhardt (1989) case studies aimed
at theory building do not rely on previous literature or findings from earlier empirical
studies. “Building theory from case study research is most appropriate in the early
stages of research on a topic or to provide freshness in perspective to an already
researched topic” (p. 548) A case study is appropriate to use when the aim is to clarify,
widening or smoothing an already existing theory. It is also applicable when the aim is to
develop a totally new theory. (Merriam 1988) Bonoma (1985) describes a hierarchy of
study types ranging from description to determining cause and effect. He says that
descriptive studies are often associated with theory building, whereas studies aimed at
determining cause and effect are more often used for theory disconfirmation. Case
studies are relevant when the researcher aims at building theory. (Bonoma 1985)

In accordance with Yin (1989) and Merriam (1988) the relevant questions for a case
study are How?, Why? And What?. These questions indicate a striving to understand
dicators behind a certain phenomenon.

In a qualitative case study the researcher is striving to describe the unit of analyses “in
depth, in detail, in context, and holistically” (Patton 1987:19). The result of a case study
is descriptive, which means a “thick” description of the phenomenon. We receive
contextual knowledge from case studies. (Merriam 1988; Dyer and Wilkins 1991)
“Case studies should reflect and be sensitive to the context within which management’s
acts occur and to the temporal dimension through which events unfold. They go beyond
providing a static snapshot of events, and cut across the temporal and contextual gestalt
of situations.” (Bonoma 1985:204)

Miles and Huberman (1994) define a case as the researcher’s unit of analysis, which
taken to an extreme means that a case can be almost anything. Examples of cases
provided by Miles and Huberman are: a role, an organization, a small group, an
individual or a nation. A case study traditionally implies a study of a single case and
many different sources of information are used in order to shed light on the
phenomenon. The definition of a case may vary, so that a single department can
sometimes constitute the case, while a case can also resemble one organization or even
a group of organizations (Patton 1987; 1990). According to Remenyi, Williams, Money
and Swartz (1998) a case study may refer to relationships and this is an important research approach for business and management researchers. In this study, a case refers to a group of competitors cooperating with each other. A central issue when carrying out case studies within a business network setting is to draw the boundaries of the case. In this study the boundaries are defined in accordance with a micronet-macronet perspective as defined by Halinen and Törnroos (1998). Figure 10 illustrates this perspective, which implies that a group of actors constitute the focal net. This focal net is embedded within a wider context of actors, which is also influenced by and influences the focal net. In this study a case is defined in accordance with Figure 10. This means that the primarily focus lies on a focal group (or net) of cooperating companies, but external network actors are also taken into consideration.

![Figure 10 Defining a case: Micronet-macronet](source: Halinen and Törnroos, 1998:192)

There seems to be a continuing debate concerning the amount of cases to include in a study. According to Dyer and Wilkins (1991) classic studies consisting of one case are powerful because the phenomenon is described so that it is easy for the readers to see and experience the phenomenon. These scholars argue that “the more contexts the researcher investigates, the less contextual insight he or she can communicate” (p. 614). They say that the ultimate goal is to come up with rich descriptions.

Other scholars advocate the use of multiple cases. Eisenhardt (1989) says that 4-10 cases tend to work well. The use of multiple cases implies replication logic. This replication is done either in order to discover whether the same findings arise in two similar situations or to obtain findings that are different but predictable from the findings of other cases. (Easton 1995) Perry (1998) also advocates that several cases should be used. According to Perry (1998) the information richness is crucial when deciding the number of cases that should be added to a study. Perry (1998) writes that the most commonly accepted amount of cases is between two to four at a minimum and 12 to 15 at the maximum. This is also in line with Halinen and Törnroos (2005:1291), who write: “Multiple-case designs that allow case comparisons are preferred in theory-generating case studies”. The authors still recognize a potential danger with case comparisons as they state that the value of rich descriptions enabling the recognition of complexity and change may be ignored.

I feel that it is appropriate to consider the meaning of a case study when suggesting the most appropriate number of cases. In most suggestions it seems like a case is related to
a single organization as the unit of analyses. I feel that many organizations can
constitute one and the same case, especially in research settings when business-to-
business relationships are studied. The basic idea of qualitative case studies is not to
decide from start on the number of cases that will be included in the study. When
carrying out case studies the researcher should finish one case before turning to the next
(Yin 1989). Sometimes it can turn out so that the findings from a single case are
sufficient to fulfill the aim of the study, while in other situations several cases are
needed. When several cases are included it is, however, important that the researcher is
able to argue exactly why a certain amount of cases has been included. One possibility
of knowing when to stop is the saturation of data, meaning that no new categories
emerge from the data. Sometimes more practical issues such as a lack of time and
money mark the end of data generation.

A case study can be portrayed as an umbrella term. (Remenyi et al. 1998) This notion
speaks for the use of multiple sources of evidence, meaning more than one form of data
collection. Generally it is suggested that a case study should involve a triangulation of
methods in order to provide richness and enlarged information about the setting and
phenomenon that is studied (Bonoma 1985).

The primary method used here is interviews, both personal interviews and telephone
interviews. Some written documents have also been used for example general
information about the industry of natural products and information about the activities
of the wholesalers association. Furthermore a written memo from one of the meetings of
the negotiation council was received. After analyzing the interviews from case 2 it was
noticed that more written documents especially from situations where the companies
cooperate could provide more insights into conflict situations and types of cooperation
between the companies. Therefore, one of the informants was asked if it would be
possible to gain access to all the memos from the negotiation council's meetings, but
unfortunately the informant would not agree to send the documents. Instead the
informant suggested that the memos could be gone through by phone in order establish
a time perspective of what had happened during the meetings. Before the phone call the
informant was asked to focus on events involving the cooperation between the
participants as well as on conflict situations. During the phone call the informant more
or less read the contents of the memos. An advantage with this was that I received more
information than was actually written in the memos, because the informant added
insights that did not directly originate from the text in the memos. On the other hand
one could also regard it as a disadvantage as the informant perhaps provided his or her
own perspective, which influenced the contents of what he or she said.

Another possible method for data generation could have been participant observation.
This should have been done at an occasion of interaction between the companies.
Concerning case 2, unfortunately the project uniting the companies at the negotiation
council had reached an end when this study was initiated. It is moreover questionable if
access to participate in such a meeting would have been granted and furthermore if
conflict events in such a setting would have occurred. Perhaps the participants would
have been more careful in revealing conflicts if they knew that “a conflict researcher”
was present. Another problematic issue has to do with the anonymity and integrity of
the companies participating in this study. Some of the participants would have known
me before and others would have been new acquaintances. It therefore perhaps would have been possible for the participants to figure out which companies were partaking in the study. Here triangulation has been done by introducing third actors as informants. In practice this has been done in case two, where an external expert was introduced as an informant. This is one way of triangulation according to Patton (1990), “views expressed by people outside the program”. Miles and Huberman (1994) also stress the importance of introducing informants that can be considered as peripheral to the phenomenon under study.

There are also barriers coupled with triangulation of methods. One barrier is time (Eisenhardt 1989), and more specifically the allowed and accepted time span for carrying out an empirical study. Multiple methods of data collection, or triangulation of methods, can also be somewhat problematic from an epistemological point of view. If a researcher uses both qualitative and quantitative research methods, it may be difficult to recognize how they can be directly comparable. (Easton 1995) Access does also play a great role concerning the possibilities for using different research methods with the purpose of triangulation. I feel that triangulation should not be done only for its own sake. Instead the researcher should have a clear purpose and ability to show the need for the use of more than one research method.

One of the most common criticisms directed at case study research is the lack of objectivism (Yin 1989). Generalizations are made on a different basis concerning case studies. According to Easton (1995) a case study must be able to stand on its own. Depth and comprehensiveness must be built into case studies in order to counter their low statistical representation. According to Yin (1981) a case study represents a research strategy and it does not imply the use of a particular type of evidence nor a particular method for data generation. Based on this I feel that when doing case study research the researcher should describe the research strategy and process.

Kjellén and Söderman (1980) argue that it is important to study the phenomenon from a historical perspective when applying a case study. Easton (1995) recognizes that most studies within the business network approach include data from the past and present, leaving aside a prospective view of the future. (Easton 1995) Halinen and Törnroos (2005) also argue that when carrying out research within business networks it is essential to grasp both past and future dimensions. They write that the “future loadedness” (p. 1291), i.e. what the actors want to become and where they want to be, is important. The main focus of this study will lie on the identification of past and present conflict situations, but a prospective view will also be taken. In practice this will be done by asking the informants about their perceptions concerning the future of the cooperation with competitors in order to identify possible future conflicts.

4.1.5 Purposive sampling

There are different possibilities when choosing a sample. Traditional positivism research is usually coupled with random sampling, which is often regarded as unsuitable as far as qualitative research is concerned. According to Eisenhardt (1989) random
sampling is neither necessary nor preferable. In qualitative research the sampling technique is mostly purposive, which means that a small number of informants that meet certain criteria are chosen. (Walker 1985) According to Lincoln and Guba (1985:202) purposive sampling is about “maximizing information instead of facilitating generalization”. Purposive sampling means that the researcher purposefully chooses cases that are information rich concerning the phenomenon under study (Patton 1990).

Gummesson (2003) argues that the sample in a case study should be both theoretical and purposeful. Eisenhardt (1989) also stresses that theoretical sampling is important. This means that researchers should look for the cases that provide a maximum of information. The sample should be chosen so that the researcher is able to learn as much as possible (Merriam 1988). The cases used in this study have been purposefully selected, based on the expected amount of information that could be received from each case. The key issue has been the degree of cooperation between the competitors, meaning that a higher degree of cooperation, involving for example formal meetings, mutual projects and exchanges in form of production items, is expected to provide richer information about conflicts than cooperation that is merely based on for example informal exchange of information or random meetings.

Glaser and Strauss (1967) encourage the researcher to investigate cases with maximum variation in order to discover diversities and similarities. Maximum variation sampling means that the researcher purposefully chooses cases that are different from each other in order to enlighten the phenomenon from totally different angles. Patton (1987) argues that it is of particular interest if the researcher finds common patterns in the different cases. In this study purposive maximum variation sampling has been applied. The two cases studied represent totally different areas of business. Case 1 consists of companies manufacturing chasses and lorries for trailers, while case 2 mostly involves wholesalers within natural products. The companies included in case 1 are directed towards the industry, while the companies in case 2 are focused on the customer as a human being. Both cases are, however, business-to-business, as they involve trade between organizations.

According to Eneroth (1992) all the informants should not be chosen at the outset, but they should be chosen continuously during the research process. Snowball or chain sampling is a purposeful sampling technique in order to find informants or samples that are rich in information. In practice the technique implies that informants tell you about other informants who could be of interest for your study. (Patton 1987; Dahmström 2000; Janesick 2000)

Access

Access is critical when it comes to the choice of the sample but it may not be easy to gain access (Bonoma 1985). A central aspect of research success is the gaining of trust (Denzin & Lincoln 1998). Access refers to the existing possibilities of receiving empirical data and information that are based on reality. Access consequently has a great importance in order for the researcher to receive information that is necessary to finish a study or project. Access is also about coming near the studied phenomenon to really figure out what is happening. (Gummesson 1991) According to Janesick (1994)
access and entry are sensitive for qualitative research. She writes that already at the beginning of the study the researcher must establish trust and reliable communication patterns with the informant. This is done in order to encourage the informant to willingly share opinions with the researcher. Morse (1994) writes that a good qualitative researcher should be prepared to learn to be trusted in the research setting. The researcher must also be patient and flexible and wait for acceptance by informants. Access is usually improved if the researcher is able to build a trustworthy relationship with the informant. It is important to create a trustworthy relationship already in the beginning of the research process, because it facilitates a natural interpretation of the informant’s state of life. (Janesick 1994) The researcher has to be careful when empirically examining interorganizational conflict. Individuals feel more comfortable discussing positive and neutral matters, than talking about negative experiences. It is generally easier to express feelings of joy, happiness and success than expressing feelings of failure, grief and bitterness. Vaaland and Håkansson (2000) stress that when examining conflicts, the constructs used by the researcher are crucial in gaining access and building trust and openness with informants. Vaaland (2002) argues that there are at least two problems involved when applying the concept of conflict in interaction with informants. Firstly, there is a risk that only manifest conflict will be regarded as conflict and secondly the concept of conflict can be questioned when it comes to building trust and openness with key informants. Reve (1992) comments on possible biases of his study when he writes that the CEOs may have presented success stories rather than pointing out issues related to conflicts of the companies industrial relationships. In his study Vaaland (2002) chose to use the word “friction” instead of conflicts while he was interacting with the informants. Friction was considered to be a more neutral and everyday concept than conflict, which generally could give rise to negative feelings and attitudes. Nordin (2006) writes that “the conflict phenomenon is inherently difficult to study, requiring caution when interacting with the interviewees so that the relationship is not jeopardised”. In his study of intraorganizational and interorganizational alliance conflict Nordin (2006) writes that he only talked specifically about conflict when he had a close relationship with the informant. On other occasions he chose to talk about frictional events.

In this study the generation of access has followed a step-wise pattern. During the first contact occasion with an informant, which was always done by phone, I presented the research area as cooperation between competitors and the informant was asked whether he or she would like to take part in an initial meeting where we would discuss the subject further. At the end of the phone call the informant was told that a specific focus of the dissertation was incompatibility or conflicts in cooperation between competitors. It was at the initial meetings that the informants were told more about the details of interest related to this topic. In order to gain access and build up a trustworthy relationship with an informant both the focus of ”everyday” conflicts and the provided anonymity of all informants and companies were stressed. During the first initial meetings I used the term friction instead of conflict, but as I proceeded I noticed that it felt better to be honest and straightforward from the beginning. In order to gain access both to the companies and to the studied phenomenon it was enough to stress the everyday nature of the meaning of a conflict, to provide anonymity and to be in contact with the informant on several occasions.
4.1.6 Interviews - the applied research method

Relationships as such can be considered as a sensitive area, but especially when studying crises, conflicts, failures and dissolutions of business relationships, we need to develop an appropriate research technique for approaching the phenomenon. Sensitive topics usually involve some kind of negative feelings, behavior or attitude, which in a research situation may cause anxiety, resistance and unwillingness to share information. Lee and Renzetti (1993:5) define a sensitive topic as being “… one that potentially poses for those involved a substantial threat, the emergence of which renders problematic for the researcher and/or the researched the collection, holding, and/or dissemination of research data.” According to Renzetti and Lee (1993) possible problems, for example methodological and technical, need to be considered at every stage of research on a sensitive topic. Sensitive topics therefore need sensitive methods. It is a question of finding the right atmosphere at the interview situation, so that both the interviewer and informant feel comfortable.

There are different types of interviews, for example personal interviews, group interviews and telephone interviews. Within business and management research personal interviews are one of the most common methods for data generation (Remenyi et al. 1998). The nature of an interview may vary from totally structured to totally unstructured. Yin (1989) writes that case study interviews are most often of an “open-ended nature” (p. 89), meaning that the researcher can ask the informants for example about their opinions of events. An advantage with an interview is that it enables the researcher to receive a large amount of data within a short period of time. Furthermore there is a possibility of receiving clarifications by asking follow-up questions. (Marshall and Rossman 1989; Patton 1990; Piekkari 2006) Some advantages with personal interviews are the possibility of receiving depth and detailed information and the potential for the interviewer to influence the situation. This can for example be done by asking clarifying questions. A disadvantage with personal interviews is that they are costly in terms of both time and money. In this study both personal interviews and telephone interviews have been carried out.

In qualitative research you should strive to discover serendipity, or the unknown or unexpected. In this way the knowledge sum of a certain phenomenon is developed one step further. A challenge for the research is to pose useful questions that provide answers to the unseen and offer new valuable insights (Glesne and Peshkin 1992). The interviews carried out in this study are of a more unstructured nature. In this way there is the possibility of discovering serendipity, which is an important step towards theory development.

There are certain recommendations concerning the logics of questioning in qualitative research. The interview sessions should start with a briefing meaning that the interviewer defines the situation and briefly tells the purpose of the interview (Kvale 1996). Patton (1987; 1990) prefers to initiate interviews with questions that are easy for the informant to answer. These questions require minimum recall and interpretation from the informant’s point of view. A context should be established before turning to
questions involving feelings and opinions. One possibility when initiating an interview is to have an informal discussion about an issue that is different from the actual focus of the study. This allows all actors to relax. (Remenyi et al. 1998) Morse (1994) as well as Fontana & Frey (2000) offer the advice of keeping the first interview on a broad level by giving the informants the possibility to “tell their stories” (Morse 1994:229). Later on, at another occasion, the researcher may use follow-up interviews to gather more targeted information and thereby fill the gaps left by the initiating interviews. A similar approach is suggested by Glaser and Strauss (1967) as well as Perry (1998).

As a source of inspiration for empirically approaching the phenomenon of conflicts within business-to-business settings, the critical incidents technique (CIT) is used here. The originator of the CIT is Flanagan (1954). The technique has been developed into several different directions since it was established. Originally the technique consisted of a set of procedures that were used to collect direct observations of human behavior. This was done in order to facilitate the potential usefulness of the observations when it comes to solving practical problems and developing broad psychological principles. The technique involves procedures for the collection of observed incidents that have special significance and meet systematically defined criteria. An incident is defined as “any observable human activity that is sufficiently complete in itself to permit inferences and predictions to be made about the person performing the act” (p. 327). In order to be critical “an incident must occur in a situation where the purpose or intent of the act seems fairly clear to the observer and where its consequences are sufficiently definite to leave little doubt concerning its effects” (p. 327). The CIT was first applied within a business setting in a study by Miller and Flanagan in 1949. (Flanagan 1954)

The CIT involves a certain logics of questioning. Flanagan (1954) refers to a dissertation from 1949 (Finkle) about critical requirements of industrial foremen. The interview technique used in this study shows an early example of how questions are posed to the informants. The informants in Finkle’s study were asked to “think of a time” when something particular occurred. The informant was asked to think both of negative as well as positive situations. Flanagan (1954) particularly stresses that the CIT does not include a single set of regulations governing the collection of data. According to Flanagan (1954) the technique should rather be viewed as a flexible set of principles that should be modified and adapted in order to meet a specific research situation. In this study the basic ideas of CIT is used as inspiration for the development of an interview guide. In its original form, the technique, among other things, was developed in order to capture negative situations, which here can be compared with situations of conflict. More information concerning the practical design of the interview guide is presented in section 4.2.2.

An issue that needs to be taken into account already at the beginning of research is confidentiality and anonymity concerning informants and companies (Woodside and Wilson 2003). According to Perry (1989) the interviewer should “offer disguise” for the informant’s name and company in order to develop trust. This is especially important when the nature of the studied phenomenon is sensitive. All the informants and companies involved in this study have been treated confidentially. This was also a particular demand from some informants. My personal opinion is that as anonymity was guaranteed, the findings are more accurate in comparison with a situation where the
names of the informants and companies would have been revealed. There is, however, a difference between the degree of anonymity in case 1 and case 2. All informants in case 1 are aware of the other informants and companies that participate in this study. In case 2 none of the involved informants or companies has any knowledge of the others participating in the study. This was not the plan from the beginning, but as the first informant in case 2 specifically suggested this kind of approach, I found it a necessary condition. This difference concerning the degree of anonymity also lead to the fact that background information about the companies in case 2 is more limited in comparison with case 1.

Another issue that has to do with anonymity is that in both cases 1 and 2, I specifically phoned informants and asked if it was all right if each conflict situation was described in detail, with made up names for the informants and companies. This was approved by all of the phoned informants. The reason why everybody's opinion was asked for at such a late stage of the research was that at the outset of the research and during the first interviews I was not sure in what way the findings of the study would be presented.

4.1.7 Summary and conclusion

It is important that the ontological, epistemological and methodological choices made by a researcher follow a logical pattern. Certain epistemological viewpoints are better coupled with certain methods in comparison with other epistemological viewpoints. The logic of this work is represented by critical realism, abduction, case research, qualitative methods and interviews. Choices made on an epistemological level, i.e. critical realism, determines choices of abduction, case research and so on. The epistemology of critical realism is used here for several reasons. Firstly, the aim and the research questions of the study involve both a dimension of understanding and explanation. Secondly, critical realism suits well for studying networks and business relationships. Abduction was found to be an appropriate research approach, as a tentative theoretical framework is used from the start. Based on an empirical study this framework is later on developed. Abduction means that the researcher moves back and fourth form theory to data. Based on abduction this theory is developed in light of empirical findings. Case research is often applied in studies of business networks. Case studies may consist of both quantitative and qualitative methods, but in this work only qualitative methods, or more particularly interviews are used, because of the nature of the studied phenomenon. Conflicts in intercompetitor cooperation are considered to be a sensitive topic and sensitive topics need sensitive methods. Interviews provide better opportunities of getting access and understanding the phenomenon than for example surveys would do. In this work different types of interviews are done with each informant, starting with an initial meeting, continuing with a conflict incident interview and ending with telephone interviews. The knowledge generated from one interview is used as background knowledge for the next interview with the same informant but also in the interviews with other informants.
We can consequently conclude that the research strategy in this work has followed a clear and logic pattern. In the following section we will move on to more practical issues in order to find out what has been done in practice.

4.2 The research process

4.2.1 Search for cases

One of the most central tasks in case study research is firstly to find a suitable case and secondly to gain access to that particular case. The search for a case started in spring 2001 and a suitable case was finally found in spring 2003 and access was gained. The period in-between was full of hope and despair and since it has had a major impact on my personal development as a researcher and on the progress of the thesis, I find it important to describe my “case-journey”. Some of the choices made during the process have not always been well founded, but as Alasuutari (1994) writes one should document mistakes and side steps that have occurred during the research process. Halinen and Törnroos (2005:1291) also write that based on a network perspective, cases are ”neither easy to identify nor describe to make a proper selection”.

It is relatively easy to obtain information about competitors that are engaged in cooperation through joint ventures or other formal types of strategic alliances. On the other hand it is difficult to identify competitors that cooperate within certain operational activities; such as marketing, sales or procurement, i.e. the type of intercompetitor cooperation that is of interest in this study. Cooperation between competitors is moreover in many respects a sensitive topic and it feels like a challenging task to phone a managing director and ask him or her if the company cooperates with a competitor.

The initial definition of a suitable case for this study was competitors that are engaged in some type of formal cooperation, meaning that the exchanges between the companies should consist of more than just information exchange. The competitors should preferably cooperate within one or several activities such as marketing, sales, purchasing and distribution or have some other form of formal exchange. Since the focus of this study lies on the nature of conflicts in everyday business operations, conflicts of a greater or lesser extent were expected to be found in every business relationship. Therefore a cooperative relationship between competitors including a well-known dispute or conflict was not considered as an appropriate case.

It was from a daily newspaper’s ad that the first potential case was found: a travel agency in Turku (Finland) consisting of three travel organizers Fritidsresor, Finnmatkat and Hasse. From a societal perspective these travel organizers are considered as competitors, but after interviewing the manager of the agency I realized that the travel organizers focus on different customer groups and offer different trips and therefore their relationship as competitors can be questioned. The tourism industry moreover a service industry (business-to-consumer) and the original idea had been to focus on manufacturing industries (business-to-business). An empirical case within service
industry would also have required a somewhat different theoretical angle. Soon after the interview it became apparent that the case was not that suitable for this study, so another industry in another part of Finland was considered.

Two boat construction companies in Ostrobothnia (Finland) had received some focus in the media, because of a planned cooperation concerning a network of suppliers. The companies can be considered as competitors, because both of them manufacture and sell big luxurious boats for the international market. In order to obtain some background information I decided to interview a person, who had been involved in the negotiations between the two companies. The results from the interview revealed that the cooperation between the companies was mainly of a very indirect nature, involving information exchange and loose plans for future cooperation. I consequently decided to continue searching for a more appropriate case consisting of formal cooperation.

In spring 2002 the biotechnology industry in Turku was investigated, because many companies within that field of industry are known to cooperate with each other. The biotechnology industry involves a few large companies and many small entrepreneurial firms with only a few employees. When interviewing two key-persons who possessed rich information about the industry, it was evident that there was a problem concerning access. Much of the operations and activities within the industry involve strict secretiveness and cooperation mainly exists between companies on a vertical level of the value chain. One of the interviewees suggested the pharmacy industry in Ostrobothnia as a possibility for finding a suitable case.

I decided to approach the pharmaceutical industry by interviewing a friend who works as a pharmacist. She reported that the cooperation between the pharmacies mainly consist of an annual seminar for pharmacists and that the pharmacies, if necessary, borrow medicines from each other. The conclusion was once again that the cooperation between the pharmacies is of a too informal nature to be an interesting case in this study.

In the autumn 2002 there was an article in a national business magazine about the managing director of a large company within the chocolate and confectionary industry. The company is a merger of two former competitors within the industry. One could propose that the companies had been involved in some type of cooperation before the merger. Interviews with one of the marketing directors as well as a product development manager revealed that the companies had been cooperating during several years before the merger and that the company was interested in my study. The case was considered as suitable, since the focus would lie on the cooperation that took place between the companies prior to the merger. The process of gathering empirical material was already planned when the company chose not to participate in the study. One of the informants said that the company was already involved in a similar kind of study in Sweden.

The search for a case turned back to Ostrobothnia, in western part of Finland, and with the help of enquiries that had been sent out in Ostrobothnia on the topic of SMEs internationalization and cooperation with competitors a new potential case was found. Some of the informants had chosen not to be anonymous and thanks to them it was possible to identify an interesting case consisting of companies manufacturing boxes for
lorries and trailers. The managing director, who I knew from before, was contacted and he revealed that they cooperate with three competitors within sales and development. The possibility of concentrating on a group of cooperating competitors seemed very interesting, because more actors meant more exchanges and connections also on an external level. All of the companies agreed to take part in the study, which in spring 2003 gave rise to case number one.

After an initial analysis of the results from case 1, it was in autumn 2004 decided to add more cases to the study. This was done because the results from case 1 were not sufficient enough in order to fulfill the aim of the thesis. In November 2002 I worked on a research project together with a colleague at the department of Management and Organization, Swedish School of Economics and Business Administration (Vaasa, Finland). The topic of the project was companies’ definition of competitors and their relationships with competitors. As a result of the empirical study a company within the industry of natural products was identified, which stated that they cooperate with competitors within trade unions among other things. The company was contacted in September 2004 and case number two was thereby born.

The first companies in each case were chosen based on information from earlier empirical studies. Overall criteria for these companies were that they should be manufacturers or wholesalers, small or medium sized⁸ and be engaged in cooperation with competitors. Based on the initial meetings in these companies all or some of the other participating companies were identified. In practice the contact with one company led to the contact with the next. It furthermore meant that when interviewing informants I had more or less an understanding of their cooperation with competitors and conflict situations within the cooperation.

Gummesson (2003) argues that it is important to include all interacting parties and that this is seldom done in business-to-business research. Ford and Håkansson (2006:4) argue that “… if we take an interactive view of business, then it becomes self-evident that we cannot understand business activity by looking at it from the perspective of a single company and its aims and actions”. In consideration of the business network approach one of the main contributions of this study is that perceptions of all competitors cooperating with each other are included.

### 4.2.2 The interview process

The interview process followed a step-wise pattern. This is something that is also advocated by Morse (1994). A majority of qualitative studies require multiple interview sessions with an informant in order to receive trustworthy findings (Glesne and Peshkin 1992). Contact with the informants was made on at least three occasions: an initial phone call, initial meeting and a personal conflict incident interview. Moreover, in relation to most of the informants, telephone interviews were done afterwards in order to follow up on the development of the relations and potential conflict situations. The general idea behind this pattern was to start on a more abstract level and then later on

⁸ With under 250 employees (source http://europa.eu/scadplus/leg/sv/lvb/n26026.htm)
move to a more concrete level. Taking into consideration the sensitivity of the research topic, it was essential to try and develop a trustworthy relationship with the informants already from the beginning.

The potential informants were initially contacted by phone. I gave a brief personal introduction, explained the research project and why the informants had been approached. The informants were asked to take part in an initial meeting. The initial meeting took place within a week or two of the phone call. A piece of A4 paper was brought to the initial meetings that contained personal information, information concerning the topic of the thesis, what was expected from the informants, timetable and the provided advantages for the company. The first version of the information guide is presented in appendix A. This was how it looked in case 1, but it was somewhat changed for case 2. The part containing the benefits for the participants was erased in case 2. A general belief was that companies would be more willing to participate in studies from which they get something in return. I, however, found out that participation in the study was not directly related to the gains received from it. If it is hard for the researcher to come up with any relevant advantages for the companies, then nothing should be promised.

The nature of the meetings was very informal and sensitive to the personality of the informants. In order to build up a trustworthy relationship the informants were initially asked to relate some background information about the company. Aspects such as area of business, products, amount of employees, turnover and markets were reflected upon. This was expected to be a safe and secure question that would feel comfortable to the informants. After this “opening” the informants were asked to elaborate on who their competitors were and what kind of relationship they had with them. The main aim of the initial meeting was to see if a mutual interest existed in participation, i.e. if I was satisfied with the company and if the company was satisfied with my study. The initial meetings with the first informants of each case furthermore provided valuable insights into which other firms that should be contacted for initial meetings. Some informants already at the initial meetings talked about conflict situations in relation to competitors with whom they cooperated. This information was sometimes used as “backup” at the conflict incidents interviews that occurred some time after the initial meetings. The initial meetings with the informants can also be understood as pilot interviews or pilot studies that are strongly suggested by Janesick (1994). According to her pilot studies may facilitate the establishment of effective communication patterns and they may uncover some new insights into shape forthcoming interviews.

The researcher should pave the way for the following interview at the end of the present interview (Glesne and Peshkin 1992). In this study it was done at the initial meetings by saying that “The next time we meet we will go more thoroughly through conflict situations.” It was not until the end of the meeting that I asked the informants if it would be possible to come back later on and that at such a time conflicts in cooperation with competitors would be discussed in particular. All informants agreed to take part in the conflict incidents interviews.

The logics of the conflict incidents interviews are based on the critical incidents technique (Flanagan 1954). The logic of the conflict incident interviews can be
described by the following quotations: “The shorter the interviewer’s questions and the longer the subject’s answers, the better.” (Kvale 1996:145) and “Talk little, listen a lot” (Wolcott 1994:348). The interview guide, which is shown to the informant, only consists of one single question. The interview guide is illustrated in appendix B. Part A was shown to the informant and part B was only used as a backup for the interviewer, if the informant was not capable of talking about the conflict situation in as detailed a level as was required. The questions in part B were consequently used as follow up questions or probe questions helping the informant to get on the track. Perry (2001) suggests that these kinds of questions should be prepared in case the informant does not mention the issues of interest during the unstructured part of the interview. Perry (2001) continues by saying that one hopes that the answers to the probe questions will be provided during the free answers to the general questions so that the researcher will not have to ask them. In order to receive some practical advice for the interviews I contacted Päivi Voima (2002), who had previously used a similar research technique in her doctoral dissertation.

When holding the critical incident interviews the initial idea was to stick to the interview guide presented in appendix B, part A and if necessary to use follow up questions in accordance with those outlined in appendix B, part B. In reality each interview turned out to be unique because of the personality of the informant, the company’s involvement in cooperation between competitors and the informant’s interpretation of situations involving conflicts. Different informants need to be approached differently (Glesne and Peshkin 1992). Some informants were told more and some less. In order to understand the studied phenomenon openness to the informant was needed. In practice part A of appendix B was shown to every informant, but the follow up questions varied from interview to interview. The content of the follow up questions varied depending on how much the informant was able to tell based on part A of appendix B and the findings from the initial meetings.

From a time perspective the informants were interviewed several times so that at the end of the empirical study up to date information was received from each case. For example in case 1 the conflict incidents interviews took place at the beginning of the cooperation. In order to see how the cooperation had developed and to get information about possible conflict situations, telephone interviews with all informants were held about 16 months after the conflict incident interviews. Questions asked during the telephone interviews were how the cooperation had developed since the conflict incidents interview and what kind of situations of incompatibility had taken place. On some occasions telephone interviews were also held in order to check up on some detail. The time between the initial meetings and the conflict incident interviews varied from informant to informant and case to case. Sometimes there was two weeks between the occasions and sometimes they were held directly after each other on the same day. One reason for arranging the interviews directly after each other was that some interviews were held in a city located geographically far away from my place of abode. It was consequently due to a more practical reason. Sometimes the informant asked if it was possible to arrange both interviews directly after each other. One reason was that the

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9 Considering the visibility of conflicts it is important to have up to date information from the informants. One informant may have perceived a conflict years before it is perceived by another informant.
informant had a lack of time and preferred to have both interviews in a row directly after one another. Another reason was that the informant did not have much to say.

All the telephone interviews were recorded and transcribed directly afterwards by myself. Both the initial meetings and the conflict incident interviews were transcribed on a detailed level\(^\text{10}\). Full and detailed transcriptions provide the most favourable foundation for further analysis (Merriam 1988; Patton 1987; 1990; Yin 1989). Figure 11 illustrates the different types of interviews that were carried out in each of the cases as well as the year when they were held.

![Figure 11 Time span of the interviews](image)

Due to the fact that each case led to another, I started to examine the cases in different years. The analysis of one case lead to the need for another case. All the cases were completed by 2006 however as illustrated in Figure 11. Through arranging telephone interviews the informants from case 1 were contacted about one year after the first meeting and then again one year later, meaning that the time span of interviews in case 1 was about three years. In case 2 the time span between the different interviews is about two years, with the exception of four informants. The reason behind this was that one of the informants had not had the time to participate in the study before year 2005. The interview with this informant in turn indicated a need to furthermore include three informants in the study. All of the interviews carried out in this empirical study are outlined in Table 6.

\(^{10}\) Unfortunately the tape recorder did not function properly during one interview occasion, although it had been tested several times prior to the interview. Luckily the most important information both during and after the interview in question had been written down.
Table 6 Interviews

<table>
<thead>
<tr>
<th>CASE</th>
<th>INFORMANT</th>
<th>DATE</th>
<th>DURATION</th>
<th>PLACE</th>
<th>TYPE*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>spring 2003</td>
<td>1 h</td>
<td>informant’s office</td>
<td>IM</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>spring 2003</td>
<td>45 min.</td>
<td>informant’s office</td>
<td>IM</td>
</tr>
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<td>3</td>
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<td>IM</td>
</tr>
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<td>IM</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
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<td>1 h 30 min.</td>
<td>trade fair</td>
<td>CII</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>spring 2003</td>
<td>1 h</td>
<td>informant’s office</td>
<td>CII</td>
</tr>
<tr>
<td>1</td>
<td>3</td>
<td>spring 2003</td>
<td>1 h 15 min.</td>
<td>trade fair</td>
<td>CII</td>
</tr>
<tr>
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<td>4</td>
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<td>45 min.</td>
<td>company of informant 2</td>
<td>CII</td>
</tr>
<tr>
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<td>27.6.2003</td>
<td>5 min.</td>
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</tr>
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<td>20 min.</td>
<td></td>
<td>TI</td>
</tr>
<tr>
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<td>10 min.</td>
<td></td>
<td>TI</td>
</tr>
<tr>
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<td>5 min.</td>
<td></td>
<td>TI</td>
</tr>
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<td>4.10.2004</td>
<td>5 min.</td>
<td></td>
<td>TI</td>
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<tr>
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<td>2 h 15 min.</td>
<td>informant’s office</td>
<td>IM</td>
</tr>
<tr>
<td>2</td>
<td>8</td>
<td>11.10.2004</td>
<td>1 h</td>
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<td>IM and CII</td>
</tr>
<tr>
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<td>7</td>
<td>11.10.2004</td>
<td>1 h</td>
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<td>IM</td>
</tr>
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<td>2</td>
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<td>5 min.</td>
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<td>5</td>
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<td>26.10.2005</td>
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<td>a business school</td>
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</tr>
<tr>
<td>2</td>
<td>12</td>
<td>7.11.2005</td>
<td>1 h</td>
<td>a cafeteria</td>
<td>CII</td>
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</tr>
<tr>
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<td>5 min.</td>
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<td>TI</td>
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<td>10 min.</td>
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<td>40 min.</td>
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<td>16.2.2006</td>
<td>1 h</td>
<td>informant’s office</td>
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</tbody>
</table>

* IM = Initial meeting  
CII = Conflict incident interview  
TI = Telephone interview
The empirical study was carried out from 2003 to 2006. The total amount of informants was 16\textsuperscript{11} and the total amount of interviews was 36. Perry (1998) suggests that a PhD thesis should consist of 35 to 50 interviews. The average length of an initial meeting was approximately 50 minutes and the conflict incident interview usually lasted for an hour. According to Glesne and Peshkin (1992) a rule of thumb concerning the appropriate length of an interview is one hour, but sometimes there is not even time for that. The more interviews that were held, the shorter they turned out to be. This is partly a consequence of developing and learning as a researcher. Sometimes it was necessary to gather more background information about the industry in general at the first interviews within each case. The personal interviews have been done in eight different cities or communities in Finland. Most of the interviews were held in the informants' offices, with two interviews having been held at a trade fair, for reasons of convenience, since both informants were attending the fair and they represented companies situated in different cities of Finland. A conflict incident interview with one informant was held in the company of another informant, due to the fact that the informant came from a company that was located geographically far away. The company, in which the interview was held was located near to Vasa where this study was being carried out. Concerning one conflict situation in case 2, an employee took part in the interview and answered the questions, because the informant felt that the employee knew the situation better than the informant.

\textsuperscript{11} In Table 6 informant x represents an employee who took part for a short time in the interview with informant 7 due to the latter's request.
5 EMPIRICAL FINDINGS

5.1 Description of cases

5.1.1 Case 1

The first case consists of four Finnish companies manufacturing boxes for lorries and trailers. A recent trend within this business is increased cooperation between companies in the form of mergers and acquisitions, meaning that the total amount of companies within the industry is decreasing (Rask 2006). To assure the anonymity of the companies they are here named Sento, Alba, Vintro and Tiro. The companies are located in different parts of Finland. The first contact was made in February 2003 with the managing director of Sento. Before approaching Sento, I was aware that it was cooperating with competitors as a result of two empirical studies that had been carried out with colleagues at the Swedish School of Economics and Business Administration. The first study was carried out in 2000 and focused on SME’s internationalization and cooperation with other companies. The second study was carried out in 2002 and the aim of this study was to examine companies’ definitions of competitors as well as their cooperation with competitors. Sento took part in both studies and stated that they cooperate with competitors.

The companies

Sento was founded in the 40s. Until the 70s it had a diversified product portfolio consisting of wood working products like doors and furniture, caravans, horse trailers and kiosks. Already from the beginning the company has manufactured boxes for lorries and covered trailers, but they started to specialize in this field in the 70s. In the 80s the present factory was built and export to Sweden and Norway was initiated. In the 90s Sento started specializing in trailers and transport bodies that open out fully. In 2000 export activities outside the Nordic countries began. More than 80% of Sento’s products are exported. In 2003 the turnover was 24 million euros and the company employed 129 persons. The corresponding figures for 2004 were 26,5 and 140. In 2005 the turnover was 28,8 and the number of employees 150. These figures indicate that Sento is a growing company.

Alba was founded in the 50s and it started out as a repair workshop and manufactured agriculture machines, wheelbarrows and oil tanks. At the end of the 50s and the beginning of the 60s the company started to focus on supplementary for lorries and more specifically platforms for lorries carrying gravel. The focus was merely on repairs. In 1989 a shift from repairs to production took place. Alba started to focus on trailers and supplementary. In 2003 the number of employees was 28 and the turnover amounted up to 5,0 million euros. The corresponding numbers for year 2004 were 31 and 5,2 and in 2005 the amount of employees was 34 and the turnover 6,2 million euros.
The company has therefore grown both concerning the amount of employees and turnover.

The original company behind Vintro was established in 1966. Vintro itself was established in 1986 when the business idea was to manufacture car bodies for another company. Vintro’s product range consists of feet for containers, light- and distribution containers and ATP-classified hampers and trailers. During 2003, 2004 and 2005 the number of employees has been 47. Over the corresponding years the company has had a turnover of 6, 6,2 and 7 million euros respectively. Vintro operates on the Finnish market, but also in the Scandinavian and Baltic countries as well as in Russia. The export is about ten percent of the turnover.

Tiro was established in the 60s. It manufactures trailers for timber, woodchips and peat, platform-and tipper trailers, different kinds of foundations for trailers and bogies and foundations equipped with feet. In 2003 Vintro had a turnover of 8,3 million euros and the number of employees was 58. In 2004 the corresponding figures were 9,7 and 60. In 2005 the expected turnover was 10,5 million euros and the amount of employees was 60.

The competitive dimension

The focus of this study lies on intercompetitor cooperation and it is therefore essential to describe how it is embedded in the present case. The inclusion of the case into a category of intercompetitor cooperation is motivated by several factors. Firstly, in accordance with a cognitive perspective, the perceptions of the informants are recognized. Two of the involved companies do not themselves define each other as competitors, while an informant in a third company recognizes that they manufacture and sell products that are highly similar.

The second aspect that needs to be taken into consideration is the history of the relationships between the companies. “The legacy of the past is always shaping the emerging future.” (Pettigrew (1997:339). Ford and Håkansson (2006) write that the present interaction between firms is deeply rooted in the past and it will moreover have an impact on the potential directions of interaction in the future. In the 80s Sento and Tiro were competitors, but they were still cooperating. Sento had a good distribution system and in order to fill up gaps in capacity it bought certain production items from Tiro. Due to a change of ownership in one of the companies the cooperation ended. Some time later the ownership changed again and the companies were not competing anymore and then cooperation took its present form. There has consequently been a change in the nature of the relationship between the companies, moving from competitors to collaborative partners. According to one of the informants it still occurs sometimes that Tiro manufactures and sells products that are identical to those of Sento. Sento and Alba were also competitors when they entered into the present cooperation, but today they are not defined as competitors anymore due to a refocus of the product ranges. Sento and Vintro are defined as competitors both by themselves and by the other companies within the cooperation. The criterion for defining Sento and Vintro as competitors is that they manufacture identical products and sell them on the Finnish market. One of the main visions of the future that seems to unite all the companies is
that everybody should concentrate on their core competence and focus on what they are best at doing. If this happens, the competitive dimension will probably vanish eventually.

The exchanges

The seeds for cooperation were set in the beginning of the 90s and the initiative was taken by Sento, which employed Alba for certain kinds of activities related to a delivery. Over the next few years the cooperation became more frequent and towards the end of the 90s Sento suggested that each of the companies should concentrate on what they are best at, i.e. what they are most interested in doing. According to Alba Sento was at a certain point even interested in buying Alba, but it did not happen. During the initial years of cooperation, Sento and Alba defined themselves as competitors, but as they in the end of the 90s started to differentiate they did not consider each other as competitors any more. Sento specialized in cabinet trailers, while Alba specialized in covered trailers. According to Alba the division into different product segments is almost total, but sometimes the companies may still cross each other. In 1996 Alba met Sento’s Norwegian sales agent at a trade fair in Sweden. Soon thereafter Sento’s sales agents in Norway and southern Sweden also started to offer Alba’s products on the corresponding markets. This was advantageous for both Sento and Alba. Sento received complementary products to their existing product range while Alba reached new markets.

In 2001 Sento approached Vintro and Tiro to join in the cooperation. This was done together with a representative from the Employment and Economic Development Centre. Sento and Vintro define each other as competitors. Although similarities can be found within their product range, the amount of manufactured products differs. 30 percent of Sento’s total production consists of a certain product, of which they manufacture about 150 per year. Vintro manufactures an identical product, but it represents about 99 percent of their turnover and amounts up to 250 per year.

Sento, Alba, Vintro and Tiro are interrelated through different exchanges and these are outlined in Figure 12 and presented thereafter.
The exchanges taking place between the companies constitute a complex pattern of interdependencies. The exchanges between Sento and Alba started about 30 years ago already, when both had a more diversified business idea. For several years Tiro has been a supplier to Vintro. According to one informant it is possible to split the view of the four companies into two camps. Two of the companies are family owned and located in the same regional area. The mother tongue of the managing directors and owners of both companies is Finnish Swedish. The other two companies both belong to the same mother company and the language used in both companies is Finnish.

The exchanges between Sento and Alba are fairly frequent. In 1998 the companies started to specialize into different niches and Alba bought itself into the Scandinavian sales net of Sento while at the same time Sento received a complement to their offerings. Recently Alba has started to use Sento’s patent concerning a lashing system. In practice this means that Sento sells Alba’s products with Sento’s lashing system. This is furthermore used as a marketing strategy. Sento and Alba also cooperate in terms of deliveries. Sometimes products are delivered together from Finland to Sweden. At other times employees from each company drive together in separate trucks and return back in the same truck. Alba paints all of Sentos’ products. The companies do also cooperate within marketing, through joint ads or participation in trade fairs. Once the companies together employed a trainer, who specialized in the regulations of the Swedish market.
As far as the exchanges between Sento and Vintro are concerned, Sento took the initiative in 2001 when the companies formally met in order to discuss potential cooperation. The first joint activity between the companies occurred the same year when Sento bought two swap bodies of Vintro and presented them together with Sento’s own products at one of the industry’s most important trade fairs in Sweden. In 2003 Vintro sold over 20 products on the Norwegian market through Sento’s sales agents. In return, Vintro bought side doors from Sento. As was already mentioned earlier, Sento and Tiro have had a history of cooperation since the 80s. Tiro has been supplying products to Sento when it has lacked capacity. Tiro is currently operating on the Swedish market through the sales organization of Sento. In 2004 a contract was written between the companies, in order to honour the fact that Sento opened up a new sales channel for Tiro.

Vintro and Tiro belong to the same mother company and the exchanges between the companies are basically based totally on supply. Tiro is a supplier of Vintro and delivers products such as chasses and steel parts.

Until spring 2003 only a few exchanges had taken place between Alba and Tiro. At one occasion Alba offered Tiro’s products to a potential customer geographically located near Alba. In return Tiro bought some products from Alba and sold them further. Alba’s vision for the future is that Tiro could supply Alba with certain components.

An act of cooperation uniting all four companies was the employment of a consultant in order to carry out an overall analysis of each and every one of the companies. In this way the companies not only had the possibility to obtain information about their own company but also the means to compare themselves with the other companies within the group. Moreover the companies have together ordered accounts data from the industry and shared it among themselves.

Further to the above-mentioned exchanges between the companies, they also meet up to four/five times a year in order to discuss issues of mutual interest. These meetings are hosted by each and every one of the companies. The meetings are chaired by an independent person from the Employment and Economic Development Centre who also writes the minutes of the meetings. This person was also present in 2001 during the initial discussions about cooperation between all the companies. At the end of each meeting the topics of the next meetings are briefly introduced and reflected upon. The companies also keep in touch by e-mail and phone.

5.1.2 Case 2

A preliminary analysis of the results of case 1 indicated that in order to be able to fulfill the aim of this study at least one more case was needed. The search for a suitable case started by reading business magazines containing descriptions of companies. In a business magazine presenting companies from a certain region in Finland I found a wholesaler within the business of natural health products. Based on the article in the magazine it appeared that this company was cooperating with competitors and therefore
the managing director of the company was contacted. Based on the initial meeting with
the managing director it was confirmed that the company was indeed engaged in
cooperation with competitors. Based on the information received from the initial
meeting further companies and informants were chosen, until a total amount of 10
companies and one industry expert were included in the case. The number of companies
chosen was not preset from the beginning, but it was the initial meeting and conflict
incident interviews with one informant that directed the need to include more
companies. The research strategy here was to include all actors involved in a conflict
situation. Out of 500 Finnish companies distributing natural products, about 30 were
considered as significant according to informant 12, an industry expert. All the
companies involved in this study belonged to this group.

According to informant 5 the industry experienced a rapid growth in the end of the 80s.
It was partly because of the media, in which natural products were presented as a softer
alternative. At this time the industry was widely accepted. In the early 90s a recession
struck the economy and the growth within the natural products industry stopped. In
comparison with other industries however, growth did not decline. According to
informants 5 and 6 this could be explained by the fact that individuals felt it was at least
worth investing in ones own health in times of unemployment. As the recession eased in
1992 there was a downturn in the natural product industry. Both informants 5 and
informant 6 said that a potential reason for this decline was that people started to believe
in the future again and their investments were directed towards more expensive items,
like televisions and cars. According to the informants a new growth period started in
1993 and from that time to 2004 the industry grew at a rate of 3 to 7 percentage a year.
The growth of the business has been relatively stable. According to two informants the
industry is facing no growth or even a small minus in 2005.

Actors within the natural products industry are organized around a central association.
The central association consists of the wholesaler's association, the retailer's association
and a centre of education.

Based on the interviews it became apparent that the competitive climate within this
industry was under stress. According to informant 5 there were many different actors
within the industry and nobody had control over sales through for example the Internet
and home-parties. Informant 5 said that those who were operating seriously were under
strict governmental control while the others were almost allowed to do what they
wanted to. Another aspect that was mentioned by the informant was that it had not yet
been stipulated in law how much vitamins or minerals or trace elements a certain
product is allowed to contain. To quote an informant: “The industry has turned out a bit
wild because the government has been supervising it poorly.”

**Background information about the companies**

Companies belonging to case 2 supply natural health products. From the interviews it
became apparent that the industry is restricted under law, because it involves the health
of human beings. Within the business there are several actors of whom some follow the
laws and regulations to a more detailed level than others. In order to assure the
anonymity of the participating companies, the background information is left to a
minimum. Even the participating companies themselves did not know which other companies were participating in the study. This was not a pre-set strategy, but it was done because of a request from one of the informants, who thought that it would be better if I approached the companies as belonging to a certain industry, instead of belonging to a group of cooperating competitors.

The examined companies are situated in different parts of Finland, from Helsinki in south to the region of Ostrobothnia in mid west of Finland. Some of the companies manufacture their own natural products, while others are wholesalers without any manufacturing of their own. Some of the companies are family owned, while others function as a part of a larger organization. The age of the companies ranges from about 15 to 50 years and the amount of employees varies from about 4 to 30. Some of the companies concentrate only on a narrow niche of products, while others supply a much wider range of products. The supply chains also differ between the companies. Some are more focused on specialized shops for natural products, while others are mainly concentrated for example on supermarkets.

The exchanges between the companies

Five of the companies belong to the Natural Product Wholesalers’ and Manufacturers’ Association. There are a total number of 10 companies belonging to the association. All the members were not included in the study, because the snowball technique was used for finding objects to study, and the left-out companies were not mentioned by any of the participating informants. The total turnover of the involved companies represents about 30% of the expected turnover within the business of natural products in Finland. This means that they represent the largest actors on the market. The association works together with other associations, the government, research institutions and media in order to enhance the opportunities and development of the natural products business in Finland. The Finnish association moreover belongs both to a European and an international association of natural products and from there the companies belonging to the Finnish association receive a lot of information about what is going on within the business on a worldwide basis. Cooperation takes place within the associations concerning legal restrictions, general aspects and international issues. Mostly the issues have to do with the industry as a whole, its development and image. A majority of the natural products are restricted under the food legislation. Some products are regulated under the law of medicine. Although most of the exchanges between the competitors in this case occur through the exchange of information, the participants meet regularly at formal and regular meetings in order to discuss and develop the industry as a whole. The members meet once a month. Since 1980 wholesalers within the industry have moreover cooperated by arranging education for the shopkeepers selling natural products. One of the informants said that there would also be a common site on the Internet for the companies belonging to the association.

Within the industry of natural products wholesalers belonging to the industry associations are working within a typical cooperative business environment. Two of the informants said that the companies were cooperating, but that they were still competing in the field. Competition occurs in the market where the companies are competing with products, marketing and sales.
In 2004 a negotiation council was restarted within the industry. According to informant 12 the negotiation council had been established about ten years prior to the restart. The idea to restart came at a seminar for companies belonging to the industry. Seven companies connected with the negotiation council are included here because they (in accordance with the snowball technique) were mentioned by other informants in relation to conflict situations. The general idea behind the negotiation council was that it should be a large neutral forum for everybody interested in the industry of natural products, including wholesalers and representatives from authorities as well as legal experts. It was the members themselves that decided the purpose of the negotiation council. The purpose of the negotiation council was to create marketing rules for the industry, particularly concerning what kind of claims should be allowed within marketing. Another task of the negotiation council was to cooperate with the authorities. The negotiation council was formally re-established in spring 2004 and its work was of a project character with one person employed. Furthermore the members of the council had to pay a sum of money for the employment of the project person. The project ended in February 2005. Although the work of the negotiation council reached its conclusion, it still continued through another forum. Associations within the industry continued by listing different raw materials together with their health claims used in marketing and scientific proof of their quality.

Based on the presentation above we can conclude that the exchanges between the competitors in case 2 mostly are of a non-economic nature. This is in line with what in previous research has been considered as typical for intercompetitor cooperation (Easton and Araujo 1992; Bengtsson and Kock 1999).

Figure 13 illustrates how the companies involved in case 2 are interrelated.

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12 The company that does not belong to either the negotiation council or the industry association is a supplier for - and a competitor to - one of the other companies.
within the business were waiting for new directives from the EU and the aim of these directives would be to harmonize the rules and regulations of the industry of natural health products in all EU countries. One of the informants said that the industry of natural products at present was very controlled by the authorities.

In this study is has previously been stated that according to Gomes-Casseres (1999) companies seldom cooperate and compete at the same time within one and the same activity. This is not true concerning case 2 where several of the companies compete by using marketing claims at the same time as they are cooperating in order to find a common practice within the business concerning the use of marketing claims.

Some of the companies in case 2 also cooperate on other levels. For example one of the companies manufactures products of another company. Two of the companies purchase items, for example packages, from each other. This cooperation is only on a random basis and occurs only in situations when one actor is in a hurry and has run out of something that is needed. At the start-up phase of one of the companies it acted as a supplier for another of the companies. Cooperation also occurs in situations when a delivery to one of the companies is delayed. According to one of the informants the delivery of raw material from one company to another was left to a minimum because one did not want to reveal how much the raw material had cost. According to the informant it would feel like giving a competitor something that you have been working hard to get for yourself. In 2005 two of the companies started initial discussions about cooperation within manufacturing.

On more random bases the competitors belonging to the industry association and/or the negotiation council also discuss with each other concerning matters such as taxes or the development within the business in general. One informant said that the competitors were cooperating by asking advice from each other for example concerning issues that had to do with the authorities. According to another informant the competitors may compare sales within different product groups and types of distribution channels. The same informant believed that companies belonging to the industry's association is cooperating more than the companies that do not belong to the association. According to a third informant it was also possible to contact a competitor in order to ask for advice concerning appropriate claims to use for example in marketing. Generally it is noticeable that the competitors involved in case 2 cooperated more frequently within activities that were more far away from the customer, such as within development. At the same time they were competing within distribution and marketing. Within settings of intercompetitor cooperation similar findings are presented in Bengtsson and Kock (1999) as well as Kaufmann (1995).
5.2 Analysis of the empirical findings

5.2.1 The process of analysis and interpretation

The findings of this study are generated through a systematic process moving forward from a more general- to a specific level. This process is shaped like a cone and illustrated in Figure 14. I went through every stage with one case before turning attention to the next one.

![Figure 14 Stages of analysis](image)

The transcripts from the interviews were used as a starting point. Each interview was transcribed by myself directly after the interview had taken place. Every interview was transcribed word by word. During the stage of transcription the value of writing down everything that had been said by an informant was sometimes questioned. There is, however, a risk of missing important information if everything is not transcribed (Strauss and Corbin 1990). Each interview transcript was studied in order to pick out conflict situations, starting with the transcripts from the initial meeting and conflict incident interview with one informant before continuing with the transcripts from another informant's interviews. The text belonging to a certain conflict situation was cut
out and glued onto coloured paper. Colors were chosen randomly and they were used only because it would be easier and maybe more time efficient to recognize a certain conflict situation among many. If several informants told about the same situation the number of the informant was recorded in relation to what he or she had said. In this way there was no risk of mixing the informants and the text. At this stage every detail of a conflict situation was present. In order to get a more general overview of the conflict situations I took several A3-size papers and drew six columns titled: number of conflict, cause, topic, importance, outcome and comments. Each conflict situation was briefly explained under these headlines. This huge table was taped on the wall in front of me as the analysis moved to the following phase. In the following stage, i.e. number three; each conflict situation was treated one after the other. Here the different elements of the situation were in focus. In practice the transcripts of each conflict situation were analyzed and topic, cause, importance and outcome of the situations were identified. Moreover some other elements (for example specificity\textsuperscript{13}) were found that were interesting in a way that they increased our present understanding of interorganizational conflicts. Many of these other elements had already been mentioned in the table that had been drawn in stage two. At this stage of working with the material the language then turned into English. The interviews were carried out in Swedish and Finnish. Initial interpretations were also made at this stage and quotations were sometimes used in order to strengthen the analysis. The conflict situations were grouped based on their topics and each group received a name of its own. At the end of this stage an overview in Excel of all conflict situations belonging to each case was made. In addition to the elements that were focused on in stage 2, this overview contained all the elements including for example visibility, specificity, continuity and frequency. There was room for the overview on one A4-size page.

The final stage of analysis is grouping the elements of a conflict situation. In practice this means that groups of a certain element were generated. The concepts used to describe groups of elements have been constructed by the author. This stage is also characterized by "data massage" (Grönhaug 2006) and data reduction. Some elements that were initially included in stage 3 were eliminated at this stage. Elements that were eliminated were level of cause, specificity and continuity. The reason for eliminating levels of causes was that a more thorough analysis of the findings had not shown support for this. In phase 3 some conflict elements appeared to be of a more specific nature than others that were more general but elements were also excluded in stage 4 because it did not seem to be of great relevance for increasing our understanding of the studied phenomenon. It was moreover hard to make a clear distinction between specific and general conflict situations. Also continuity was eliminated because it was related to the outcome or status of a conflict. In stage 4 the findings of the empirical study was compared with existing literature.

\dots prior theory is emphasised again in the data analysis part of the report of case research. The prior theory is also used to provide a tight structure used to categorise the interviews into sub-sections of a report of the data analysis. (Perry 2001:316)

\textsuperscript{13} Specificity implies that a conflict was specific or general. Based on the perceptions and explanations of the informants some conflict situations were described in a more detailed and specific way, while others were mentioned only on a general level.
The following sections are all related to stage 4 in Figure 14. In the following sections the conflict elements are presented and analyzed. Groups have been identified as a result of data massage (Grönhaug 2006). A general characteristic of qualitative studies is that they consist of “thick descriptions” of the phenomenon under study. “Detailed description and in-depth quotations are the essential qualities of qualitative reports” (Patton 1987:163). Rich descriptions of all the conflict situations in case 1 are found in appendix C and in appendix D concerning case 2. The descriptions of the conflict situations serve as a base for further interpretations and analyses of the results. The basic idea with appendix C and D is to provide the reader with a holistic picture of the conflict situations related to the different cases of the study. An initial interpretation of the elements of conflict situations was carried out already when the conflict situations were written in appendix C and D. In appendix C and D the conflict situations are presented so that situations with similar kinds of topics are located near to each other.

In case study research descriptions are not enough, they should also be followed by understanding (Woodside and Wilson 2003). Understanding can be received through analysis and interpretation. In the following sections each element, i.e. cause, topic, importance and outcome, is analyzed separately based on the empirical findings from this study. In order to move the analyses from a merely descriptive to an abstract level, groups are developed. A pitfall in data analysis is when researchers apply categories that are too small and too numerous (Lincoln and Guba 1985). The analysis still starts from a detailed level and moves towards more abstract groupings of the findings, i.e. from thick descriptions to data reduction. Eisenhardt (1989) says that one possibility is to start by selecting categories and continue by looking for within-group similarities and intergroup differences. A similar suggestion is made by Ryan and Bernard (2000), who write that one technique for forming theory is to contrast and compare the categories and concepts. “Dimensions can be suggested by the research problem or by existing literature, or the researcher can simply choose some dimensions” (Eisenhardt 1989:540). According to Eisenhardt (1989) it is important to examine both literature that conflicts with the empirical findings and literature that is concurrent with the findings. One approach of trying to validate empirical findings is to refer to similar findings within a somewhat different context (Eisenhardt 1989). In this study analysis is based on a combination of existing literature and new insights based on the empirical findings of this study. By considering previous literature in the analysis phase it makes it possible to position the findings of the empirical study and existing theories can be developed. As it is the different elements of conflict situations that are of main interest in this study, this section is organized based on each element and not on a case basis.

The elements of the conflict situations are furthermore in section 5.2.7 related to external network actors. Here the analyses are carried out case by case. One should aim at a full understanding of each individual case before starting to combine the findings of several cases (Patton 1987; Eisenhart 1989). In section 5.3 the reader will find a comparison between the findings of case 1 and case 2. The logic represents a continuous interpretation process starting from a more detailed descriptive level and then moving to a more abstract analytical level.
5.2.2 Causes of conflicts

It is challenging to find a single cause for a conflict situation, because there could be a variety of factors that cause a conflict. In this study the informant, who mentioned a topic of a conflict was also asked about the possible causes for this conflict. It is the perceptions of the informants that constitute the basis for the grouping of the causes on a more general level. In most conflict situations the informant mentioned the cause in light of what the expected view of the other actor/actors involved in the situation was, for example by saying that the conflict occurred because the competitor did not have the right information or that the conflict occurred because of the competitor’s strategy. At other occasions the cause was mentioned from the informant’s company’s point of view. For example that it had a product that sold very well. A general cause of every conflict situation is according to definition perceived incompatibility between at least two actors. Several of the perceived conflict situations occurred so that the company represented by the informant perceived incompatibility in relation to a competitor. There were also some conflict situations mentioned when a competitor perceived incompatibility in relation to the informant’s company. In the following presentation only a few conflict situations are discussed and treated as representative of a group. In appendix E all the conflict situations in case 1 are presented as well as their respective group belongingness. Concerning case 2 the corresponding table is found in appendix F.

Case 1

Within the cooperation between the companies several conflicts are caused by the fact that each company favours its own way of doing things. Sometimes existing practice is deeply rooted in the history of the company and therefore it can be hard to give up. One of the basic aims behind the cooperation between the companies is that each and every company should focus on a certain niche and through cooperation the group as a whole could offer the customer a broad range of products manufactured by specialized companies within the group. In practice it is, however, not always that easy.

Why will we not manufacture what we have manufactured ourselves? When we started to cooperate we agreed that we would not manufacture any... and company x would not manufacture what we do... One did not really dare to believe that it is like this... can I give this up and do I get something in return. (Informant 2, Situation 1)

Perhaps it has to do with background and history, because they have always been operating in their own workshop and been fully occupied with work... I do not think that they understood the thought of specialization. (Informant 1, Situation 1)

For example from the division of planning or marketing one questioned why we should do this, as we already have an existing product. (Informant 4, Situation 5)
In these situations the companies tried to find their own niche, which did not happen in conflict situation number 12, where the similarity between the companies led to dissolution of cooperation for a certain period of time. A central issue here is that the companies were competitors and were used to manufacturing similar products for the same customers. The empirical findings from this study are in line with the findings in Molnar and Rogers (1979), where similarity is viewed as a cause for conflict.

In other occasions conflicts occurred because of a mismatch in products in the cooperation between companies. In these situations one of the companies acted as a supplier and the other as buyer.

*Our doors do not quite suit their structures. We would have to make a somewhat special door for them...* (Informant 1, Situation 13)

A similar cause is identified in conflict situation number 14 where the practice of measuring in two of the companies differed. These conflicts usually occur in the beginning of the cooperation between competitors. All the causes that have been mentioned above are grouped under incompatible traditions. Incompatible traditions are coupled with the background and history of the companies. The competitors are used to operating in a certain mode and these modes are not always that easy to match. Causes related to incompatible traditions are consequently rooted in the past. A tradition can be explained as a custom, habit or practice.

Several scholars (e.g. Rahim 1986; Schmidt and Kochan 1972; Stern and El-Ansary 1977) have presented goals as a cause of conflict. In case 1 the cause of conflict in situations 11 and 17 represents incompatible goals. Conflict situation number 11 is related to growth and situation number 17 is related to the establishment of a joint sales office. The companies have incompatible goals related to growth, as one company applies a clear growth strategy, while another of the companies has more modest goals related to growth. Therefore conflicts arise. Different strategies of growth become incompatible strategies from a perspective of cooperation. At least in this case where growth is related to cooperation. The companies have incompatible goals related to the establishment of a joint sales office because they are operating on different markets. It would be beneficial for one of the companies but not for the others. This conflict situations is moreover related to the future, because it involves goals that have not yet been reached.

Conflict situation number 16 was caused by incompatible communication in the exchange between two of the involved companies. The companies had a routine for a certain operation, but in this situation interpretations of this routine were made from two different perspectives. There was consequently a gap in communication. The situation could further be explained by the fact that the involved companies have cooperated for several years and built up a relationship of trust and friendship. Therefore documents involving exchange between the companies are perhaps not always checked in such detail, in comparison with a situation where the cooperation has just started.

Based on the empirical findings of this study incompatible traditions, incompatible goals and incompatible communication represent conflict causes related to FOCUS.
Each actor has a focus of their own and therefore conflicts arise. In situations where the competitors are cooperating by specializing it is the similarities between the companies that cause conflicts. In situations where the companies are acting as buyers and sellers in relation to each other it is the differences between the companies that cause conflicts.

In several conflict situations lack of resources caused conflicts.

\[I \text{ do not know but I think that they may have a lack of resources ... right now, both in the office and in production, so that they have not been able to increase capacity in production...and then also concerning the employees in the office, they are so busy that they simply do not have time for doing things that should be done. (Informant 3, Situation 9)}\]

\[The \ text{ systems are not built for that kind of cooperation, it would require that somebody would sit down and systemize exactly that part, it is a question of resources. (Informant 1, Situation 21)}\]

Within existing literature causes of conflict related to resources are often described as competition for scarce resources (Stern and El-Ansary 1977; Walton and Dutton 1969). The empirical findings from this study show a new perspective as a lack of resources within one or several of the cooperating competitors caused conflicts in the cooperation between the companies.

Different size of the cooperating competitors represents another group of causes.

\[We \text{ are different companies, x is considerably larger and they perhaps rely on bigger volumes...and we, on the other hand, instead have smaller volumes that are more tailor-made. So there can be problems sometimes that they have as was said larger volumes and sell with less return per unit and we have smaller volumes and more special...we would have to receive more return per unit so to say. (Informant 2, Situation 8)}\]

This is an issue that has not been mentioned directly in previous literature and therefore it is interesting to notice. All conflict situations caused by differing size between the involved companies are related to joint supply. As one of the companies was smaller it did not have the same possibilities of decreasing price as the other company, which was larger. While describing and reflecting on conflict situations one informant continuously referred to size as significant in conflict situations. The informant said that even if you are right, if at the same time you are smaller and more dependent, you could be used. If you are smaller, would you dare to stick up your nose and say how it is, or should you be more diplomatic and compromise by sharing the costs. This can be related to previous literature concerning power and conflicts. According to Bucklin and Sengupta (1993) and Raven and Kruglanski (1970) unbalanced division of power may cause conflicts in business relationships. The findings from this study indicate that it is the larger company that is more powerful and the small company that is dependent on the larger company. The power is not of a coercive kind, but rather as a consequence of
differences in size between the companies. Conflicts related to size seem to be continuous.

Some conflicts are caused by systems and routines, or more specifically a lack of appropriate systems and routines as well as differing systems and routines between the cooperating competitors. One example of a conflict situation belonging to this group is conflict situation number 10. One of the informants said that his company had certain systems and routines concerning supply, while another of the companies involved did not have the same systems. This, in turn, caused conflicts. In conflict situation number 6, it seems like one of the involved companies did not have sufficient systems and routines for handling requests, and therefore a conflict arose. Porter (1985) writes that procedural differences lead to friction within interorganizational cooperation. Bucklin and Sengupta (1993) as well as Porter (1985) stress the need for an equal organizational culture when companies are cooperating. Systems and routines can be viewed as a part of the organizational culture. The basic business philosophy of a company belongs to its business culture. Managers may view interrelationships with other companies as threats to a business culture that has traditionally worked and made the company successful in the first place. (Porter 1985)

The causes of conflict situations number 3 and 4 are related to external network actors such as customers and suppliers. One of the informants says that he is unable to steer his customers and suppliers and this is here related to systems and routines.

The empirical findings show that we have another group of causes of conflicts that consists of causes related to lack of resources, different size and systems and routines. This group is CAPACITY. Capacity is related to the capabilities of the competitors involved in cooperation. An evident finding of the analyses of the causes of conflicts in relation to capacity is that one of the companies in some way fell behind the other companies concerning resources, size and systems and routines. In turn this caused conflicts.

An illustration of the groups of causes of conflict based on the findings from case 1 is found in Figure 15. In the a priori theoretical model causes of conflicts are grouped into organizational, relational and external (based on Halinen-Kaila and Tähtinen 1997). Based on the empirical findings from this study, this strategy of grouping is not suitable, because numerous causes seemed to be both on an organizational and relational level simultaneously. For example when a conflict is related to the exchange of activities between two companies and the cause is found within the different size between the companies. Is it then relational or organizational? Relational and organizational levels of causes are more related to “where is the cause?”, while focus and capacity provide answers to “what is the cause?”. The external or network level of causes is elaborated on in a separate section (5.2.7) where the findings show that more elements of conflict situations than the cause can be found on an external level.
Figure 15 Causes of conflict in case 1

Case 2

Some conflict situations, i.e. numbers 25, 28 and 35 were caused by the fact that one of the companies involved in case 2 applied a me-too strategy and therefore appeared on the market after somebody else had paved the way.

*Company x is the one that always tries to ski in a prepared track. They are Japanese. I mean that they are not Japanese, but they are Japanese in such a way that as soon as they recognize that something starts to move...as soon as they recognize that there will be a demand for this product, they manufacture a me-too product.* (Informant 6, Situation 28)

*Company x is kind of a Rank Xerox company, yes.* (Informant 5, Situation 35)

An interesting aspect concerning the commonly known copying phenomenon in this case is that several informants mentioned a certain company. This particular company was a well-known copier. Conflict situation number 44 is described by informant 10 and it was caused by the fact that one company had a strategy for copying, while the informant from the other company said that if a company was working “civilized”, copying was not included. One of the informants said that every time this company noticed that there was a product that interested the customers, it introduced a me-too product. According to one informant “They are absolutely the most active to sort of ski in a ready made track.” The same informant said that this company was aware that it was known for this, but when I interviewed the informant from the company in question, no information whatsoever about a possible me-too strategy was evident.
These kinds of conflicts can be viewed as somewhat typical for competitors that by definition have similar products.

According to informant 15 conflict situation number 27 was caused by the fact that another of the companies in case 1 tried with every means to prevent company 15 from entering the market. It is not only this conflict situation that is related here to market entry, but also all of the above named causes of conflicts. All conflict situations related to market entry occur at the start-up phase of a company or the introduction of a product on the market. Consequently these causes are related to “the beginning”, either from the perspective of the establishment of a company or the introduction of a product on the market.

Conflict situation numbers 31 and 32 occurred because of an uncertainty of the role of one of the companies. Should one company have given priority to the other companies in case 2 by giving its approval of a supply of an ingredient that was manufactured by a third company partly owned by the first company? The ingredient in question was also used by the first company. Should it at first hand have been thinking of what was best for itself in relation to the competitors or should it have been focusing on the benefits of the supplying company? These conflict situations are relevant during the time of this study and they are expected to occur also in the future, because of an increasing demand of the ingredient in question. The conflicts can be related to incompatible roles. Ideas of role conflicts within a setting of intercompetitor cooperation can be find in Bengtsson and Kock (2003). In a study of intrachannel conflict Etgar (1979) found that one of the most important causes of conflict is lack of role clarity.

Conflict situations numbers 58 and 59 had to do with headhunting employees from one company to another. According to informant 5 this strategy was the result of a need for expert knowledge. Moreover informant 5 stated that within the business of natural products it was quite difficult to receive expert knowledge. The companies that were headhunting personnel from other companies within the group were consequently thinking more of their own company than of the business as a whole. This was also indicated by informant 5. A similar notion was found in conflict situation number 57 when it became apparent from the interviews that although several me-too products had been introduced on the market, company 11 tried to stick to their price, because if prices were continually decreased, “everybody suffers”, said informant 11.

The cause of conflict situation number 45 is illustrated in the following quotation:

It also feels somehow that one does not even want to create a product brand, but in a way wants to within a short period of time become one of the companies that sells most. (Informant 12, Situation 45)

This can be compared with a study by Hyder (1988), who also found that conflict within international joint ventures was caused by one of the actors’ focus on receiving immediate profits, while the other was focusing on long-term investments.

The causes of conflict situation numbers 49, 63 and 64 were quite similar, because they could all be related to some kind of sneaking or secrecy. Within research of marketing
channels similar findings have been presented by Etgar (1979). Situation number 49 was caused by one of the companies desire to sell to shopkeepers before competitors.

It is a bit like kind of wedging oneself in a week before...and they have done it at least for a year or two, that they have tried to perhaps secretly come out with their own magazine a week before the competitor. (Informant x, Situation 49)

In conflict situation number 63 informant 5 said that “everybody is perhaps primarily looking after their own household”. In these conflict situations something has been said but something else has been done. It is a matter of trying to get a better position in relation to the other companies within the group. The causes of conflict situation numbers 61 and 62 were somewhat different as they were related to the perceived benefit of group belongingness.

You cannot think that it is your benefit, but you have to think that when things go well for the business, it goes well for you too...Cooperation is the strength, you are nothing alone, but in a group you get strength. (Informant 15, Situation 61)

At least we want that the reputation of the business increases and the profile rises. (Informant 13, Situation 62)

Some of the companies involved in case 2 clearly valued group belongingness and cooperation, while others seemed to think more about their own individual position. One explaining factor for this could be that the companies with a positive attitude towards intercompetitor cooperation often have a long history of cooperating with competitors. In conflict situation number 50 informant 15 said: “We are all individualists and then, however, we want to be on our own line.” In this study the above-mentioned causes of conflicts are grouped as individualism. Individualism can be compared with the desire for autonomy, which in previous literature (Kochan, Huber and Cummings 1975; Perry and Levine 1976, Pondy 1967; Rosenberg and Stern 1971) has been described as a cause of conflict. In this study market entry and individualism are related to incompatible strategies among the involved companies. Market entry is related to the strategy of entering a market, by being a pioneer or "a copier". Individualism is related to focus on self or on the business as a whole.

The cause of conflict situation number 30 is that the perceptions concerning the liberalization of the business differed between two of the involved companies. One of the companies prefers a more strict control of entry into certain product concepts, while the other company seems to favour a more liberalized strategy. One of the companies applied a strategy of specialization, while the other company operated with many products in several sectors.

Conflict situation numbers 51, 52 and 53 were all in some way or another related to channels of distribution.
From one’s business 90% only comes from specialized shops for natural products, of course it is in their interest to watch the benefit of that single channel. Again for another over half of the business comes for example from the channel of pharmacies and of course it watches the benefit or its channel… (Informant 12, Situation 51)

The same was indicated by informant 6, who said that company 6 favoured specialized shops and concentrated on these. Company 9 was on the other hand concentrated on shops selling everyday commodities. Conflict situation number 52 was according to informant 9 perhaps caused by the fact that company 9’s choice of channel would “decrease the trustworthiness of the business”. Based on these findings every company tended to favour their own channel, but in conflict situation number 33 the same also held true concerning the origin of products within the business.

Conflict situation number 38 was caused by the fact that a company probably wanted to increase sales by making stronger claims about a product than competitors did. Conflict situation number 34 was caused by the fact that the owners of one of the companies had previous working experience within another business, which has led to the fact that their company entered the business of natural products with somewhat different priorities than those that already existed on the market. It is worth noticing that this conflict situation occurred about 15 years ago.

A more current conflict situation was situation number 48, which was related to self-control within the business.

Here in Finland it is still like a will of wanting to be wild and free… (Informant 5, Situation 48)

...are we afraid of each other then if somebody gains more or something like that…(Informant 10, Situation 48)

As with the above-mentioned causes of conflicts this situation can also be grouped under incompatible priorities, which together with incompatible strategies is grouped under FOCUS. In order to make a distinction between incompatible strategies; market entry and individualism, and incompatible priorities the different groups can be explained as follows: Market entry can be related to the time a company has been operating on a certain market, meaning if it applies a pioneering or me-too strategy. Individualism can generally be described as causes related to a "we and they" mentality. Incompatible priorities are related to general perceptions about what is right or wrong within the business.

The cause of conflict situations 24, 41 and 60 was thoughtlessness. In these situations one of the companies copied some concept from another company “without further thought”, to quote one of the informants. One explaining factor for causes related to thoughtlessness may be a lack of time to think through things before acting. This is something that may be related to today’s business environment in general, where time is money.

It becomes apparent from the interviews that there are some issues that are well established within the business of natural products. One of these is certain dates for different companies’ arrangements for in-service training. Conflict situation numbers 55
and 56 were caused by the fact that one of the involved companies did not know about the in-service training at one of the other companies. Because the companies operate within the same channels of distribution both would have invited the same persons to the training course.

In conflict situation number 43, when referring to the advertising of a certain product, informant 15 said, “It is so hard to tell what it is.” This indicates scarce knowledge about the opportunities of expressing oneself within marketing. It can moreover be explained by the fact that rules and regulations are somewhat unclear for this business in general. It is, however, a matter of time before things change, because recommendations on an EU level are expected in the near future. The cause of conflict situation numbers 36 and 37 was related to lack of knowledge concerning the quality of products, while conflict situation numbers 23 and 26 were caused by a lack of knowledge about the fact that products or ingredients were registered trademarks. It becomes apparent from the interview with informant 7 that conflict situation number 22 was caused by “too little follow-up of the market”, which moreover indicated a lack of knowledge. In conflict situation number 29 informant 10 said that one of the other companies perhaps did a false interpretation of the text on a product label.

Thoughtlessness as well as lack of knowledge are grouped here under AWARENESS. The distinction between lack of knowledge and thoughtlessness can be explained in terms of intent. Thoughtlessness represents more of "acting before thinking", while lack of knowledge means that some thoughts were present, but the right information was neither available nor used. The causes of conflict belonging to case 2 are presented in Figure 16.

Figure 16 The causes of conflict in case 2
It becomes apparent from the empirical findings in case 2 that the division of causes into relational and organizational is not always relevant. As with the findings in case 1 it is also hard here to distinguish between an organizational and relational level.

**Conclusion**

In the existing literature on interorganizational conflicts different perceptions are often presented as a cause of conflict (for example in Rosenberg and Stern 1971). Based on the findings of this study differences in perceptions are not found among the groups of causes of conflict. Different perceptions are rather viewed as a part of every conflict, as a conflict by definition involves incompatible perceptions. The groups of causes are here conceptualized on a lower level of abstraction.

Within existing literature roles are seen both as causes (e.g. Stern and Gorman 1969) and topics (e.g. Goldman 1966) of conflict. Based on the findings from this study roles are coupled with causes of conflict instead of with topics of conflict. Based on the multifaceted nature of intercompetitor cooperation conflict causes related to roles seem natural. There is a tension between cooperating and competing and sharing and preserving core competence. Therefore conflicts arise.

**5.2.3 Topics of conflicts**

The findings of the study indicate that it is the topic of a conflict situation that has a central position when aiming at understanding the nature of conflicts. This is explained by the fact that of all elements of conflict situations it is the topic that is most clearly revealed. For a full list of the different conflict situations belonging to each topic group in case 1, please have a look in appendix E. Concerning case 2 the corresponding material is found in appendix F.

**Case 1**

There were some conflict situations within case 1 that were related to one of the basic ideas behind the cooperation and that is specialization. The topic of some conflict situations was that a company for some reason or another had sold products to customers that according to the basis of the cooperation “belonged” to another company. In these situations the conflict topics were related to overlaps.

...if you have some kind of basic formal or informal agreement and after all people... You perceive that the others break it (agreement), now they are not selling in accordance with the way we agreed, or now they are selling a product on which we did not agree... (Informant 1, Situation 4)

This quotation is much in line with what is written in Dant and Schul (1992), where one group of topics of conflict are grouped as policy issues and involve for example contractual arrangements. Formal written agreements concerning a division of the
market could perhaps on some occasions be interpreted as illegal especially concerning intercompetitor cooperation. If this is the case competitors should be careful not to make these kinds of agreements otherwise conflicts like this may occur. It becomes apparent from the empirical study that conflicts related to overlaps occur at the initiating phase of intercompetitor cooperation and that they slowly diminish as time passes. As late as in the last telephone interview with informant 1 it was revealed that these kinds of conflicts still occur. Based on this we can conclude that it seems like a rather slow process to introduce niche strategies within intercompetitor cooperation.

The topic of conflict situation number 5 was also related to the idea that every company involved in the cooperation should operate within their own niche and concentrate on what they were doing best. Conflict situation number 5 involved suspiciousness and questioning concerning the fact that a company had to give up manufacturing a product, which it had been manufacturing for a long time already. The question asked in both conflict situations was “why give up something that exists?” Within existing literature Stern and El-Ansary (1977) as well as Reve and Stern (1979) found a similar conflict topic concerning who would have the right to represent a particular product. It is worth noticing here that these conflict situations occurred in the initiating phases of the cooperation between the companies. It becomes apparent from the findings that in conflict situation number 5 the topic lost its relevance some time after the initiation of the cooperation, as all actors became aware of the advantages. These types of conflict can be viewed as somewhat typical especially concerning intercompetitor cooperation, because a traditional definition of competitors is that they have similar products and markets. If the aim of cooperating is to differentiate somebody most likely has to give up or sacrifice something.

Topics related to overlaps can be grouped under DOMAIN. Gomes-Casseres (1999) write that overlapping markets and businesses are classic sources of conflict. From a channels perspective Stern and El-Ansary (1997) describe domain dissensus as a cause of conflict. This is in contrast with the findings of this study, where domain constitutes a topic rather than a cause of conflict. A general view is that cooperation should be based on some kind of heterogeneity and in case 1 conflicts occurred in the process of turning homogeneity into heterogeneity as a base for cooperation. A synonym for domain is sphere and here should be understood as an area of interest for a single company. Domain is something that belongs or used to belong to a company.

Cooperation between the companies in case 1 often involved tangible exchanges, such as spare-parts. The conflict topic for situations 9 and 10 was delays. In conflict situation 9 delay was related to a requested offer, while in situation 10 delay involved the supply of a product from one of the actors to another.

According to my opinion within this group we have to make clear rules of general terms of delivery. The aim with this group was also that when certain products are produced in certain units, faster deliveries could be made. (Informant 3, Situation 9)

In these conflict situations the companies were merely operating on a vertical level, meaning as a buyer and a supplier. Although an aim with the cooperation was to avoid or prevent these topics of conflict they had still occurred.
There were several conflict situations involving the topic of design. All these situations could be found within the interaction taking place between the companies. They usually involved the design of different parts of products.

Such a simple thing as measurement precision...it does not have to be many millimetres but it can still differ 100 percent. (Informant 4, Situation 14)

Conflict situation number 16 also belonged to this group of topics. Here one of the actors interpreted a delivery agreement in one way while the other actor interpreted it in another way. The agreement concerned the design of an item. This situation indicated that it was essential to have clear agreements that were understood in the same way by all the actors involved.

Another group of topics was related to price within the exchanges from one of the companies to another. In previous literature within channels research price has also been found as a topic by Stern and El-Ansary (1977) as well as Reve and Stern (1979). Here conflict situations with topics of price are found both in relation to the exchange between two of the involved companies and in connection with a mutual sales office and two of the companies.

Now the customer could buy two trailers from us and one from you but we are too expensive in total, how much can you decrease the price? We will decrease this much and how much can you decrease? (Informant 2, Situation 8)

The topic of conflict situation number 6 was also price but the situation was somewhat different because it involved the supply of a product from one of the companies to another. Findings from this study consequently show that conflicts can occur over price both in the exchange between competitors and also when it is a question of a total delivery including products from several companies.

Delays, design and price are all grouped here under DELIVERY. Within channels research Rosenberg (1974) and Dant and Schul (1992) also found that topics of conflict were related to delivery of products. The findings of this study show that conflicts occur within activities where the competitors are cooperating. This is in line with Figure 3 where it was stated that cooperation may include both harmony and conflict.

In case 1 there was a group of conflicts with the topic involving the key question of cooperating or not cooperating. The background to conflict situation number 12 was that one of the companies had been supplying a product to another of the companies. Suddenly supply stopped, although the buying company would have liked to continue buying. In conflict situation numbers 17 and 21 the topics of conflict were related to future cooperation between the companies. In conflict situation number 17 one company would have preferred to establish a mutual sales company, while another company was not interested. In situation number 21 the topic did not include sales, but purchasing. Here one of the companies was interested in mutual purchasing while another of the
companies was uninterested. This is in contrast with previous studies within the field (Bengtsson and Kock 1999) showing that competitors prefer to cooperate within activities further away from the customer and to compete within activities close to the customers. The topic of conflict situation number 11 was related to differences in growth between the involved companies. One of the informants said that a certain growth would be needed in order to respond to the demands of the market. The topics of the above described conflict situations are grouped as participation.

Another group of topics of conflict are related to balance in interaction, and some of these are coupled with the balance of “return” in the cooperation between the companies.

...sometimes it is perceived that one of the companies kind of gets a free-ride, that it is the other company that does everything... (Informant 1, Situation 2)

At another occasion (situation number 20) one company received a more favourable position in relation to the other companies, because a sales person was only able to represent one of the companies. The original idea was that the person would have represented several of the companies. The topic of conflict situation number 18 was the share of advertising costs and this conflict was also about reaching a balance. Conflict situation number 19 belongs to this group because its topic is related to a balance of the amount of items sold. All these conflict situations are grouped under share.

Topics of conflict concerning participation and share are related here to COOPERATION. Figure 17 illustrates topics of conflict in case 1.
Case 2

In case 2 there were several conflict situations involving the topic of overlaps, or more particularly the introduction of me-too concepts. Here a me-too concept should be understood from a wider perspective, which means that it includes both product copies, copies of advertisements and trademarks. In some conflict situations the copying involved only certain parts or ingredients of products. One type of topic belonging to this group is coupled with either registered trademarks or applications for a patent. In these situations the conflict had to do either with a me-too product that was introduced on the market although another company had registered the product or some part of it as a trademark. The topic of conflict situation number 29 was somewhat different as it involved an introduced me-too product, although another of the companies was at the time applying for a patent.

We are leading when it comes to... they are our flagship and brand and it turned out to be such a product, which opens up the whole market for...and now company x came out with their product and the unimaginative thing in this case is that they have copied everything in our strategy of putting it up and including so that they have put the name as near as possible. (Informant 5, Situation 35)
Of course you also skim the cream off, but as soon as you in a way have taken the cream you know that there is still the rest left, which you would also like to have, but then you have lots with you and so to say share that cake. (Informant 6, Situation 28)

It is customary within the business, so one will not get marked in a way that one is a bloody big bastard, but one says kind of that well now you too have again appeared with one...I mean, that one can probably mention it, but because one self then also does it...one cannot stop doing it because it is practice within the business. If we would work in such a manner that we would not take any me-too products we would loose business, markets. Unfortunately one has to do it. It is kind of like "When in Rome do as the Romans do", it is kind of that in the business it's the way of doing things. Although it causes some disturbing moments. (Informant 6)

Hamel and Prahalad (1994) mention several rewards of being a pioneer on the market. Firstly it may provide a virtual monopoly and secondly it may allow a company to set a standard and to capture possible royalties. Thirdly it may give a company an opportunity to create some kind of rules that have to be followed by new entrants. In addition to these advantages, Porter (1985) lists other advantages such as the establishment of a reputation and the possibility of achieving unique access to a channel. First-mover disadvantages mentioned by Porter (1985) are pioneering costs related for example to educate buyers, uncertain demand, changes in buyer needs as well as low-cost imitations. According to Hamel and Prahalad (1994) in many companies there is an implicit assumption that it is more favourable to be a quick follower than a pioneer. This thought is based on two assumptions. Firstly a pioneering strategy is often coupled with high risk. Secondly it is expected that the pioneer will sometimes stagger and thereby create an opportunity for a follower. The objective of a follower is "to learn as quickly and as inexpensively as possible about the precise nature of customer demand, the suitability of the new product or service concept, and the need for adjustments in market strategy" (Hamel and Prahalad 1994:179)

Based on the perceptions of the informants it seems like conflicts related to me-too concepts are more relevant at present than they were for some time ago. According to one of the informants there was previously some kind of gentlemen's agreement that if a company came up with something the competitors respected it. Another informant says that it previously was more difficult to come out with me-too products, but nowadays it is easier due to a more intensive spread of knowledge and know-how.

In some conflict situations (55 and 56) one of the companies had planned to train shopkeepers at the same time as another of the companies. One of these situations occurred soon after the establishment of one of the companies. As the companies involved in the conflicts both operate through the same channel of distribution, the same persons were invited to both training courses.

The topic of conflict situations 51 and 52 was the choice of channel of distribution. Porter (1985) writes that cooperating may be difficult if products are sold through different channels.
There is a mutual conflict of interests that occurs very often at the industry's meetings and causes very big discussions and quarrels and stops things, because if it is so that from one's business 90 percent only comes from shops selling natural products then of course their interest is to watch the interests of that single channel. For another part half of the business comes for example from the channels of pharmacies and of course they watch the interests of that channel and then comes disagreement unless you are somehow able to tackle it. (Informant 12, Situation 51)

In conflict situation numbers 53 and 54 the topic was related to the fact that representatives from one company had said something negative to the shopkeepers about the products of another company. It became apparent from the interviews that the competition for shelf space in the specialized shops for natural products was very strong. Telling bad things about a competing product can be considered as a somewhat destructive act of trying to get the shopkeepers to buy products from one's own company. It is a matter of trying to receive a channel advantage in relation to competitors.

Conflict situation number 59 involved head-hunting somebody from the personnel from one of the companies to another. One of the informants said as follows:

*Are you supposed to be colleagues and try to develop something, so then one should not hit under the belt in such a manner that one starts to compete over employees and start to tempt from each other.*

Overlaps, channel and personnel are grouped here under DOMAIN, as they are related to the operations of a company.

In case 2 the companies were cooperating and competing within the activity of marketing. They cooperated concerning the development of marketing claims while at the same time they competed with each other with the help of marketing claims. Many conflict situations were also related to the use of sales arguments or marketing claims. This is in contrast with what is written by Gomes-Casseres (1999), which is that companies seldom compete and cooperate within one and the same activity. Several conflict situations in case 2 involved topics related to comparisons between the products of one's own company and the competitor's products.

*Both kind of defended their own product... kind of like trying to find some aspect concerning the competitor's product, within which one's own products could be somewhat better...* (Informant 12, Situation 45)

Conflict situations related to comparisons occurred during training courses and within advertising. This kind of behavior is of course related to the aim of gaining a better position in relation to competitors. In case 2 there were also conflicts with topics related to the comparison of what was claimed about a product and what the content of the product actually was.
What is also to some extent causing conflicts between us competitors is how much one promises concerning a product... (Informant 6, Situation 38)

...the content and the declaration on the package did not at all match. The claims on the package were totally for something else ... it was like pure rubbish... (Informant 5, Situation 36)

In another conflict situation one of the informants in case 2 admitted that it was hard to know what to tell about a product. The topics of these conflicts are grouped here as incongruity, because they all involved a mismatch between content of product and claims. A conflict situation that goes hand in hand with these conflict situations is the topic of control within the business of natural products. The central issue here is if there should be some kind of formal instance of control, which exists for example in Sweden or if the actors within the business should try to follow the regulations by themselves. Concerning this topic the companies are divided into two camps with clearly distinguishing opinions.

Comparisons, incongruity and control are here grouped under ADVERTISING.

Conflict situation numbers 31 and 32 involved a topic that was related to the fact that competitors would like to buy an ingredient from another of the companies. The key question was to sell or not to sell? By providing the competitors with the particular ingredient it would be like sharing core competence. The topic of conflict situation number 57 was a question of a possible agreement concerning the lowest price of a certain product. Within channels research conflicts involving price have been found earlier by Stern and El-Ansary (1977) as well as Reve and Stern (1979). It is, however, worth mentioning that these studies are based on research within distribution channels, which means that the price conflict is related to exchanges between companies. In this case the price conflict concerns potential cooperation within price, which of course is illegal. This was also stated by some informants and it is worth stressing here also that the companies involved in this conflict situation did not cooperate within price in relation to conflict situation number 57.

The topic of conflict situation number 50 was a request by one of the companies to another concerning the establishment of a joint marketing magazine. One company was interested in cooperating, but the other was not. Porter (1985) argues that shared marketing activities can be less advantageous concerning substitute products in comparison with complementary products. This is because the buyer will usually purchase only one of the products and not both. A much more central conflict is number 61, which involved the whole Finnish business of natural products, and that is participation in the wholesalers' association. It became apparent from the interviews that out of several hundreds of wholesalers within the business of natural products, only about 10 belonged to the wholesalers' association. This was interesting if one compared with the shopkeepers association, where 200 out of 300 were members. This is a conflict which is highly relevant at the present time. The topics of the above presented conflict situations are grouped here under participation.
Another conflict situation was related to the operations of the business as a whole and concerned the payment of costs for a joint project in relation to the negotiation council. Based on an interview with one of the informants one of the companies within the group had not been willing to pay its share of the costs for the project. A somewhat similar topic was found in another conflict situation, where the key question was about the membership fee for the wholesalers' association. In these two conflict situations the topics are grouped under *share*, which together with participation are grouped under *COOPERATION*. In Figure 18 all the different groups of topics of conflicts in case 2 are illustrated.

![Figure 18 The topics of conflict in case 2](image)

**Conclusion**

The topic of a conflict refers to what the conflict is all about. Based on the analysis from case 1 topics of conflict can be grouped under domain, delivery and cooperation. The corresponding groups found in case 2 are domain, advertising and cooperation. If we consider the fact that the cooperating companies are competitors, especially the topic of domain can be seen as highly relevant. This topic was moreover found in both cases, although they are of a very different nature. If we consider the traditional definition of competitors as having similar products and operating on similar markets, this fits well
with topics related to overlaps and me-too concepts. Sometimes these conflicts are caused by unawareness and at other times by a strategy or tradition. Conflict topics of delivery can be related to the fact that in these situations the competitors are acting as a buyer and seller in relation to each other. They usually occur at the starting phase of the cooperation, where the competitors are trying to match their activities and/or resources within the cooperation. The topic of advertising appeared in case 2. One of the central tasks of the cooperation between the companies in case 2 is to develop the business and to agree on acceptable marketing claims. Here conflicts appear. Conflicts consequently occur within the aim of cooperation between the competitors. Conflict topics of advertising can be viewed as somewhat typical or logical within a business such as the natural products business, where the health of human beings is at stake. If some company comes out with a product of bad quality and this comes out in the media the whole business is strongly negatively affected.

The topic of cooperation appears both in case 1 and 2. Should competitors cooperate or not and to what extent. It is within these questions that conflicts arise. It becomes apparent in both cases that certain companies have more stronger visions or strategies concerning cooperation than other companies. Cooperation would be fruitful in both cases, in case 1 concerning diversification and in case 2 concerning the development of the business in general and to show a similar united group towards authorities, channels of distributions and consumers.

**5.2.4 Importance of conflicts**

The importance of conflicts is identified here based on the perceptions of the informants. The importance of conflict situations could be related to criticality. The findings of this study indicate that many conflict situations were grouped as not important. Ford and Håkansson (2006) write that a majority of interaction episodes are not critical incidents. This does not, however, mean that it is unnecessary to study phenomena that are considered as unimportant or uncritical.

The findings of this study can be compared with the findings of Rosenberg and Stern (1971). The authors found that conflicts within a distribution channel setting were low on average. Rosenberg and Stern (1971) found an explanation to this within the nature of the channel system and the time. Because of the cooperation between the interdependent actors, conflict was unable to disrupt it. Secondly, at the time of the study the demand increased, which meant that the companies were so busy in order to increase sales that conflicts were reduced into minor events.

A complete table of all the conflict situations belonging to a certain group in case 1 is found in appendix G. The corresponding information concerning case 2 is presented in appendix H.
Case 1

Several conflict situations in case 1 are **NOT IMPORTANT**. In some conflict situations an informant indicated that every part within a relationship needed to get some benefit out of it. Informant 4 said: “This should work in a way so that everybody is satisfied”. In another situation the outcome of the conflict was a *compromise*, which satisfied the informant. Both conflict situations number 7 and 8 had topics related to price of delivery. In both situations the conflict is grouped as not important.

*It is a normal problem, so I cannot say if it is any bigger.* (Informant 2, Situation 7)

*One only has to understand that this is the way things are. It is not worse than that.* (Informant 2, Situation 8)

In conflict situation number 17 the informant said that the conflict was not really important if it did not in other ways have an impact on the cooperation between the companies. This indicates that the conflict has a *limited scope*. In this case the importance of conflict is put into a broader context and it is perceived from the cooperation as a whole. The same can be seen in conflict situation number 4, where the informant said that he did not pay any attention to certain conflicts, because:

*The process is not ripe yet, but we shut our eyes for the contraventions and move forward if we still see that 9 out of 10 things have moved in the right direction.* (Informant 1, Situation 4)

This can be compared with the findings of a study within channels research by Hibbard, Kumar and Stern (2001) who show that dealers with positive views of the relationship pay less attention to a single destructive act and furthermore that they are more likely to believe that the condition is transient and will improve. This is in line with the findings from this study. The quotation above also indicates a perspective of *time*. This can also be noticed in conflict situation number 1, where informant 2 thought that the problems were mostly in the beginning of the cooperation. Conflict situation number 5 does not seem to be important, because the informant said that the market for the particular product is small and the company has been operating on the market for such a small period of time.

Conflict situation numbers 11 and 12 are also viewed as not important, because these conflicts were solved or could be solved by the involvement of other actors. In these situations the informants were thinking about a convenient way of solving the conflict by the involvement of *third actors*, when they were reflecting on the importance of conflicts.

There is a group of conflict situations that can be grouped as **IMPORTANT**. These are found within various topics. Situation number 19 is interpreted as important because informant 1 said “Our strategy is a clear strategy of growth” and another of the companies involved in the cooperation was not considered by the informant to have grown enough. This gap in growth strategy is consequently the basis for categorising
Conflict situation number 21 is also important because one of the actors perceived that the other actor “does not really (concerning a particular activity) have any benefit to give us”. In contrast the other actor would have been interested in starting to cooperate within this activity. It is the comparison of these incompatible views that determines the conflict as important. Another important conflict situation is situation number 18 where informant 2 said “…of course it is important…”. This conflict situation had to do with the differing size between the involved companies. All these types of conflict situations involved an imbalance between the involved actors.

Conflict situation number 14 was related to delivery from one company to another. Here informant 4 said that incompatible design led to the fact that the buying company had to do unnecessary work, because it could have been done right in the first place. The situation is therefore regarded as important.

There are some conflict situations that are considered as VERY IMPORTANT. All these involved topics of delivery from one of the companies to another. In conflict situation numbers 9 and 10 the topic of the conflicts was delay in delivery from one of the companies to another. In conflict situation number 9 informant 3 described the situation as "very important" and in situation number 10 informant 1 said that “it is completely inefficient”, which is here interpreted as very important. In conflict situation number 9 the importance is related to both customers and suppliers, who were both affected negatively by a delay. Concerning conflict situation number 13, informant 3 said that “it has a great importance” described by the informant in relation to costs.

There are also some conflict situations with VARYING IMPORTANCE based on a time perspective. In conflict situation 3 the informant said that the conflict “does not give rise to any positive feelings” and at another occasion he laughed and said that when the conflict occurred the actors only thought like "well, now it happened this time,", "it is not worse than that, because we realize that it is just a matter of time before we in spite of all are not competitors anymore". Conflict situation number 16 showed a similar pattern when during the time of the occurrence of the conflict the informant said he thought that it would turn out very bad, while afterwards, while reflecting on the conflict during the time of the interview the informant said that it went very well and that “it was nothing”. Both conflict situation number 3 and 16 showed a different importance of the same conflict situation depending on time. At the time of their occurrence, the conflicts were important (situation number 3) or very important (situation number 16), while after some time they were not important anymore. This finding is valuable because it indicates a new perspective of the interpretation of impotencies of conflicts: Time heals.

The importance of conflicts in case 1 is illustrated and summarized in Figure 19. It becomes apparent that topics of delivery can be both important and very important.
Based on the findings from case 2 several conflict situations are NOT IMPORTANT. In some conflict situations an informant described a situation as "a small issue" and at other times he or she said that it was merely a question of issues related to "different kinds of viewpoints". In one conflict situation the informant said that it was "more like amusing".

*This is of little importance for us, of course another competitor came into this sector and undeniably our sales have to some extent decreased but it did not decrease because a competitor entered the market, but because we ourselves developed a product of the next generation.*

(Informant 7, Situation 22)

Several of the conflict situations that are viewed as not important have occurred at a certain point of time, meaning that they are infrequent. Conflict situation number 23 is not important because informant 6 said: “...if we sort of notice that one has done
something wrong, then one can change it only because one sort of has in a way a good cooperation, but one does not directly take legal action, but a buddy like this can call and say, "hey you, we do not quite like this". This quotation indicates that the acquaintance between the managing directors makes it easy to phone each other if one is disappointed for some reason or another. Hibbard et al. (2001) also found that the quality of a relationship before a destructive act matter. In this case destructive acts may be related to conflicts.

Concerning case 2 the conflicts occurring in the cooperation between competitors are minor in comparison with the conflicts that the competitors face together in relation to the authorities. According to informant 11 the conflict in relation to the authorities was what the companies should be allowed to claim in their sales arguments. To quote informant 12: “We are together fighting against a windmill...”. At the time of the interview informant 11 said that this conflict was such a big issue that many other things seemed much smaller. A joint conflict with third actors\textsuperscript{14} may consequently mean that other conflicts are perceived as unimportant. This is in line with Deutsch (1973), who writes that conflicts on an external level often lead to internal cohesiveness. This further indicates that the importance of conflict situations is determined based on the present conditions of an industry.

Several conflict situations in case 2 are grouped as IMPORTANT. Conflict situation numbers 31 and 32 are important because they involve competitive advantage in relation to competitors. In more concrete terms the core competence in these situations involves a certain type of product. Moreover there are certain types of conflict situations related to copying, either products or advertising. For several reasons these types of conflict situations may be viewed as important. Firstly they may have such an impact that one of the involved companies has to change their strategy for example by stopping the sale of a product, which usually means that they do not receive revenue for investments made in among other things advertising and packages. Similar conflict situations are also considered as important because some company does the hard work, while others just follow. The copying of each other's concepts could lead to fast introduction of products that may not contain the best ingredients. The hope of quickly receiving huge revenues with a me-too product, for which a competitor has already cleared the road, can be more attractive than carrying out thorough research into the different ingredients in the product. Sometimes it could perhaps be a better idea to create sustainable brands.

Other conflict situations have a broad scope, because they are related to the business in general. There are some conflict situations involving head-hunting from one company to another. From a long-term perspective this could lead to a stagnation in expertise knowledge within the business. Secondly there are conflict situations involving the appropriate style of advertising within the business and the interpretation of the legal restrictions governing the business. In a third conflict situation one of the informants said that if the authorities were involved it may have an impact on all companies within the business. Other conflict situations are grouped as important because of a decreasing demand within the business.

\textsuperscript{14} Third actor is here similar to external network actor.
Well, according to my opinion it is important in that respect that the basic business of natural products is on zero growth or even somewhat on minus...and there cannot be very many minus years in a row. (Informant 14, Situation 62)

In case 2 there are two groups of conflict situations that are **VERY IMPORTANT**. Firstly there are a number of situations involving many companies and the issue also has an impact on the business in general. We can consequently say that these conflict situations also have a **broad scope**. These are conflict situation numbers 48 and 61. Moreover both conflict situations are future oriented, as they involve matters that will have an impact on the whole business in the future. In both these conflict situations there are very strong incompatible opinions between the actors. One of the informants said: "There certainly is an extremely great willingness to cooperate." On the contrary there are other informants that were not at all interested in cooperating. Conflict situation number 51 is also considered as very important and has a large scope because the informant said that it "stops things". This means that because of the conflict other, perhaps important aspects within the cooperation are slow to proceed. Conflict situation number 24 is very important because the informant describing the conflict situation said "this is a big conflict". Moreover it is noticeable that the conflict involved several sub-conflicts, meaning there were several aspects of incompatibility within one single situation. The conflicts were formally resolved in court. Conflict situation number 37 is also viewed as very important and it actually also involves two sub-conflicts; incompatibility in advertising and the ending of purchasing. It is still incompatibility in advertising that is the main conflict.

Another type of conflict situations that is very important is related either to products with great demand or products that for some reason or another are important for a company. Here these are called **key products**.

> It could really have had a great importance because it is a large product group and we sell a lot of them and it has an impact on the content of the total balance. (Informant 7, Situation 57)

> It is important in such a way that they enter a field where we have tried to create a base of trust for the consumer and built it up seriously with several years of work and then somebody just comes and gets a free-ride on it... (Informant 5, Situation 35)

Conflict situation numbers 36 and 43 involve incompatibility in advertising and are considered as very important because in both situations **third actors** such as authorities or legal actors were involved.

Conflict situation number 54 had a **VARYING IMPORTANCE**, because the informant indicated that the conflict was unimportant but it was irritating when it occurred several times. This means that a conflict can be viewed as unimportant if it is infrequent, but if it is frequent it can turn out to be important. In these situations it is **frequency** that determinates the importance.

Figure 20 illustrates and summarizes the importance of conflicts in case 2. Conflict situations with a broad scope are grouped as both important and very important.
Conclusion

In previous literature the importance of conflicts has often been described as being either of a minor or major importance. Based on the analysis of the empirical findings from this study it seems relevant to distinguish between four groups of importance of conflicts, namely not important, important, very important and varying importance. In contrast to earlier literature this study attempts to understand why certain conflicts belong to a certain group of importance. Another important contribution with the findings from this study is that it shows that importance may vary from one point of time to another. It can either be that a conflict at the time of its appearance is perceived as important, but after a while it turns out to be unimportant. Another possibility is that a conflict is unimportant if it occurs only once and becomes important if it occurs several times. These findings show support for recognizing time when analyzing the importance of a conflict. In case 1 some conflicts were perceived as unimportant because they occurred at a specific point in time. The findings from this study moreover
show that conflicts are viewed as unimportant when third actors are involved, either so that they can help to solve the conflict or that the group of cooperating competitors have a joint conflict against third actors so that the importance of internal conflict becomes limited. Conflicts with a limited scope are unimportant, while conflicts with a broad scope are important or very important. A broad scope means that the conflict has effects beyond the conflict itself. The effects could for example be on suppliers or other activities within one company. On the other hand conflicts with a limited scope are considered as unimportant. Conflicts related to core competence, copying and imbalance are considered as important. This is quite understandable as core competence is central to the survival of a company. This can also be compared with conflicts concerning key products that are viewed as very important. Copying and imbalance is related to the fact that somebody has done the hard work and somebody else then just "jumps on the train" and more or less gets a free-ride. Very important conflicts are often related to third actors, so that third actors are negatively affected by the conflict. Moreover the companies want to preserve good relationships with these third actors.

5.2.5 Outcome or status of conflicts

When analyzing the word outcome it represents the result of something. In fact the findings of the study indicate that outcome is perhaps not always the best word to use. The reason is that several conflict situations had not reached a state where they could have been considered as having ended. In these cases we need a more appropriate word to capture the situation and that is status. The outcome of a conflict can be used in situations where the conflict situation is finished and the status of a conflict suits situations where the conflict situation is continuing. In relation to the description of each conflict situation in appendix C concerning case 1 and appendix D concerning case 2, the reader can see which conflict situations that have an outcome and which situations that have a status.

Based on previous literature (see section 3.3.4) the outcome of a conflict situation was grouped as positive, negative or mixed. Based on the findings of this study it appears that we still need another concept for describing and understanding the outcome or status of conflicts. This concept is “neutral” (0). Voima (2001) also includes a neutral outcome in her study of negative critical-incident processes in intraorganizational relationships. In a relationship between two actors a conflict situation could consequently have one of the following outcomes or statuses: -/-, +/-, 0/0, -/+ , +/+, -/0, +/0, 0/-, 0/+ . If the status or outcome of a conflict is neutral, it can mean one of two different things. Firstly it could mean that the outcome is perceived as neither positive nor negative. This means that the outcome does not have any affect on an involved actor. From a more practical point of view an outcome or a status of a conflict is often neutral for an actor if it continues working as it is used to and is seemingly not directly affected by the conflict. Secondly a neutral outcome can also mean that the conflict is simultaneously both positive and negative for a single actor.

The findings of this study show that the outcome or status of conflicts can be viewed from several perspectives. Firstly we can analyze a concrete outcome or status that is
based on the perspective of a single company. In this case the outcome or status is presented here as for example +/- . The first sign represents the view of the informant’s company and the second sign represents the outcome or status from the perspective of the other company or companies involved in the situation. Apart from this, the outcome or status can be seen from a wider angle, simultaneously taking into account the perspectives of all companies involved. By doing this we receive a general outcome/status. A general outcome/status could be viewed from the companies’ point of view; but perhaps also sometimes from a societal perspective. In many conflict situations the concrete outcome of a conflict situation represents a shorter period of time in comparison with a general outcome.

A complete table of all the conflict situations belonging to a certain group of outcome/status in case 1 is found in appendix G. The corresponding information concerning case 2 is presented in appendix H. Both the concrete and general outcome are presented in appendix G and H. In the following sections the focus lies on general outcome/status.

Case 1

The findings from case 1 show a variety of outcomes/statuses. There are some situations with a mutual POSITIVE outcome/status and no situation with a mutual negative outcome/status. In three conflict situations the outcome/status is positive because it led to increased cooperation between the involved actors. Conflict situation number 16 is coupled with a sense of “togetherness”, because the actors seemed to have worked hard together in order to come up with a solution to the conflict. The outcome of conflict situation number 12 is coupled with renewed cooperation and situation number 10 with communication.

*We have a more intensive cooperation in order to match timetables.* (Informant 1, Situation 10)

There are some studies (e.g. Filley 1975) within the field of social sciences that show similar findings as they discover that conflicts may lead to an increase in group cohesion. Within intraorganizational conflicts Litterer (1965) as well as Tjosvold and Johnson (1989) among others found that conflicts may lead to new approaches. There are some conflict situations (1, 3, 4, 5, 18) with positive outcomes/statuses of better division. In all these situations the topic of the conflict is related to domain, and more specifically overlaps. A time perspective is critical when it comes to these conflict situations, because in many the outcome was at first perceived as negative, but later on as positive.

*But eventually one did realize that you can trust this and it works.* (Informant 2, Situation 1)

In conflict situations 1, 3, 4 and 5 an outcome or status of better division implies differentiation and specialization.
There are three situations with an outcome/status that can be viewed as MIXED. The quotation below illustrates a situation where a compromise concerning price was made.

As the old salesman says, it is good when it feels a bit bad for both. (Informant 4, Situation 6)

In conflict situation number 13 informant 1 said that one would compromise and that both actors have to change. Here the neutral outcome or status implies that it is both negative and positive for a single actor. Porter (1985), however, writes about the cost of compromise and he indicates that sharing may not be the optimal strategy for either actor involved. A mixed outcome or status may lead to a new conflict, because both actors are at least to some extent disappointed.

There are, however also a number of conflict situations with a NEGATIVE outcome/status.

There are two conflict situations (17 and 21) with an outcome/status related to cooperation denial. Both situations had to do with a vision of one company that could not be achieved because one of the other actors refusal to cooperate. A quite similar finding of resistance to teamwork has been found by Schmidt (1974) within intraorganizational conflicts.

There are several conflict situations with a negative outcome of reduced efficiency. Within distribution channels research the same finding has previously been presented by Rosenberg (1974). Here reduced efficiency is most often related to exchanges or delivery from one of the companies to another. In conflict situation number 9 the outcome is interpreted as reduced efficiency because the conflict results in a breakdown of systems of purchasing and supply for several actors. An aim of the cooperation was increased efficiency according to one of the informants, but here we see that conflicts may lead to the reverse. Conflict situations 7, 8, and 19 are related to cooperation within sales either through a joint sales company or directly to an end customer. The outcome/status of these conflicts is related to reduced efficiency because a better price or a greater amount of sold products cannot be reached due to differences between the companies involved. The outcome of conflict situation number 20 is also reduced efficiency because it can generally be considered as important to have representatives present in exhibition stands at trade fairs. This can be seen as advantageous when it comes to developing relationships with new potential customers for example. In accordance with conflict situation number 20 the sales representative only worked in one of the company's exhibition stands, while the original idea was for the representative to work in the stands of all the companies involved in case 1.

In case 1 there is one conflict situation with a negative outcome related to unfairness. In this situation one of the actors sacrificed more and worked harder than some other actors. The outcome/status of conflict in case 1 are illustrated in Figure 21.
As is apparent in case 1 the conflict situations in case 2 also have a variety of outcome/status. A number of conflict situations have an outcome or status that is viewed as **POSITIVE**. Here the first subgroup of conflicts is *increased cooperation*. The findings show that these conflicts led to increased cooperation either between two of the involved companies or between a larger group of companies particularly in relation to the wholesalers' association or the negotiation council. The outcome or status of these conflicts is consequently more on a level of the business in general.

*We cooperated with this then and they (the competitor) thanked us because we handled it like a gentleman.* (Informant 5, Situation 36)

*I will certainly take this matter up at the next cooperation... at the business' joint meetings... is this really the practice within the business?... I would like to hear if there are similar interests as we have. I believe there are and this could be handled by the strength of being together.*

(Informant 13, Situation 30)

When analyzing the findings it moreover becomes apparent that the outcome/status of increased cooperation between two competitors can be coupled with conflict situations where an external network actor, i.e. a supplier is present. The perception of incompatibility originally arose in the relationship between the competitors, but in the
end they started to cooperate against a third actor. Increased cooperation between several companies within the business seems to occur as a result of a conflict situation between two companies.

Here another subgroup of positive conflicts is named *new insights*. Here we can also identify situations having an impact on the business in general and situations taking place only within the spectrum of a single dyad. The outcome of conflict situation number 34 is mutually positive, because it is related to a change of style within the marketing of the business in general. During the time of occurrence of this conflict this particular style was advocated only by one of the informants. Conflict situation number 60 led to a restructure of the division of membership fees of the wholesalers' association.

*Of course we do not directly know all the figures that exist within the business, but within the business it is self evident that there is kind of permanent aspects...* (Informant 9, Situation 55)

This quotation illustrates a conflict situation of which the outcome provided company 9 with new insights concerning things that were more or less "fixed" within the business. This particular conflict occurred at the start-up phase of company 9, which indicates that although conflicts occur in this particular phase they may still provide valuable new insights that can be applied in the future.

There is a subgroup of conflicts in case 2 with positive outcomes/statues of *self control*. This is perhaps somewhat typical of the business of natural products. It is also related to the fact that the business is sometimes perceived as unethical. To some extent this is caused by companies introducing un-researched products on the market with the aim of receiving fast profits from a short-term perspective. In Finland there is no separate authoritative institution controlling the business, like there exists in Sweden. The findings of this study show that the companies watch each other and contact each other if somebody enters the market with a product of questionable quality. This kind of self control is valuable, as from a wider perspective it also works towards keeping up the quality of products, which moreover is extremely important from the customers' point of view. It more or less helps to "clean up" the products on the market.

*When I went to this meeting and I really got to hear... Why did you do this? How can you prove it?... Now they want us to send them the research...* (Informant 15, Situation 43)

The positive outcome of self-control is in many situations related to the topic of incongruity within advertising. The quality of the products within the business of natural products is crucial, because they are related to the health of human beings. Apart from legal restrictions, there is no control unit at an authoritative level and therefore the self-control between the companies within the business is both important and positive. In practice self-control means that companies notify each other if somebody has done something against the law or if the quality of a certain product is not what could be expected. The business of natural products is thus very fragile; meaning that one single
negative incident that comes out in the public may have catastrophic consequences for the whole business. In some conflict situations self-control is used as a threat of resorting to lawyers or other legal actors if one of the companies does not change their advertising or withdraws the product from the market.

In case 2 there is a conflict situation with a MIXED status.

> Well, this is negative from our point of view, but now we can take it from the reverse. Company x comes out with a new product that starts to sell well and they get to do this work in the beginning and then we come out with a similar product and then we also in a way ride on that wave. It is both irritating and on the other hand it is attractive, but...it depends on your position. (Informant 6, Situation 28)

This quotation indicates that the same type of conflict situation can be both positive and negative for a single company depending on the perspective taken. It is negative if one gets copied and positive if one copies. Therefore we can say that it is a matter of turns. Moreover informant 6 said that this conflict situation was continuous.

In case 2 there is also an amount of NEGATIVE general outcomes/statuses. One subgroup of negative outcomes/statuses has to do with cooperation, and more particularly cooperation denial. In several of these conflict situations, all the actors involved could perhaps receive benefit from cooperation. The status of some conflict situations is negative because it stops things from moving further.

> It stopped kind of like there and that is concerning...No decisions were made, it stopped. (Informant 13, Situation 62)

In other conflict situations an existing cooperation between two companies stopped because of the conflict.

> In reality what they did was that the next day they terminated the agreement with us and stopped manufacturing at our place. We were producing at full speed and... (Informant 5, Situation 37)

There are also several conflict situations involving matters such as to cooperate or not to cooperate, resulting in unrealized cooperation. Examples of outcomes/statuses of these kinds of conflict situations are unrealized increase in price\(^{15}\) (situation 57), no new members of the wholesalers' association (situation 61) and increased costs (situation 50).

Another subgroup of outcomes/statuses involves an imbalance. There are several conflict situations within this subgroup that involve an imbalance in relation to the channel of distribution or more particularly the shopkeepers. The focus of channel leads

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\(^{15}\) The general outcome is here viewed from the companies' perspective, and not for example from the perspective of consumers who would most likely favour a low price.
to the fact that certain wholesalers receive different popularity both among the shopkeepers and among the other companies involved in the case.

*I could imagine that some common customer, when almost all customers are common customers, has said that why don't you provide cash discounts when Company x does?* (Informant 9, Situation 54)

*Those that sell to supermarkets...are less liked by the shopkeepers and they for sure have to defend their business idea many times, which we do not have to.* (Informant 6, Situation 53)

Traditionally natural products are sold by specialized shops, but during the last decade they have become a more and more common sight on the shelves for example in big supermarkets. Some of the companies in case 2 are more traditional and favour specialized shops, while others are more open to widening the marketplace by including shopping malls and supermarkets. Moreover this gives rise to competition between the specialized shops and supermarkets, that both may treat wholesalers of natural products differently based on their choice of channel of distribution. This is a continuous imbalance, which is here considered as negative because it involves a lot of discussion and stops things (according to what was said by informant 12).

In other conflict situations (58 and 59) the resulted imbalance occurs because one or several companies lost benefit related to expertise know-how in favour of another company. The outcome/status of conflict situation numbers 49, 63 and 64 is somewhat different because here the imbalance has to do with the fact that some company receives a benefit although there had been some common understanding beforehand, which would not have led to a benefit for only a single or a few companies.

The outcomes/statuses of conflict in case 2 are illustrated in Figure 22.
As far as the continuity of conflict situations is concerned, the findings show that some situations have reached an end, while others are still continuing. This is a noteworthy finding when taking into consideration the general perception that a conflict is something that has an end and a beginning. Based on the findings of the study it was not possible to find a certain pattern of conflict with an outcome and conflicts with a status, which furthermore indicates a unique nature of conflict situations.

There are previous studies both within the business network approach (e.g. Gadde and Håkansson 1993) and channels research (e.g. Rosenberg 1974) that recognize positive aspects of conflict. This is in line with findings from this study, where both positive and mixed outcomes/statuses are recognized. Moreover neutral and mixed outcomes/statuses are recognized in this study. The findings from this study also indicate that time should be taken into consideration concerning the outcome/status of conflict. A negative, neutral or mixed outcome may lead to a new conflict. One aspect that is worth noticing is that the status and outcome of one and the same conflict situation may be different. If a conflict situation is continuous it can give rise to new conflict situations. The same holds true for finished conflicts with outcomes as -/-, 0/-, +/- . With reference to Pony (1967) conflict aftermath either means that the involved actors are satisfied or that the conflict is suppressed, which means that it still exists in a hidden shape. In this study it is considered that a conflict could be reactivated if the outcome is something other than mutually positive or neutral, so that neither of the
actors are affected or bothered in any way by the outcome. If the outcome is neutral, meaning that at least one of the involved actors perceives it as both positive and negative, the conflict may be reactivated and its outcome may turn out to be for example mutually negative.

Based on the findings from this study the outcome of a conflict could sometimes be related to the management of the conflict, for example in situations where the conflict was taken to court and then settled favour of one company but to the disappointment of the other. A potential reason for this is that both the outcome and management of conflicts from a time perspective occur later on in the conflict process.

To sum up, in relation to outcomes of conflict, there are three main contributions found in this study when comparing with existing research into interorganizational conflicts. Firstly some conflicts have not reached an outcome and in these situations it is more appropriate to talk about the status of the conflict. Secondly the outcome or status of a conflict may be analyzed on a general or concrete level. On the concrete level the outcome or status of a conflict from the perspective of a single actor may be positive, negative or neutral, which can mean two different things. It could mean that the actor is not at all bothered by the conflict and does not care about it. On the other hand it could mean that the actor finds the conflict as both negative and positive. The general outcome or status of a conflict is analyzed from a wider perspective, recognizing both the concrete outcome/status and a more overall view. On a general level, the outcome or status of a conflict may be positive, negative or mixed, which means that the conflict is at the same time both positive and negative for the involved actors.

5.2.6 Visibility

The findings from the case studies indicate that some clarifications concerning the visibility of conflict situations could be valuable. What are we actually looking at when conflicts are grouped based on if they are visible, hidden or both? Based on the findings of this study it seems like the topic of the conflict is a relevant base for the analysis of visibility. If a conflict is hidden, none of the involved actors perceives incompatibility concerning the topic. A hidden conflict is rooted in incompatible perceptions, but the actors are only aware of their own perception and not about the fact that the other actor has some kind of perception or opinion at all concerning the matter in question. A visible conflict is perceived and described by the informants through mentioning the topic of the conflict situation.

The findings of this study show that several conflict situations are partly hidden, meaning that only one of the actors involved in the conflict situation perceives and expresses incompatibility concerning a certain topic. Rosenberg (1974) also writes that most conflict is hidden, which can be related to the findings from this study as many conflict situations were at least partly hidden. A conflict that is partly hidden may turn into a visible conflict.
There are seven conflicts that are visible (situation numbers 1, 9, 10, 13, 21, 39 and 42) and five conflicts (situation numbers 11, 31, 33, 59 and 61) that are hidden. When analyzing the visible conflict situations it is apparent that with the exception of one situation, all are viewed as very important or important. Only conflict situation number 1 is perceived as unimportant. One explaining factor for this may be that the informants chose to describe conflict situations with a certain degree of importance, and therefore the same situations were mentioned by several informants. This is, however, not congruent in comparison with the hidden conflicts. Three of these conflicts are perceived as important or very important, while two are perceived as unimportant.

As several conflict situations are partly hidden, it is essential to concentrate on these types of conflict as well as different techniques to empirically study them. The analysis of a conflict situation as hidden or visible can be questioned. When analyzing the information from this case a situation has been considered visible only if one of the informants involved has mentioned it. This does not necessarily mean that the other involved informant or company is unaware of the situation, but it has simply not been mentioned during the interviews.

In the detailed descriptions of the conflict situations in appendix C concerning case 1 and appendix D concerning case 2, the reader will also find information about the visibility of each conflict situation.

5.2.7 A network perspective on the nature of conflicts

One of the main contributions of this study is to relate conflicts within a business setting to a network level, i.e. taking into consideration actors outside the focal case. The findings of the study indicate that when considering the external network actors surrounding the focal case\textsuperscript{16}, it is possible to analyze both the influence on the network from the focal case and on the other hand the influence from the network on the focal case. In the previous sections the actors outside the focal case of the study are called third actors, which is the same as external network actors that are the focus of this section.

Case 1

All the elements of conflict situations that could be related to the external network actors are illustrated in Figure 23. The numbers within the squares represent the numbers of the respective conflict situation.

\textsuperscript{16} A focal case is here a group of cooperating competitors.
As we can see from the above, a number of conflict situations can be related to external network actors. Some conflict situations appear more than once and that is because different elements of the conflict situation can be related to the network. Some conflict elements are influenced from the network, while others have an influence on the network. The network actors named here stem directly from the perceptions and answers from the informants.

It becomes apparent from Figure 23 that certain conflict situations are related to suppliers of the companies involved in case 1. In conflict situation number 9 the informant said that because one of the other companies involved in the case was late with deliveries, the informant’s company had to buy from another supplier. Because of the fact that the company had a coordinated system of supply, the delay furthermore spoiled the relation to other suppliers. In relation to the outcome of conflict situations, conflict situation numbers 12 and 13 both had an influence on the suppliers. In conflict situation number 12 one of the actors in the focal case used a new supplier due to the fact that another company in the case had stopped delivering to the actor. Conflict situation number 13 indicates a future scenario as one of the informants said that in the future the company might reduce their amount of existing suppliers as a consequence of increased cooperation within case 1.
An informant described conflict situation number 10 by saying that it was caused by a lack of systems and routines in relation to supply in one of the other companies involved in case 1. This resulted in the fact that the company did not receive the items it would have needed. In this situation influence on the conflict situation consequently came from the network.

Concerning the cause of conflict situation number 3 one of the informants said: “I am not able to steer my salesmen...he wants to do business...”. The influence on the network is subsequently because of the fact that the informant perceives this inability. Conflict situation number 20 is related to the external network actors both concerning the topic and outcome. The topic of the conflict is the placement of a salesperson at a trade fair. This salesperson was hired jointly by several of the companies involved in case 1. The outcome of the conflict situation was that the salesperson only stood in one of the companies’ exhibition stands. The informant, who described conflict situation number 7, said that it would be easier for the salesperson if prices were decreased. This is related to the outcome of the conflict situation and as with all the other conflict elements described in this particular section, it has an influence on the external network. The reverse holds true concerning conflict situation numbers 18 and 19, in which the cause of the conflict is influenced from the external network. In this situation the conflict is caused by a request from the sales organization.

There are three conflict situations in which the cause of the conflict is influenced by the end-customer. These are conflict situation numbers 3, 4 and 6. Conflict situation number 3 was according to one of the informants caused by the informant’s inability to steer his customers. Concerning conflict situation number 4 an informant said that the conflict was caused by old customers that wanted a product that was similar to one they had bought before. Therefore one of the companies in case 1 perhaps found it easier to copy old drawings instead of recommending a product by one of the other companies included in case 1, which was one of the ideas behind the cooperation. Conflict situation number 6 was caused by a request for a lower price by the end-customer. In this conflict situation one of the companies in case 1 supplied an item to another of the companies.

The topic of conflict situation number 3 was that one of the companies in case 1 sold several products to a customer of one of the other companies in case 1. The basic idea of the cooperation was that only the first company should manufacture the particular type of product. This conflict topic consequently involved an influence on the external network.

In relation to conflict situation number 16 one of the informants said that the customer would not have approved the delivered product unless it had a certain type of brakes. This is related to the importance of the conflict. The importance of conflict situation number 9 can also be related to the end customer. The conflict situation has to do with a delay in supply from one of the companies in case 1 to another. When one of the informants answered the question as to the importance of this conflict, he said that the product was delivered too late to the customer. The importance of conflict situation number 9 consequently had an influence on the network. The end customer was also influenced by conflict situation number 3 in which there was a change in sales from one of the companies in the case to the other. This is related to the outcome of the conflict
situation. Another conflict situation with an outcome related to the end customer is situation number 10. Here it is also about delay in delivery from one company to another, which in turn leads to delay in delivery to the end customer.

**Conclusion**

As far as external suppliers are concerned, the findings of this study indicate that several conflict elements have an influence on the suppliers. Concerning sellers, it seems like many conflict elements are influenced by sellers. Another noteworthy aspect is that several conflict elements related to end customers have to do with a delay in delivery from one of the companies in case 1 to another of the companies. Furthermore, this indicates a need for companies to synchronize their systems of ordering and supply. The same can be said as far as the suppliers of the companies in case 1 are concerned. Especially in conflict situation number 9 the suppliers are also affected by delays in deliveries between one of the companies in case 1 to another. This can be seen as typical for industrial business networks. A delay in delivery from one company to another leads to a delay in delivery to a third company.

It is evident from the findings that the causes of conflict situations related to external network actors are influenced from the network. This can be contrasted with the outcomes or statuses of conflict situations that tend to have an influence on the network. A conclusion that can be made from this is that the external network causes conflicts within a focal group of competitors and the outcome/status of conflicts within a focal group of cooperating companies has an impact on external network actors.

When reflecting on the conflict situations that are not related to the external network actors, i.e. situation numbers: 1, 2, 7, 11, 14, 15 and 17 some general observations facilitate our understanding of why they are not related to the external network of actors. Conflict situation numbers 7, 14 and 15 involve the price or design of an item that is distributed from one of the companies to another. The item will be used as a part of a product manufactured by the buying company. These conflicts can be considered as internal, which means that they are only related to the specific exchanges between two actors within the case. Conflict situation numbers 1, 2, 11 and 17 are related to cooperation between the companies, which in these situations does not appear to involve any external network actors.

**Case 2**

The findings from case 2 indicate that in one way or another conflict situations can be related to the following external network actors: supplier, sales representative, shopkeeper, end-customer, political actor and competitor. All connections are illustrated in Figure 24, but in the text sometimes only a few conflict situations are mentioned. The numbers within the squares represent the numbers of the respective conflict situation.
In both conflict situation numbers 36 and 37 the conflict was caused by the fact that a product of poor quality had been delivered from a supplier. In conflict situation number 36 one of the companies in case 2 had received an ingredient of bad quality from their supplier. This supplier had in turn trusted its own supplier, which had delivered the ingredient with a description that was wrong. In conflict situation number 37 one of the informants in case 1 also said that a competitor appeared on the market with a me-too product of poor quality. This situation was also caused by a delivery from the competitor's supplier. Moreover the competitor had used strong sales arguments in their marketing. These kinds of conflicts can be considered as somewhat typical for the natural products industry, where fast entry on the market with me-too concepts is a strategy applied by several companies. Perhaps there is not enough time to test the products or ingredients again and again. The European market is in general freer than the Finnish, which means that the Finnish companies should notice possible differences.
concerning law when they appoint a supplier from another European country. This is a
dilemma that eventually will be erased or at least diminished thanks to
recommendations that are expected from the EU.

In conflict situation number 26 the supplier of one of the companies in case 2 contacted
another of the companies because the second company sold a product with an ingredient
that was registered as a trade mark by the other company. Here the external network
actor assumed the role of a kind of mediator in the conflict situation. The same pattern
is noticeable in conflict situation number 35 when one of the companies involved in
case 2 contacted a supplier because a competitor to the company had introduced a me-
too product on the market. Moreover the advertising claims were not quite approved by
the first company. This conflict was perceived as important because it was perceived
that it could have a negative impact on end-customers. In order to make up a strategy
how to tackle it the company contacted their supplier and started cooperating with them
in order to move further.

The topic of conflict situation number 47 was that a sales representative of one of the
companies in case 2 had said something negative about another company’s product.
According to one of the informants the conflict had been caused by the sales
representative’s opinion that one type of product was superior to another. The outcome
of this conflict was that the informant’s company contacted the sales representative and
told him that this kind of behavior was not acceptable.

Conflict situation number 49 was caused by striving to get the shopkeepers to buy one's
own products before buying the competitors’ products. Within the business of natural
products it seems to be a central issue as to which channels to use. Some of the
companies in case 2 are more concentrated on pharmacies and/or specialized shops for
natural products, while others are more focused on for example supermarkets or
department stores. For instance in conflict situation number 52 one of the companies in
case 2 tried to influence another company’s choice of channel, because the first
company favoured its own choice of channel. In conflict situation number 53 one of the
informants perceived that a conflict situation occurred because the informant’s company
was liked by the shopkeepers. The shopkeepers had a favourable position within this
business. One company offered paid educational trips abroad and others just seemed to
put a high value on keeping up good relationships with them.

According to informant 12 every company favoured its own channel. This was the topic
of conflict situation number 51. As we can see in Figure 24, there is a concentration of
conflict situations in the square of conflict topics and shopkeepers. This is also an
indication that shopkeepers occupy a central position within the business of natural
products. Conflict situation number 52 is relevant here also because the topic of the
conflict is the choice of channel. What is told to the shopkeepers is characterized as a
“somewhat typical topic of conflict” according to informant 12. Informant 14 said that
the spread of false information about competitors' products was a continuing activity in
relation to the shopkeepers. This is seen in conflict situation 46. The same informant
described conflict situation number 45 where two companies tried to convince the
shopkeepers that their own product was better in comparison with the competitor’s
product. Conflict situation number 54 involves one of the company's policies of
providing discounts to the shopkeepers. In conflict situation number 64 the topic is related to participating in a trade fair organized by a shopkeeper or not to partake. All these conflict situations involve an influence from the focal case on the shopkeepers. This is not true concerning conflict situation number 53 where it is the shopkeepers that are perceived to be favouring one of the companies, which in turn causes conflicts within the focal case. In relation to the outcome of conflict situation number 36 company 6 sent a letter explaining the situation to the shopkeepers.

A noteworthy finding in this study is that several conflict situations can be directly related to the shopkeepers instead of to the end-customers or consumers. The general focus of the business is still the well being of individuals, but it is the shopkeepers that occupy a central position between the wholesalers or manufacturers and the end-customer. Competition is more directed towards receiving shelf space at the shopkeeper’s. And as me-too products are more or less custom practice within the business, relationships with the shopkeepers become very essential for the wholesalers. There are, however, a few conflict situations that can be related to the end-customers or consumers of natural health products. Some of these have to do with importance and the first conflict is numbered 35. Here informant 5 said that the particular conflict situation was important because company 5 had for several years tried to build up a relationship of trust in relation to the consumer. When answering to the question as to the importance of conflict situation number 48 informant 7 said that it was important because the customer had to receive information concerning what they were buying. Concerning the outcome of conflicts informant 5 said that company 6 sent a letter to the consumers after the bad quality of one of the company’s products had been detected. This occurred in conflict situation number 36. In conflict situation number 37 informant 5 said that the consumers became disappointed when a competitor introduced a me-too product of bad quality with strong advertising claims. Both situation 36 and 37 have to do with products of bad quality, and the findings show that the outcome of these types of conflict situations can in some cases be related to end-customers.

Within the business network approach Hadjikhani and Håkansson (1996) and Welch and Wilkinson (1999) have been studying conflicts in relation to a governmental institution. Political actors that in this study appear on several occasions are authorities, either on a national or EU level. A potential explaining factor for this is the unique characteristic of the business of natural products, which is generally somewhere between the law governing medicinal products and food legislation. Rosenberg (1974) also found that government regulation may give rise to interorganizational conflict. Conflict situation number 48 was partly caused by the fact that the authorities had asked the companies within the business to cooperate. Conflict situation number 48 occurred in relation to the negotiation council, where representatives from authorities also took part. Since the business had lately turned out somewhat “wild” the authorities had specifically asked the actors within the business to start some kind of internal control. The authorities did not have the needed resources themselves. In conflict situation number 42 informant 12 said that conflicts concerning the appropriateness of different kinds of advertising claims would continue until directives were received from the EU. According to informant 5 in the beginning it was good, and the reason was that there was a crisis as the authorities started to sharpen their supervision. “We received letters from the authorities that this and this will happen and then first panic arose, and hey, we
have got to do something.” This can be compared with earlier studies (Bengtsson and Kock 1999; Tidström and Åhman 2006) about cooperation between competitors. These studies indicate that competitors are more willing to cooperate if they are forced to do so. In this study the force is external as it comes from the authorities.

In conflict situation number 65 one of the companies within case 2 made a report to the authorities, although the companies connected to the wholesalers association had initially agreed to take care of internal issues without involving the authorities. The outcome of the conflict situation was that the authorities sent a letter to the companies within the business. This also happened in conflict situation 43 where one of the companies received a letter from the Finnish National Food Administration because they had used unacceptable advertising claims in their marketing.

Conflict situation number 61 was referred to by several informants and it had to do with belongingness to the wholesaler’s association. Many informants agreed that there would be a need for more members, which in practice would be potential competitors in relation to those companies that were already members of the association. The findings of the interviews moreover show that the companies that are not members of the association would have preferred the association to have more members. This is consequently a two-dimensional problem; more members are needed, but new members will not join because there at present are so few members.

**Conclusion**

When analyzing the conflict situations and their relation to network actors in case 2 it is apparent that we find both situations related to sales representatives, shopkeepers, end-customers and situations related to suppliers. Sales representatives, shopkeepers and end-customers are consequently actors situated between the focal companies and the consuming of the product, which represents the latter part of a traditional chain of distribution. Shopkeepers especially are involved in conflicts in many situations. As was already indicated previously in this chapter they seem to be powerful actors within the business of natural products. Suppliers are related to conflict situations because they have delivered something of bad quality or because they have a role within the outcome of the conflict, either as mediators or discussant partners. Other network actors involved in case 2 are different political bodies such as authorities and the EU. As the focus of the business is health products for individuals, control and quality of products are central. Informant 15 said that at present the business was at some kind of breakpoint. Directives for example including acceptable advertising claims were imminent and these could have a major impact on the business of natural products in Finland. External competitors were related to only one conflict situation involving the issue of belongingness to the wholesalers' association. This conflict situation was current within the business and it received a lot of attention.

When analyzing the findings from case 2 it becomes apparent that the line between outcome and the management of conflicts is sometimes a thin one. If the management of conflict had been included in this study legal actors would also have been included as external actors. Sometimes external actors in case 2 were used as mediators or
discussants, and in some situations it is questionable if this is related to the outcome or management of conflict.

Considering the end customer or consumer as an external network actor it is worth mentioning that if we analyze some conflict situations from a broader perspective the findings could be somewhat different. For example concerning all conflict situations related to bad or questionable quality of product there is a risk that the customer could be affected by these kinds of conflicts. From a network perspective, we can say that each relationship affects and is affected by other relationships, but when aiming at understanding networks for different purposes we need to draw some boundaries. In this study the boundaries are based on the perceptions of the informants. Any wider speculations are, therefore not included.

5.3 Comparing the findings from case 1 and case 2

The following section is divided into three parts. Firstly, similarities and differences between case 1 and case 2 are presented. Secondly, the reader will find a comparison related to the different elements of conflict situations in cases 1 and 2. The third part distinguishes between conflicts in cases 1 and 2 by taking into account different levels related to conflicts, nets and industries.

5.3.1 Similarities and differences between the companies in cases 1 and 2

A general comment to the comparison of the findings from case 1 and case 2 is that both common and different findings can be found. According to Patton (1987) it is of particular interest if common patterns can be found in different cases. In this study, it is considered as relevant to reflect on industry similarities and differences in order to be able to understand the contextual variables behind conflict situations. Table 7 illustrates some similarities between the companies in cases 1 and 2.

Table 7 Similarities between the companies in cases 1 and 2

<table>
<thead>
<tr>
<th>Company features</th>
<th>CASE 1 &amp; CASE 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>Small- and medium sized</td>
</tr>
<tr>
<td>Type</td>
<td>Family-owned companies and companies that belong to larger organizations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Individual features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
</tr>
</tbody>
</table>
The table shows that similarities can be found concerning both company- and individual features. As far as the company features are concerned, all companies in cases 1 and 2 are small- or medium sized based on a definition recommended from the EU. Some of the companies in both cases are parts of larger organizations, however, while others are family-owned businesses with long traditions.

Partners have a wide variety of interests and varying levels of commitment. Some of the companies may view themselves just as listeners in the cooperation. At the other extreme there are companies making a significant commitment as far as the development of the market is concerned. (Hamel and Prahalad 1994) In both cases 1 and 2, certain informants seem to have a higher influence on the business than others. Based on the interviews, it appears that some informants are more active on an industry level. These informants have usually been involved for a long period of time within the industry and seem to be well-known by other actors within the business. The informants are interested in actively trying to shape the future of the business. They view the success of their own business in light of the industry in general. This means that they are more directed towards cooperation than individualism. According to Hamel and Prahalad (1994) it is essential to transform organizations, but also to transform the industry. Imagine the future and then create it (Hamel and Prahalad 1994). When it comes to conflict situations, the informants tend to be involved in several conflict situations and the interviews with these informants usually lasted much longer in comparison with other informants. As far as conflicts are concerned the companies represented by these informants sometimes seem to sacrifice a lot, although they can be viewed as powerful when it comes to influencing the cooperation.

The major differences between the companies in cases 1 and 2 are presented in Table 8. The differences are related to industry features, company features and cooperation.

Table 8 Differences between the companies in cases 1 and 2

<table>
<thead>
<tr>
<th>Industry features</th>
<th>CASE 1</th>
<th>CASE 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trends</td>
<td>Increased cooperation</td>
<td>Sensitive to negative publicity</td>
</tr>
<tr>
<td></td>
<td>International expansion</td>
<td>Insufficient control and regulations</td>
</tr>
<tr>
<td></td>
<td>Specialization</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company features</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Type</td>
<td>Industrial Manufacturers</td>
<td>Consumer Wholesalers</td>
</tr>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Cooperation</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall aim</td>
<td>Elimination of internal competition</td>
<td>Industry development</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level</td>
<td>Tangible exchanges</td>
<td>Intangible exchanges</td>
</tr>
</tbody>
</table>
The cases involved in this study stem from two totally different industries. The companies included in case 1 operate within the steel industry, while case 2 involves companies from the natural products industry. Generally, one can say that case 1 involves boxes for transportation, while case 2 concerns the health of human beings. Recent industry trends faced by the companies involved in case 1 are an increased number of mergers and acquisitions between companies within the industry, international expansion as well as niche-strategies concerning product segments. Concerning case 2, the industry is sensitive to negative publicity, which means that a single public statement concerning something negative about some product may have large consequences for the business as a whole. Moreover, Case 2 is special because to some extent there is insufficient control and regulations of the business. As far as company features are concerned, case 1 involves an industrial product, while case 2 involves consumer products. The companies included in case 1 are manufacturers, while most of the companies in case 2 are wholesalers. On a level of cooperation, the overall aim of the cooperation between the companies in case 1 is more or less to eliminate the competitive dimension. Concerning case 2, it appears that one of the general aims of cooperation is industry development. The exchanges in the cooperation between the companies in case 1 are both tangible and intangible, while the cooperation between the companies in case 2 is mostly intangible.

5.3.2 Similarities and differences between the conflict situations in cases 1 and 2

Both in case 1 and 2 incompatible foci cause conflicts. Focus indicates a direction towards something and incompatibility means that the focuses cannot be matched or combined. Focus can be related to the past, present and future. Focus has to do with the fact that the companies are competitors with a tradition of manufacturing or selling similar products to the same customers or current sales of similar products to the same customers. Focus may also imply that the strategies of the competitors are incompatible concerning the choice of prioritizing oneself or the industry. Future related focus may have to do with joint activities between the companies.

In case 1 aspects related to capacity causes conflicts. In case 2 awareness, or more particularly lack of knowledge or thoughtlessness causes conflicts. These findings can be interpreted based on the nature of the cooperation between the companies. The cooperation between the competitors in case 1 is more tangible, involving supply from one of the companies to another or sales through a joint sales office, as opposed to the situation in case 2, where the competitors mainly cooperate at meetings with the aim of developing the industry. Capacity can be related to the tangible exchanges between the companies. The finding can also be interpreted in light of the differences concerning the nature of the business. Case 2 is characterized by fast introductions of profitable products and there are moreover several different types of one and the same product, meaning that it is only the amount of different ingredients that may vary although the same ingredients are included in two products. It is quite understandable that it can be hard for the companies in case 2 to have an up to date knowledge of the present status on the market. Change is slower in case 1 and therefore it is easier to follow up what is happening on the market. A third way of interpreting these findings is to consider the
purpose of the cooperation between the companies in the studied cases. Capacity can be understood based on the vision of cooperation between a differentiated set of companies. Conflicts arise because some company or companies do not have the needed capacity to be on the same level with the other companies in order to reach the aim of the cooperation.

Both in case 1 and case 2 three main groups of conflict topics could be identified. Two of these, i.e. domain and cooperation, are present both in case 1 and 2, while the third within each case is different, i.e. delivery in case 1 and advertising in case 2. Both of these are, however, activities. In case 1 delivery is related either to the transfer of items from one of the companies to another or to a systems supply through a joint sales office. The findings from case 1 indicate that conflicts occur within the activities where the competitors are cooperating. This is also partly true concerning case 2 as one of the aims of the companies connected to the negotiation council is to develop principles of marketing, including advertising, which could be accepted and followed by the companies within the business. Delivery is the most central activity within the cooperation between the companies in case 1 and advertising is the most central activity within the cooperation between the companies in case 2. The findings of this study consequently indicate that conflicts in intercompetitor cooperation occur within the activities at the centre of the cooperation. The topic of advertising is still more related to the fact that the cooperating companies are competitors in comparison with delivery. Advertising involves activities that are often directed at increasing sales of one's own product at the expense of the competitor's product. Here the products are substitutes that satisfy the same needs for the customer. Conflict topics of delivery are more related to vertical cooperation, meaning that the companies occupy different positions from a value chain perspective. The competitive dimension is not as clear here as it is concerning advertising.

A prerequisite for cooperation is that every participant should give and get something in return. It should be a win-win situation and not a win-lose or lose-lose. Both in case 1 and case 2 there is a group of topics of conflict related to cooperation. Participation and share are subgroups of cooperation. In both cases participation is a conflict about to take part or not to take part in cooperation. In case 1 participation is more related to possible areas of cooperation that could occur in the future. In case 2 we find various conflict topics of cooperation: they are related to the past, present and future. There are several relevant issues that need to be considered concerning participation in intercompetitor cooperation. A key question is how much knowledge one can share with a competitor without the risk of losing core competence. Therefore many companies choose to work alone instead of cooperating with competitors. Another aspect that also became apparent from the findings is the legality of intercompetitor cooperation. The share of cooperation clearly has to do with the fact that there should be a balance between giving and taking within cooperation. If one of the actors constantly gives more and receives less the conditions for success within the cooperation are not the best. Especially in intercompetitor cooperation an equal share within the cooperation can be considered as critical because benefits provided from one company to another may actually lead to increased sales for the first company. The line between sharing core competence or not core competence is a thin one. Porter (1985) indicates that core competence is something that is built up of several dimensions.
Concerning the main groups of topics there is a clear similarity between case 1 and case 2: both cases involve topics of conflict that involve domain and cooperation. Domain represents the area or sphere that a company views as a property of its own. We could expect that these kinds of conflict topics are somewhat typical especially within intercompetitor cooperation, as by definition competitors operate on similar markets. According to Burt “To the extent that producers of one commodity and the producers of another have identical suppliers and identical consumers, they are competitors in the same market” (1988:358). There is, however, a noticeable difference between the topic of domain when comparing the findings from case 1 and case 2. In case 1 conflict topics of domain involve overlaps that are based on something that a company has done before. It is consequently related to existing practice within a single company. The companies have some kind of agreement that these kinds of conflicts should not occur. In case 2 the topic of me-too concepts is more related to activities outside the cooperation of the competitors. These conflicts are often related to market entry and a more or less purposeful strategy.

When comparing the topic of domain between case 1 and case 2 there is moreover a difference which is clearly related to time. In case 1 conflicts of domain are not expected to occur anymore in the future, because the main idea behind the cooperation is that the competitors will eventually not be competitors anymore. This is explained by the fact that they will focus on different product segments. In case 2 me-too concepts are more or less a tradition that has existed for several years and based on the findings from the interviews it is also expected to continue in the future.

Concerning the importance of conflicts there is a noticeable difference between case 1 and case 2. Conflict situations in case 2 are in general perceived as more important in comparison with case 1. This fact can be interpreted in light of the product concept as well as the competitive dimension of the relationship between the companies. Case 1 and case 2 involve totally different industries with totally different product concepts. The product concepts in case 2 are coupled with the health of human beings and such issues are generally viewed as important. The competitive climate is seemingly stronger in case 2 than in case 1. This can again be understood by recognizing the ultimate aim of the cooperation in case 1, which is to eliminate or at least diminish the competitive dimension. In several conflict situations the companies in case 1 are more vertically than horizontally oriented in relation to each other. Concerning case 2 many conflict situations involve a risk of losing market share to a competitor, which generally can be viewed as important. In both cases 1 and 2 there is a small amount of conflict situations with varying importance, meaning that the conflicts during the time of the occurrence were perceived as more important than some time after the occurrence. According to Taylor (1991) an organism responds with short-term mobilization and long-term minimalization to a negative incident. Therefore it is essential to recognize phenomena from a process perspective, taking time into consideration.

The importance of a conflict and the outcome or status of a conflict impacts the intensity of a conflict. The findings of the study show that the conflict situations within case 2 in general are more intensive than the conflict situations in case 1. Apart from the fact that the conflict situations in case 2 are generally more important than in case 1 there are also more conflict situations with a concrete negative outcome in case 2 than
in case 1. In case 1 there are four conflict situations with a mutually positive outcome and in case 2 there are two. In case 2 there are seven conflict situations with a mutually negative outcome and in case 1 there are no conflict situations with a mutual negative outcome. There are also more conflicts with neutral outcomes in case 1 than in case 2. This can be interpreted in light of the current business context facing the different cases. In case 2 negative publicity can have disastrous consequences for the whole business. At the time of this study the business of natural products was somewhat in a challenging phase, when the rules were not self-evident and some companies followed a more strict line than others. There is also a difference between case 1 and case 2 concerning conflict situations with a mixed outcome. In case 1 these situations involve a compromise, which means that for each actor the outcome is both positive and negative. The mixed outcomes in case 2 involve conflicts where the actors in turn face negative and positive outcomes.

Both in case 1 and 2 increased cooperation is found as a positive general outcome of conflicts and cooperation denial as a negative outcome. In many of the conflict situations with a positive outcome of increased cooperation there was an external actor involved, for example a customer or a supplier. The findings from the study consequently show that the involvement of external network actors may lead to increased cooperation between competitors. Cooperation denial is viewed here as a negative outcome because in many situations some kinds of synergy effects could have been received.

An interesting finding that is apparent both in case 1 and case 2 is that several conflict situations are somehow concentrated on one of the companies within the cases. In case 1 conflicts about deliveries, size and growth are particularly connected to one of the companies. In case 2 a certain company is well known for its strategy of market entry, which is the introduction of me-too concepts. In both cases the topic of the conflicts related to these particular companies is also more or less at the centre of the cooperation between the competitors.

Considering the relation between conflict situations within a group of cooperating competitors and external network actors the findings of this study show some similarities between cases 1 and 2. It is clear from both cases that causes of conflicts in intercompetitor cooperation often seem to be influenced by external network actors, while outcomes or statuses of conflicts often have an influence on the external network. Another similarity between the findings is that many conflict situations are related to sales or end customers and only a few to suppliers. A somewhat interesting notion that can be recognized both in case 1 and case 2 is that external competitors are rather nonexistent actors when it comes to conflicts between groups of cooperating competitors. In both cases perceptions of we-and-they appear, with they referring to external competitors. In case 2 these competitors are often referred to as "wild" and many of the companies involved in the study do not want to be related to these companies. A difference between the findings from case 1 and 2 is that more external network actors are included in cases 2 than in case 1. This can be viewed as somewhat logical based on the fact that there are more companies involved in case 2 than in case 1, and each company has their own network of external actors influencing the focal cooperation between the companies in case 2.
5.3.3 Relating differences into levels of conflict, net and industry

One of the main ideas of the business network approach is that every actor is a part of a larger network of actors. The findings of this study have so far demonstrated that there are both similarities and differences related to the companies and conflicts in cases 1 and 2. In this section, differences related to different levels are elaborated on. The reasoning is as follows: Conflicts occurring in relationships between two or more actors can be viewed as parts of nets within industries. In this study, a net means a focal net of companies that are bound together through activity links, actor bonds and resource ties. These nets represent the focal cases of this study. The cases are in turn parts of industries consisting of several different nets of companies. Conflicts occurring on a lower level may consequently be related to characteristics of nets on one level and industries on a broad level. Differences concerning conflicts in cases 1 and 2 may be related to characteristics of the nets and industries in which the conflicts occur. Table 9 illustrates different levels of contexts in relation to cases 1 and 2.

Table 9 Levels: Conflict, net and industry

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>CASE 1</th>
<th>CASE 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increased cooperation</td>
<td>Limited cooperation</td>
</tr>
<tr>
<td>Industry</td>
<td>Increased cooperation</td>
<td>Limited cooperation</td>
</tr>
<tr>
<td>Net</td>
<td>Different niches</td>
<td>Tangible exchanges</td>
</tr>
<tr>
<td>Conflict topic</td>
<td>Domain</td>
<td>Delivery</td>
</tr>
</tbody>
</table>

It becomes evident from the table that concerning case 1, conflict topics of domain and delivery could be viewed from a broader perspective as far as nets are concerned. Topics of domain, and more specifically overlaps, are related to the fact that one of the main aims of the focal net was decreased competition. The general idea of the cooperation was that each company should focus on a certain niche. From an industry perspective, this can be related to a trend of increased cooperation between different actors within the industry. Conflicts concerning deliveries could, on a net-level, be related to the fact that the exchanges between the companies were mostly of a tangible nature. The companies often acted as buyers-sellers in relation to each other. Also, from an industry level, this could be related to overall increased cooperation.

Several conflicts in case 2 were related to topics of domain, including overlaps, channels and personnel. Several times, conflicts were related to overlapping products. The industry context facing case 2 is of a "normal" nature, meaning that there is limited cooperation between the companies. This can be exemplified with the wholesaler's association, where only a handful of all the actors on the market are members. Although
activities have been made in order to attract new members, the amount of members has remained quite stable for several years. It is especially hard for the companies in case 2 to cooperate because in many ways they are similar, meaning that they operate on the same market with similar strategies and product concepts.

As far as case 2 is concerned, there were several conflicts that were related to advertising, or more specifically comparisons, incongruity and control. Conflict topics of advertising could be related to the fact that the actors involved in the focal net seemed to have some kind of joint responsibility for keeping up the image of the industry. A central aim of the negotiation council was to create common principles concerning marketing claims. Initiatives for this kind of cooperation came from the authoritative level. The companies in case 2 tend to make a distinction between those actors that follow "the rules of the game" and those that are "wild" (to quote several of the informants) and act independently. This latter group seems keener on receiving fast revenues than developing the industry as a whole. On an industry level, this can be related to the fact that the natural products industry is very sensitive to publicity, not to stress negative publicity. If a certain company or product receives negative publicity in the media, it could have great consequences for the industry as a whole.

In order to summarize the differences between cases 1 and 2, it is apparent that similarities and differences can be found both on a company- and conflict level. Moreover, the differences can be looked upon from a broader perspective by including different levels of context, i.e. conflict, net and industry. The general idea behind this division is that a conflict occurring within a dyadic relationship is embedded within a broader context of net on one level, and industry on a broader level.
6 CONCLUSIONS

A general conclusion that can be made based on the findings from this study is that conflicts appear to exist within intercompetitor cooperation. Some elements of conflict could be more related to the fact that the cooperating companies are competitors, while other elements perhaps could be found also within vertical cooperation, such as channels research. The companies included in case 1 were moving towards diversified product concepts and more vertical cooperation, although some of them were competitors or have a history of being competitors. The choice of including previous literature from channels research as a part of the theoretical reference frame of the study can be considered as relevant although the main contribution lies within the business network approach. Many conflict situations in this study are of a more everyday nature, involving only two of the cooperating competitors. In both case 1 and case 2 there are however some conflicts that involve many of the cooperating competitors. Several conflict situations could moreover be related to external network actors. Every conflict situation turned out to be unique.

The charm of qualitative studies is that they may give rise to serendipitous findings. The findings of this study shed some new light on our understanding of the concept of conflict in general. According to definition a characteristic of conflict is that it generates change (Stern and Gorman 1969; Deutsch 1973). This can be questioned and further elaborated on based on the empirical findings from case 2. Several informants mentioned conflict situations involving me-too products. Although copying of each other’s products is more or less practice within the business it is still perceived as disturbing and sometimes these matters are even taken to court. Within the business network approach there are two studies (Hadjikhani and Håkansson 1996; Welch and Wilkinson 1999: 2005) focusing on great conflicts with a lot of impact. The findings of this study indicate that it is also valuable to study conflicts occurring within everyday business practice in interorganizational cooperation. Based on the findings from this study we have moreover learned that the nature of a certain conflict situation may vary from time to time. This means that an everyday type of conflict could perhaps have larger consequences from a future rather than a present perspective.

Another aspect that relates to our general understanding of conflicts is the visibility of conflicts. From a business network perspective it is essential to include all actors involved in a relationship in order to get a full picture and holistic understanding of a phenomenon. Therefore all actors involved in cooperation were included in this study. The findings of this study show that many conflict situations are at least partly hidden, meaning that only one of the actors perceived it. Furthermore, in various conflict situations the informant’s company perceived that another company had harmed it. More rarely did an informant describe conflict situations where another company perceived that the informant’s company in some way or another had hurt it. Earlier studies within the business network approach have focused on visible conflicts that all involved actors are aware of. The findings from this study consequently show that several conflicts to some extent are hidden, and therefore it is important to recognize hidden conflicts.
The findings of this study indicate that time matters. There are studies both within the business network approach (Wilkinson 1981) as well as channels research (e.g. Magrath and Hardy 1989) that concentrate on frequency of conflict. A general conclusion from the results is that there seems to be a positive relationship between the amount of conflict situations and the time the companies have been cooperating. Furthermore there is a tendency for a positive relationship between the frequency of contact and exchanges and the amount of conflict situations. Frequency of conflicts is not really interesting to study by itself, and it has a quantitative rather than a qualitative connotation. Although a conflict is frequent it may not be important.

Time also matters concerning the occurrence of conflicts. Many of the conflict situations occurred in the starting phase of the company represented by the informant or at the beginning of the cooperation between companies. In case 1 several conflict situations can be referred to the initiating phase of the cooperation between the companies. Examples of these are lack of belief in potential advantages from cooperation and a fear or suspicion against giving up a product that used to belong to the company. In case 2 examples of conflict situations at an early phase are mentioned by informants 9 and 15. Informant 9 described some conflict situations as disturbing because other individuals within the industry were trying to have an impact on the way the informant was running the business. According to informant 15 the company had a rough start because there was another actor within the business that was trying to prevent company 15 from continuing selling one of its most valuable products. In other situations newcomers on the market lacked information and therefore conflicts arose.

The findings of this study reveal that it is essential to also take time into consideration concerning the result of a conflict. Based on previous literature (e.g. Pondy 1967) the outcome of conflict was used in the a priori theoretical model. The findings of this study show that many conflict situations have not reached an outcome. These conflicts are still going on during the present time. A more appropriate concept to use in these situations is the status of conflict.

Time should also be considered as far as the importance of conflict situations is concerned. Although a conflict situation is perceived as negative by the time of its occurrence, it may be viewed as unimportant after some time.

An initial idea was to perhaps find some kind of pattern between causes of conflicts and topics of conflicts on one hand and the importance of conflicts and the outcome of conflict on the other. The findings of this study, however, do not show any clear pattern whatsoever, which furthermore provides empirical evidence for the uniqueness of a conflict situation. For example the findings of this study indicate that conflict topics of me-too products in case 2 may be caused by lack of knowledge or incompatibility concerning market strategy.
6.1 Developed theoretical framework

Based on the review of previous literature the nature of conflict was divided into the following elements: the cause, topic, importance and outcome of conflict situations. Moreover the visibility was considered as relevant. These elements are illustrated in an a priori theoretical model. Based on the analysis of the findings from this study a new model of conflicts in intercompetitor cooperation from a business network perspective has been developed. This model is illustrated in Figure 25 and presented and discussed below.
EXTERNAL NETWORK ACTORS

SUPPLIER SELLER CUSTOMER POLITICAL ACTOR COMPETITOR

THE NATURE OF CONFLICT

ISSUE

CAUSE

FOCUS
* Incompatible traditions
* Incompatible goals
* Incompatible communication
* Incompatible strategies
* Incompatible priorities

TOPIC

DOMAIN
* Overlaps
* Channel
* Personnel

DELIVERY
* Delay
* Design
* Price

CAUSALITY

ADVERTISING
* Comparisons
* Incongruity
* Control

COOPERATION
* Participation
* Share

IMPACT

IMPORTANCE

NOT IMPORTANT
* Compromise
* Limited scope
* Time of occurrence
* Infrequent
* Acquaintance
* Against third actors

POSITIVE
* Increased cooperation
* Better division
* New insights
* Self-control

MIXED
* Compromise
* In turn

NEGATIVE
* Cooperation denial
* Reduced efficiency
* Unfairness
* Imbalance

VERY IMPORTANT
* Topic = delivery
* Competitive advantage
* Copying
* Broad scope

COOPERATION

VARYING IMPORTANCE
* Time heals
* Frequency

SUPPLIER SELLER CUSTOMER POLITICAL ACTOR COMPETITOR

VISIBILITY

Visible
Hidden
Partly hidden

Figure 25 Final empirically based model
Concerning the causes of conflicts evidence from the empirical study shows that three groups of causes can be identified: focus, awareness and capacity. Focus is apparent in both cases, while capacity is related to case 1 and awareness to case 2. From a business network perspective Bengtsson and Kock (2003) have found that tension in roles may give rise to conflicts in intercompetitor cooperation. Roles can be related to focus, but focus is broader because it entails traditions, communication, strategies and priorities. Roles are more related to the position of a company, while traditions, communication, strategies and priorities are more related to activities and/or preferences. Within the business network approach causes of conflicts have also been studied by Vaaland (2001; 2002). The findings from these studies show that conflict situations are significantly more related to informal governance mechanisms than formal. Based on informal governance mechanisms conflicts are considered as natural elements.

The topics of conflict are grouped into domain, delivery, advertising and cooperation. An interesting finding of this study is that some topics are similar in both cases, while others are more case specific. Conflict topics related to domain and cooperation are apparent in case 1 and case 2, while delivery can be found in case 1 and advertising in case 2. Concerning case 1 the findings of this study can be compared with Gomes-Casseres (1999) concerning the relation between cooperation and competition. The findings from this study show that there is a conflict between cooperation and competition. The aim is cooperation between competitors, but past competition in between the competitors leads to conflicts when they are aiming at cooperation. Based on the empirical findings from this study, the conflict topic of cooperation can be related many times to the fact that the companies are competitors. This is similar to what is written by Fey and Beamish (2000), who argue that there is a conflicting desire for companies between cooperation and autonomy.

In case 1 topics of conflicts related to domain, or more particularly overlaps, will perhaps not occur anymore in the future, because the aim of the cooperation between the competitors is that the actors will not be competitors anymore. Based on the findings of this study it still seems to be difficult to eliminate a competitive dimension of a business relationship between companies that by tradition are competitors. Conflicts may arise when walking off the bridge from competition to cooperation. Tradition matters. Concerning case 2 overlaps are more or less common practice within the industry, particularly concerning the introduction of me-too concepts.

The findings of this study show that it is extremely important to study all actors involved in a cooperative relationship in order to receive a holistic understanding of the conflict situations. As several of the conflicts are at least partly hidden, meaning that they are perceived by only one of the actors, a researcher would receive much less information about the conflicts within a group of cooperating companies, if only one or a few actors were interviewed. It is worth noticing that hidden conflict as it is understood in this study is somewhat different from latent and covert conflict presented by among others Pondy (1967) and Deutsch (1973). A hidden conflict can be directly compared with latent and covert conflict, but a partly hidden conflict is a new concept and a new angle of understanding visibility of conflicts. A conflict is not visible if not all involved actors are aware of its existence if only one or some actors are aware, the
conflict is partly hidden. A conflict that is partly hidden may turn into a visible conflict for example if the actor that perceives the conflict expresses it to the other actors.

Models of degrees of conflict (Laage-Hellman 1988; Gadde-Håkansson 1993) can be questioned based on the findings of this study. Firstly they are unable to recognize external network actors, which evidently are related to conflicts within focal interorganizational cooperation. Secondly we can ask if "degree" is relevant when trying to understand the nature of conflicts. I would like to argue that if degree is used, we still have to add other elements such as importance and outcome in order to be able to understand the intensity of a conflict situation.

The findings of this study indicate that importance of conflicts is central. There are no previous studies within the business network approach focusing on the importance of conflicts, but within channels research for example studies by Brown and Day (1981) and Magrath and Hardy (1989) write about intensity. In these studies importance is, however, related to frequency and the authors apply a more quantitative perspective whereas the focus in this study lies on understanding the situation or context that exists during different types of importance. Based on the empirical findings of this study there are different groups of importance; not important, important, very important and conflict situations with varying importance. Many conflict situations are grouped as unimportant, which sheds some new light on our understanding of conflicts. Concerning case 2 this could be explained by the present business conditions on the market. There is an increased cohesion between the competitors because they are working together against the authorities. It is, however, essential to recognize unimportant conflict because this may later on develop into important conflict. Conflict situations that are considered as unimportant are related to compromises and infrequency and they are furthermore related to a limited scope, meaning that they are "local" and do not have any wider consequences. Some conflicts are also unimportant because the actors have known each other for several decades and it is easy for them to understand each other and negotiate with each other.

Important conflicts are those that have a broad scope, meaning that they are related to several other activities and/or actors. Moreover conflicts involving the introduction of me-too concepts or the share of core competence are considered as important. Conflicts that are very important also involve a broad scope and concerning case 1 all conflict situations perceived as very important are related to deliveries. This could be explained by the fact that for example a delay in a delivery from one company to another has wider impacts on other external network actors. The findings of this study also point towards "time heals", meaning that a few conflict situations were first perceived as important or very important, but later on as unimportant. It is consequently essential to recognize all conflict situations because their importance may vary from one point of time to another.

The findings of this study show that conflicts in intercompetitor cooperation may have a variety of outcomes/statuses. Sometimes an outcome is not even reached and in these situations it is more appropriate to talk about status of conflict. In addition to more concrete outcomes/statuses being positive, negative or neutral from the perspective of a single actor, the outcome or status may be viewed from a more general perspective.
Here we can find positive, mixed or negative outcomes or statuses. Concrete outcomes or statuses are viewed from the perspective of a single firm, while general outcomes/statuses represent an overall view that concerns all involved actors. Within the business network approach positive outcomes of conflicts have been presented earlier by Gadde and Håkansson (1992), who write that conflicts may provide more innovations and development. The findings from both cases included in this study support the ideas of Gadde and Håkansson (1992). Also Vaaland and Håkansson (2000) have found that conflicts may enhance effectiveness through new resource- and activity combinations. In case 1 new divisions came as a consequence of a conflict and in case 2 new insights arose. An interesting finding of this study is that some conflicts have a neutral outcome, which indicates that a conflict is both positive and negative for an actor or that the conflict does not have any effect or does not bother the actor at all.

The findings of this study indicate that several external network actors have an influence on or are influenced by conflicts within a focal group of cooperating competitors. The following external network actors were identified: supplier, seller (sales representative, shopkeeper), customer, political actor and competitor. Within the business network approach there are some existing studies including a network perspective on the analysis of conflicts within business-to-business settings (Hadjikhani and Håkansson 1996; Welch and Wilkinson 1999; 2005). All of these studies apply an international perspective of conflicts. In the study by Hadjikhani and Håkansson (1996) a business network context is recognized by studying how a conflict between a company and a political actor is related to other companies. In Welch and Wilkinson (1999; 2005) it became apparent that political actors could be related to a conflict between companies in different countries. The conflict was caused by a domestic policy reform in one of the countries. Similar findings are apparent in this study concerning case 2 where political actors have an influence on causes of conflict situations. In both studies the empirical cases are related to the food industry. This industry is critical regarding the well-being of individuals and therefore it may be that authorities take extra responsibility for the industry and therefore they are also present in several conflict situations in interorganizational cooperation. In this study conflicts are analyzed from a network perspective not only by introducing the actors related to conflict situations, but also by relating different elements of conflict situations to different external network actors. A conclusion that can be drawn from the findings is that given that a conflict is related to external network actors its cause tends to be influenced by external actors, while outcomes or statuses influence external network actors.

6.2 Contributions and implications

6.2.1 Theoretical contribution

The theoretical contribution of the thesis is twofold. Firstly a contribution is made in the theoretical part of this study, namely concerning the definitions as well as the literature review of conflicts within the business network approach and channels research. Central concepts such as conflicts and intercompetitor cooperation are systematically described
and discussed. Thereafter previous literature on conflict in the business network approach as well as channels research are presented and discussed. Neither the business network approach nor earlier studies within channels research contain a sufficient base for the use of an a priori theoretical model for deriving and testing hypothesis. Therefore influences from organizational and social sciences are taken when narrowing down the focus of the study into certain elements of conflicts. The theoretical contribution of this study based on the empirical findings is directed towards the business network approach, because the perceptions of all actors involved in the focal group of cooperating companies are included and the conflicts are moreover analyzed based on their relation to external network actors.

The key concepts of this study, i.e. conflicts and intercompetitor cooperation, are both hardly researched within the business network approach. Several researchers have called for more research into conflicts (e.g. Welch and Wilkinson 1999; Young and Wilkinson 1997) as well as cooperation between competitors (e.g. Bengtsson and Kock 1999). This study contributes both to our previous understanding of interorganizational conflicts as well as intercompetitor cooperation. The findings of this study may also be of interest considering studies of vertical cooperation between buyers and sellers and channels research. The reason is that the ultimate aim of the cooperation between the companies in case 1 is to diminish or erase the competitive dimension between the companies and to some extent they had succeeded by the time of this study. The findings of this study consequently show that the line between being competitors or rather buyers-sellers is thin.

As far as coopetition (Nalebuff and Brandenburger 1996; Bengtsson and Kock 1999) is concerned, there are some groups of elements of conflicts that are perhaps more apparent in coopetitive business relationships than in business relationships that are only built on cooperation or competition. The cause of focus, and more particularly incompatibility of traditions and strategy related to market entry, are examples of elements that could be viewed as somewhat typical for coopetitive business relationships. Incompatible traditions are coupled with established practices within a company, for example concerning manufactured products or parts of products. Based on the findings of this study another cause of conflict could be viewed as fairly typical for coopetitive business relationships is incompatible strategies for market entry. When competitors are cooperating with the aim of establishing good practices within the business, it causes conflicts when some actor has a strategy of copying others' products and or somebody is aiming at reaching fast profits instead of thinking about the long-term well-being of the business in general. As far as topics of conflicts are concerned, it becomes evident from the findings that especially domain conflicts related to overlaps can be related to coopetition. Competitors are traditionally perceived as having similar products, which means that they are substitutes for each other. Another conflict topic that is of interest concerning coopetition is whether to participate in cooperation or not. The findings of this study consequently indicate that there could be conflicts involved when entering into coopetitive business relationships.

In the a priori theoretical model causes of conflicts were grouped into organizational, relational and external, as has previously been done by Tähtinen and Halinen-Kaila (1997) concerning dissolution of business relationships. This grouping was, however,
not used when the findings from the empirical case studies were analyzed. The reason is that it turned out to be hard to draw a clear line between relational and organizational causes. An example of such a conflict situation is when the design of a certain item is different in two companies and the aim is for one of the companies to manufacture this item for both companies. Should the cause then be viewed as organizational or relational? This study suggests that the cause should be grouped under focus and more specifically incompatible traditions or strategies. Moreover external causes as they are put forward by Tähtinen and Halinen-Kaila (1997) are similar to the external network actors as they are presented in this study.

The findings of this study show that conflicts are always somewhat negative, at least considering the initial perception of incompatibility. Therefore the findings of this study could be related to for example stress or problems within interorganizational cooperation or the dissolution of business relationships. Traditionally these aspects are also viewed as somewhat negative. Conflicts can moreover be seen as a cause of dissolution and therefore awareness into the nature of conflicts may help dissolution researchers to understand the predisposing situation of a dissolution process. Other streams of research that could perhaps receive some benefits from the findings of this study are conflict studies in general. One example is intraorganizational conflict studies. As has been stated earlier in this study, Tsai (2002) and Luo, Slotegraaf and Pan (2006) argue that coopetition also exists between different functions within organizations. A few conflicts within this study were related to conflicts within the companies, for example between different owners or layers of the organization such as management and blue collar workers. It has previously been stated that the line between an interorganizational and intraorganizational perspective may be thin, because there are different departments within an organization or a company that could be seen as groups of their own. The findings of this study could also be used by scholars examining power and conflicts in business relationships, as some of the findings can be related to differences in power between the involved actors. The findings from this study indicate that power was related to differences in size between the companies.

Another theoretical contribution of this work is the final empirically based model in Figure 25. In comparison with previous models including conflicts within the interaction- and business network approach, e.g. the interaction model by Håkansson (1982) and the model of degrees of conflict and cooperation (Laage-Hellman 1988) the model developed in this study is more comprehensive and gives insights into the following elements of conflict situations: cause, topic, importance and outcome/status. Each of these elements constitutes different groups of elements which in turn are based on elements on a more detailed level. Causes of conflicts are grouped into awareness, focus and capacity, whereas topics of conflict are related to domain delivery, advertising and cooperation. Earlier research on conflicts within the business network approach has been focused on manifest conflict, in some cases (for example Hadjikhani and Håkansson 1996) even on very wide known "scandals". The findings of this study provide evidence for the need to study conflicts that occur within everyday cooperation between companies. This has also been indicated in previous literature by Ford and Håkansson (2006) who stated that most interaction episodes are not critical incidents. Many conflict situations were at least hidden to some extent. Furthermore, external
network actors are included in the model, which is considered essential when studying conflicts from a network perspective.

One finding that is a central contribution to theory is the identification of time in relation to elements of conflict situations. It has been concluded that some causes of conflicts are apparent at the early phase of intercompetitor cooperation, for example a lack of knowledge and incompatible traditions. As far as topics of conflicts are concerned overlaps tend to occur in the beginning of intercompetitor cooperation. The findings moreover show that the importance of conflicts may vary from one point in time to another. The concepts of outcome and status of a conflict also indicate if a conflict is finished or continuing. The findings of this study show that several conflict situations have not reached an outcome. They also show that some conflicts are more frequent than others, which also involves a dimension of time. Concerning the external network actors, political actors were related to several conflict situations in case 2. A potential reason for this is the present time and the existing business context. From an overall perspective, the elements of focus in this study can also be seen as different but related parts of a process, starting with cause and ending with outcome or status, which in turn may lead to a new cause of conflict.

Considering the findings of the study it can be useful to reflect on what was not found. Firstly we can notice that no clear pattern could be found across different conflict elements. When analyzing the conflict situations as a whole, we can conclude that every situation is unique. The fact that every situation is unique furthermore proves the complexity of conflicts and their embeddedness within a relationship. Some conflicts involve several companies, for example in case 2 concerning conflicts related to joint development of the business regarding accepted marketing claims and supervision of developed principles. Other conflicts are only related to a single transaction between two companies. Some kinds of conflicts are very common, while others are rare. Copying seems to be "a tradition" within the business of natural products, while conflicts involving headhunting from each other are rarer. Conflicts are context specific. They are dependent on time in relation to market conditions, conditions of the relationships with other companies and internal conditions within a company. Conflicts can be related to the past, present and future.

6.2.2 Empirical contribution

The empirical contribution of the thesis is found both on a philosophical and practical research level. On the philosophical level the logics of the study are clearly illustrated and described. Every step from critical realism to personal interviews is described and the description follows and builds up a logical order. In many cases scientific research within the business field lack this part, whereas in this study it is considered as important.

From a practical perspective it is to my knowledge the first time that the principles of the critical incidents technique (Flanagan 1954) are used in a business-to-business context particularly involving cooperation between competitors. In contrast to the basic
ideas of the critical incidents technique the focus of this study lies only in identifying conflicts that initially are expected to be perceived as negative. In this study the personal interview aiming at increasing our understanding of conflict in intercompetitor cooperation is called the "conflict incident interview". The technique seems to be suitable to apply when focusing on competitors and sensitive topics. It could still be fruitful to have an initial meeting with the informants before the conflict incident interview, or other type of incident interview. This provides the researcher with an opportunity to build up a relationship of trust with the informant as well as giving insights into valuable background information that can be used when asking follow-up questions at the conflict incident interview. Additionally multiple contact occasions between the interviewer and the informant gives increased occasions of finding new informants.

Several scholars have previously stressed the importance of getting access to study sensitive phenomena. This study used a step-by-step research technique, which is especially suitable when studying sensitive topics in business-to-business settings. The general idea behind the technique is several contact occasions between the interviewer and the informant in order to develop a trusting relationship, which is critical in the generation of reliable data. The first personal contact between the interviewer and the informant is an initial meeting. The general aim of the meeting is to build up a relationship of trust between the interviewer and the informant. The questions asked are on a more general level, including background information of the company and its relations to competitors. The nature of the initial meeting varies depending on the personality and preferences of the informant. This is done in accordance with the possibility of being flexible when doing qualitative research. At the end of each initial meeting the interviewer "builds a bridge" to the upcoming conflict incident interview. This is done by briefly telling the informants about the theme of the conflict incident interview. By doing this the informant is given a chance to reflect on the topic of interest and also to recall conflict situations from memory before the incident interview takes place. Only one question is initially posed to the informant at the start of the interview. The nature of the conflict incident interview is therefore unstructured, but probe questions may be asked if considered necessary. After the conflict incident interview each informant was moreover phoned some time afterwards. The main idea with the phone-call was to receive information about possible new conflict situations and conflict situations that are still going on. Moreover telephone interviews gave insights into the visibility of conflict situations, as sometimes the same situation was mentioned at the conflict incident interview by one informant and in the telephone interview by another informant.

Another empirical contribution is the choice of focus concerning intercompetitor cooperation. Most of the previous empirical studies on this phenomenon have been focused on more formal cooperative arrangements between competitors such as joint ventures, mergers and acquisitions. There are fewer studies within the field of more intangible intercompetitor cooperation or formal cooperation related only to certain business activities such as supply or marketing, which was the focus of this study. In practice these "softer" types of intercompetitor cooperation are often a first step towards future mergers and acquisitions. In this study thoughts of possible future mergers involving some of the case companies was to some extent apparent. Moreover there are
few scientific business related studies of the business of natural products. Therefore the findings of this study could be of interest especially for companies or individuals related to this field.

There is a major difference between this study and many other studies applying qualitative research approaches. In several existing studies the researcher illustrates the grouping or categorization of empirical material with the help of quotations in the text. This is done in relation to analysis. A common question asked by readers is on what basis the specific quotations were chosen and what other aspects are related to the specific issue. This means that we sometimes lack the context surrounding a specific analysis in order to be able to understand on what basis the writer has carried out his or her analysis and interpretation. Rich descriptions are usually perceived to be at the heart of qualitative studies and it is based on descriptions that analysis and interpretations are made. In order to provide the reader with a holistic picture of the empirical material the descriptions related to every conflict situation are included in an appendix. If the reader is interested in additional information about certain conflict situations it is possible to find it. It is moreover easier for the reader to understand the interpretations made by the writer and the reader is also allowed to make his or her own interpretations.

When studying something from a business network perspective it is essential to include all actors involved, i.e. both actors involved in the focal case and external network actors. For practical reasons it is not possible to, for example, interview all actors, but I would like to argue that it is necessary to at least directly include all actors in the focal case. The external network actors can be included more indirectly as has been done in this study, by analyzing their involvement based on findings from the focal case studies. By involving all the relevant actors in a study we receive richer information, which provides better opportunities for a holistic understanding of the studied phenomenon. Moreover we receive a more nuanced picture of reality, which represents different views about different aspects. Richness and nuance should be favoured by the qualitative researcher. At least here where visibility of conflict was studied, it was necessary to involve all actors.

This study also demonstrates the advantages and possibilities connected to flexibility and change in qualitative case studies. The main issue is to stick to the focus, which constitutes the aim and the research questions of the study. Follow-up questions may vary from interview to interview based on the pre-knowledge of the interviewer and the ability of the informant to express issues of interest for the study. The degree of anonymity may also vary from one case to another, which was the case in this study. This strategy was seen to increase the opportunities of fulfilling the aim of the study. The sequence and time between the initial meetings and the conflict incident interviews also varied depending on practical circumstances. With hindsight there are some aspects related to this study that need to be reflected upon. Firstly I would like to highlight the dilemma of fitting into a certain stream of methodological principles. Should researchers be consistent and follow certain traditional patterns of conducting research or should we really be playing "Alice in Wonderland" and go our own ways? The second view represents a somewhat post-modern way of thinking. Within the field of marketing for example Gummesson is known for applying more or less home made recipes for conducting research. Of course flexibility and change in research method can
also be discussed and questioned in light of reliability. It is therefore essential for the qualitative researcher to find the right balance between being flexible and holding on to the original research strategy.

This dissertation constitutes a good example of how a case study can be related to a group of cooperating companies. Traditionally a case study often resembles an organization, a division within an organization or a relationship between two companies. In this study a case is broader and encompasses several organizations.

**6.2.3 Managerial implications**

In addition to theoretical and empirical contributions there are several managerial implications based on the findings of this study. Firstly we can conclude that time matters, for example concerning importance of conflicts. Although a conflict situation at present may be perceived as unimportant it may in the future turn into an important conflict. This indicates that it is essential to follow up conflict situations and be aware of the fact that they may reoccur in a somewhat different shape. Sometimes a conflict situation that at present is perceived important, becomes unimportant after a while. This shows that it is perhaps not always necessary to start acting and behaving in relation to a conflict, because it eventually may lose importance. This can provide better focus and allocation of resources. Another aspect worth mentioning considering time is that conflict situations are often specific to a certain context, meaning that certain types of conflicts can be considered as more common and expected in certain situations than in others. In both cases of this study several conflict situations can be related either to the start-up phase of the company or the initiating phase of cooperation between competitors. These findings indicate that it could be useful for managers to be prepared for conflicts to occur in these phases. In practice it could mean a lot of negotiations, re-evaluation of ideas and a need for communication skills.

When taking time into consideration, managers should also be aware of the frequency of conflicts. Some conflicts are more frequent, while others occur only once. It is important to be aware of the fact that although a conflict may be frequent it may be unimportant and vice versa, i.e. a conflict occurring only once may be very important. The findings of this study, however, show that infrequent conflicts tend to be perceived as unimportant and frequent conflicts as important.

The findings of this study indicate that many conflict situations occurring between cooperating competitors can be related to external network actors. Conflicts are caused by acts or requests from an external level and the outcome or status of conflicts may have an impact on external network actors. For example delay in deliveries from one company to another may also have a negative impact on customers and suppliers. These conflicts represent situations where the exchanges between the focal actors constitute a stage in a whole process of delivery from manufacturer to consumer. The findings of this study indicate that requests and control from an authoritative level may influence the occurrence of conflicts in intercompetitor cooperation. It would therefore be essential for managers to follow up trends and recommendations for the industry that
come from authorities. Generally it is essential to be aware of the network actors closely connected with the business operations of their own company and also the external network actors related to the cooperation partners of the company.

Many conflicts in case 1 were caused by differences in size and growth. One conclusion is therefore that similarities in size and growth ambitions could prevent conflicts from occurring. Within a cooperative relationship it is essential for each actor to express its goals, visions and ambitions. This should be done both before starting the cooperation and also several times during the cooperation. Thereby misunderstandings and perceptions of incompatibility could be prevented and avoided. Based on the findings of this study it seems like it is often the actor that is most committed and interested in cooperation that becomes disappointed. When competitors cooperate incompatible foci lead to conflicts. A focus can be related to the past, as it represents for example traditions, goals, strategies and priorities. It is worth stressing that conflicts are not caused by different foci, but incompatible focus, which can also be related to similarity. Traditionally similarity is related to competitors. In order to try to avoid certain conflicts cooperating competitors should consider underlying incompatibilities related to focus. It is worth reflecting on these kinds of issues before starting to cooperate.

The conflict topic of domain seems to be typical for intercompetitor cooperation. Overlaps and me-too products are especially highly relevant conflict topics concerning intercompetitor cooperation. A great majority of the conflict situations in this study are partly hidden, meaning that there are a lot of conflicts that are not visible. Although one company perceives incompatibility in relation to another, the other company may not perceive any incompatibility concerning the same issue. It can therefore be beneficial to sometimes imagine and analyze the perspective of a cooperation partner.

From a practical perspective it could be valuable to know that certain conflicts are more important than others. Findings from this study indicate that conflicts perceived as very important are usually related to a broad scope, which means that they have an impact that is larger than the conflict in itself. These conflicts may have an influence on external network actors or involve other sub conflicts. Based on the findings from this study conflicts related to deliveries from one company to another are perceived as important or very important. These kinds of conflicts could also be expected to have a broader scope because they may have an impact on other actors in the chain of distribution. Moreover these kinds of conflicts are not perhaps specific to intercompetitor cooperation, but should rather be coupled with any kind of buyer-seller business relationship. Conflicts related to copying and core competence can be specifically related to intercompetitor cooperation and these types of conflicts are regarded as important. A company should have a clear understanding of its core competences and which parts of it should strictly be kept secret from competitors and if there are parts than can be revealed, one has to think about in what form and how much. Based on the findings from this study a company that copies can always expect some kind of conflict in relation to competitors. The findings also show that if a group of competitor face a joint external threat, this will lead to increased cooperation between the competitors. It should furthermore be stated that although a conflict may be considered as unimportant from the perspective of one company, it may still be very important from the perspective of another company.
The findings of this study indicate that we should think in terms of conflicts that have reached an outcome on one hand, and on the other hand conflicts that are continuous and have a certain status at present. A conflict that at present is mixed, may in the future turn out to be mutually negative. Therefore it is essential to be aware of and to follow up current conflicts. The outcome or status of a conflict can have a meaning that is more abstract in comparison with analyzing the situation from each of the involved actors' points of view. A conflict may be negative for one actor and positive for the other, for example if the first actor has copied a profitable product concept that was initially introduced on the market by the second actor. From a more general or abstract perspective a positive outcome of this conflict situation could be a functioning self-control within the business. The conflict could perhaps also be viewed as overall negative, because it gives rise to an imbalance within the industry. Imbalance means that some companies are investing many resources in introducing a trustworthy product on the market, while other companies come in as free-riders.

From a more general point of view the findings of this study give insights into intercompetitor cooperation. In both cases the cooperation is mostly seen as beneficial. One of the basic aims in case 1 is to diminish or eliminate the competitive dimension between the involved companies. This is done through differentiation. The findings still show that the similarities between the competitors, for example concerning product range, are hard to totally eliminate. The main motive for the cooperation between the competitors in case 2 is to develop the conditions of the business. The competitors are stronger as a group in relation to authorities and external competitors. The findings from this study also show that it is useful to analyze the nature of a conflict before starting to manage and act upon it. Some conflicts may at first seem important, but they may lose relevance as time passes by. Each conflict situation should moreover also be analyzed from the perspective of the other actors involved in the situation.

### 6.3 Trustworthiness of the study

According to Silverman (2000) a synonym for validity is truth. Validity stands for the extent to which the researcher has researched exactly what was meant to be researched. Reliability refers to the extent the findings of a study can be repeated (Merriam 1988). According to Eneroth (1992) reliability refers to the unambiguousness and trustworthiness of a measurement instrument. In practice this means that repeated studies of an unchanged object should provide exactly the same results no matter who is doing the research. The traditional criteria of validity and reliability can be questioned as far as qualitative case studies are concerned. Gummesson (2005) also writes that criteria such as reliability and representativeness cannot generally be applied to case study research. Some phenomenon can only be studied from a purely inductive perspective, including only one specific case. The findings of such a study are still valuable, although they may not as such be generalized to a wider context. If we believe that all research should be generalized, some phenomenon can never even be studied. It is the aim of the research as well as the philosophical standpoint of the researcher that decides the meaning of validity and reliability in a study. If the aim of the study is to investigate parents’ attitudes towards child abuse and the research strategy is built
around derived hypothesis that are tested on a sample of 3000 parents, the findings of the study could probably be generalized to a wider population. If the aim of a study is to increase our understanding of life histories of individuals with an age of over one hundred years, the findings may not be possible to generalize.

Wolcott (1994) believes that validity is not a good goal or criterion for qualitative research. We should not pretend that research is value-free. “Qualitative researchers do not assume there is a single view of reality, but believe that different methods reveal different perspectives” (Neuman 1997:336) Objectivity of research is something that does not exist. In qualitative research there is not only one way of interpretation. As a reader of a scientific text it can sometimes be hard to follow the logic lying behind interpretations. It is therefore important that the writer sufficiently reveals all the necessary background information so that the reader understands on what basis the interpretations are made.

If the principle of a legitimate plurality of interpretations through interview analyses is accepted, it becomes meaningless to pose strict requirements of interpreter consensus. What then matters is to formulate explicitly the evidence and arguments that enter into an interpretation, so that the interpretation can be tested by other readers. (Kvale 1996:211)

In this study detailed descriptions of all conflict situations are found in appendix C and D. It is based on these descriptions that the interpretations are made in the main text of this study. The reader is provided with an opportunity to make his or her own interpretation, which can be considered as advantageous. Kvale (1996) writes that it is not a weakness if there are several interpretations of the same text, but it is rather a richness and strength of interviews.

A case study is valuable because it is unique. (Janesick 2000) “We are beginning to realize that we cannot lift the result of interviews out of the contexts in which they were gathered and claim them as objective data with no strings attached” (Fontana and Frey 2000). In qualitative research the context plays a great role and since the context of interorganizational relationships is rather changing than static, the value of validity in its traditional sense can be questioned as far as this study is concerned. In this study sufficient background information is given about the cases, in order to frame the business context of the cases. The findings of the study are moreover interpreted in light of the current market situation of the cases. The findings of the study show both similarities and differences of the cases, which indicate that context matters.

“Validation becomes investigation, continually checking, questioning, and theoretically interpreting the findings.”(Kvale 1989:77) “The validity, meaningfulness and insights generated from qualitative inquiry have more to do with the information-richness of the cases selected and the observational/analytical capabilities of the researcher than with sample size.” (Patton 1990:185) In non-positivist research good access to the meanings of the informants is central for reaching validity. (Remenyi et al. 1998) Multiple contact situations between the interviewer and the informants provide good opportunities for building up a relationship of trust and thereby receiving good access to the phenomenon.
Eneroth (1992) writes that the qualitative study does not contain any instruments for measurement, and therefore there are no problems of measurement. Consequently reliability is not relevant in qualitative studies. Eneroth (1992) argues that in qualitative research it is rather advantageous if a person does exactly the same study as another person and detects different findings. According to Eneroth (1992) low reliability is something to be endeavored in qualitative research. Marshall and Rossman (1989) also state that it is impossible to replicate qualitative studies because of changes in the real world. “The researcher’s goal of discovering this complexity by altering research strategies within a flexible research design cannot be replicated by future researchers, nor should it be attempted.” (Marshall and Rossman 1989:148) Remenyi et al. (1998) question reliability in relation to qualitative studies. It is difficult for different researchers to reach the same results even though the problem setting and the sample is similar (Brunsson 1980).

It is important for the writer to document all steps of research so that it will be easy for the reader to follow the process of theory development. (Patton 1990) According to Patton (1990) it is important that the researcher describes details of data collection as well as the process of data analyses in order for others to judge the quality of the work. In this study it is my conscious choice to provide the reader with insights on information concerning the selection of cases, the process of data generation and the process of analyzing the data. A central issue concerning the validity and trustworthiness of a case study is great openness and a discussion about different weaknesses of the study. (Hägg 1980) In this study the different procedures of data generation and analysis have been presented in an open and detailed manner. Furthermore limitations of the study are discussed in section 6.4.

When doing case studies it is important for the researcher to preserve a chain of evidence. Lincoln and Guba (1985) and Kvale (1996) write that validation will rest on the “quality of craftsmanship” in research (p. 240). This should be a continuous process involving all research activities such as questioning, continually checking and theoretically interpreting the findings. According to Wolcott (1994) description is at the heart of qualitative studies. A good example of how validity should be looked upon in qualitative research is according to my opinion described by Wolcott (1994). He writes that in order to reach validity in a study he describes what he does, tries to do or thinks he does.

Bias in case studies, especially concerning business and management studies, occurs when the informants are unable to recall events and that they are afraid of revealing information that may provide difficulties for themselves and/or the company as a whole. (Remenyi et al. 1998) In this study one way of trying to overcome this dilemma was to provide both the informants as well as the companies with anonymity and to have multiple interviews with every informant.

When doing qualitative research, language has a central meaning. About half of the informants have Swedish as their mother tongue and the other half Finnish. This meant that there had to be two versions of the interview guide, one in Swedish and one in Finnish. Given that my own mother tongue is Swedish, I had a person who is fluent in both Swedish and Finnish to read through the interview guides used in the empirical
study. Afterwards corrections and clarifications were made. This person was working in a managerial position in a manufacturing company and was therefore considered to be appropriate to check the language and spelling of the interview guides.

It was a deliberate choice not to let the informants read the text about the conflict events upon its completion. According to Glesne and Peshkin (1992) there is a risk that informants may get second thoughts about sharing something with the researcher. The informant could get second thoughts in relation to something they have said and they perhaps do not understand that what was said is only a part of a whole description of a phenomenon. This can be considered especially relevant regarding the sensitive nature of the research topic of this study.

In accordance with Åkerlund (2004) I sometimes also got the feeling that the whole truth was not being told at an interview occasion. This may have to do with the sensitive nature of the topic. Some conflict situations were perhaps not explained in as much detailed as they could have been. One reason could be that the informant did not want to reveal something that would harm the relationship with another company. One way of trying to overcome this was multiple interviews with every informant. Multiple interviews provided the possibility of building up a relationship of trust between the interviewer and the informant, which was crucial when it came to gathering trustworthy findings. If certain aspects remained somewhat unclear after an interview occasion, multiple interviews provided the researcher with an opportunity to turn back to these aspects during a later interview.

The decision to interview all actors involved in a focal business relationship was expected to raise the trustworthiness of the findings. Moreover I carried out all interviews personally and also transcribed all the interviews. This was expected to be advantageous considering the interpretation of the findings, as I was personally involved in every stage of the empirical research process. It can be stated that interpretation starts already at the very beginning of a study.

According to (Bonoma 1985) qualitative researchers should be open to the fact that a lot of generalizations are not very general, because they are coupled with particular situations, settings or industries. From a critical realist perspective, Danermark et al (2002) argue that all research should have generalizing claims. They continue by arguing that generalizing may mean different things. "According to the realist concept of generality, scientific generalizations largely refer to transfactual conditions, to the more or less universal preconditions for an object to be what it is." Danermark et al (2002:77). Transfactual conditions can be explained as the conditions for something, for example a social relationship, an action or a social structure, to be what it is and not something completely different. Transfactual conditions can be more or less general (Danermark et al 2002). The findings of this study could be considered as generalizable because they develop existing theories by increasing our understanding of different elements of conflict situations from a business network perspective.

Concerning the possibilities of generalizing the findings of a study I believe that the researcher should take on the responsibility of nuancing the findings. By this it is meant that different findings could perhaps be generalized to different degrees. Sometimes
there is strong evidence for certain findings, while on other occasions there is only a
tendency. The written language used by the researcher is therefore important when the
findings are presented. The researcher may use notions such as “seems like”, “often”,
“strong evidence” or “scarce support” when describing the findings of the study. Walker
(1985) has put forward similar ideas. From a critical realist perspective, Morén and
Blom (2003) also stress that the findings of their study can be generalized to a different
extent and in different ways.

When comparing the findings from the cases both similarities and differences were
recognized. It may therefore be possible to find similar findings in other studies
focusing on conflicts within intercompetitor cooperation. Examples of findings that
were similar in both cases are conflict causes involving focus, topics of domain, varying
importance of conflicts and mixed outcomes.

6.4 Limitations and critical perspectives on the research

One possible limitation with this study is the informants’ inability to recall conflict
situations. In fact this is an issue that faces almost all researchers. One opportunity of
overcoming or at least diminishing this problem is to interview the informants on
several occasions. In this way the informant is provided more time to recall what is of
interest to the study. Another possible limitation is the fact that the informants do not
reveal some conflict situations because they are afraid of saying something that may
have a negative impact on themselves or the company as a whole. Also this is an issue
that faces scholars investigating sensitive or critical phenomenon that involves several
individuals and/or organizations.

When a researcher is analyzing and grouping findings from a qualitative study, the
results can always be questioned and interpreted differently. Figure 25 is based on an
analysis of the empirical findings. Within the frames of doing qualitative research I still
stress the context as an important element to take into consideration when evaluating
research. The aim with Figure 25 is consequently not to show a solution that would be
true for all kinds of intercompetitor cooperation. The model is based on the findings of
the specific cases in this study. The concepts applied in the model are however both on
a more concrete and general level, meaning that several concrete findings constitute a
more abstract group. It is always a challenge for a scientific researcher to construct
models with an appropriate level of abstraction and an appropriate level of concreteness.
I feel that a lot of previous research has been too abstract when describing conflicts, for
example concerning the cause of conflict where different perceptions have been
considered as a cause of conflict. Every conflict by definition involves incompatible
perceptions. At another extreme it would have been too concrete to have grouped
marketing magazines as a topic of conflict. It was a subgroup of a more abstract concept
describing a certain group of topics of conflict. The idea with Figure 25 has been to find
the middle road between concrete and abstract concepts, so that it not only represents
case specificity but also constitutes a solid base for future studies and further
development.
Another limitation with the study is the "boundaries" of case 2. In this study informants and companies were selected from one interview to another. Companies that were not mentioned by previous informants were not included in the study although they for example are members of the negotiation council or belong to the wholesalers' association. Three conflict situations were still included in this study although only one of the actors involved was included. The excluded companies are connected with three different conflict situations. In two of the situations (24 and 37) the excluded company is not a member of the wholesalers' association or the negotiation council. In the third situation (45) the conflict was described by an informant that is not related to the companies involved in the conflict. This is a reason why the boundaries of case 2 are a bit fuzzy. Other possibilities could have been only to focus on all companies belonging to the wholesalers' association or to the negotiation council. A risk with this would in turn be that the true identity of the companies could have been revealed. Therefore somewhat fuzzy boundaries of a case can be defended.

In section 1.2 the delimitations of the study are presented. Here it is written that the focus lies on an organizational perspective, and that the individual perspective is left outside the spectrum of the study. This is not totally true. Firstly influences from the field of sociology are considered when developing the theoretical framework of the study (for example Deutsch 1973). Many studies focusing on interorganizational relationships come from sociology. It is consequently a difficult task to try to separate individuals and organizations. When organizations are in conflict, individual perceptions are always involved. A "classical" debate is also if organizations can perceive, trust and be committed or if these aspects can only be coupled with human beings. Another interesting aspect is if a perception of a person can be seen as representative of the organization? I believe that it is worth keeping this debate alive, but we can conclude that there are no organizations without individuals.

There is another limitation with this study involving what has been revealed and written about the conflict situations found in the empirical study. Sometime there is a risk that I have not been able to write down exactly everything that would help understand and explain a certain conflict situation. This is especially relevant concerning case 2 where a central task has been to provide the informants and the participating companies with anonymity. In order not to endanger the anonymity in-depth explanations have sometimes been left out although I as a researcher may have insights into this. This dilemma concerning the researcher’s choice to avoid writing down things that were interesting has also been reflected on by Larsson (2006).

6.5 Suggestions for further research

The findings from this study provide several opportunities for future research. A suggestion for further research is to study the dynamics of business-to-business relationships, especially in relation to conflict situations. In practice this would mean a more thorough focus on the context surrounding conflict situations, by concentrating on what the relationship was like before a conflict occurred and what it was like after. In this way we could get a better picture of the possible connections between different
conflict situations. This indicates a need to take more time into consideration when studying interorganizational conflicts from a network perspective. Previously in this chapter, several contributions related to time were presented and discussed. These could all be studied further. For example by focusing on how the importance of different conflicts varies from one point of time to another and why the importance varies.

_Time is a central mobilizing preoccupation of the process scholar. Without temporality there is no scope to reveal the dynamics of the process; the relationship between the past, present and future, the interrelationship between different levels of context on the emerging process of the interdependent effects of context and action._ (Pettigrew 1997:345)

Another possibility is to study conflict in buyer-seller business relationships, i.e. from a vertical perspective, in order to recognize similarities and differences in comparison with the context of intercompetitor cooperation. There are studies (Bengtsson and Kock 2003; Vaaland 2001) indicating that competitors take on different roles depending on the perspective taken. Young and Wilkinson (1997) argue that coopetition is also found within buyer-seller relationships and they write that although the actors may be cooperating concerning quality they may still compete concerning the most favourable payment terms. The ultimate aim of the cooperation between the competitors in case 1 is to totally eliminate competition by focusing on different niches. To some extent the companies are already on their way towards achieving this aim. If the finding from this study would also be found in other studies of traditional vertical buyer-seller relationships it would provide more evidence of the idea that we should rather talk about different roles during different occasions instead of “framing in” business actors as competitors, suppliers and buyers etc.

One possibility of increasing our knowledge about conflicts in business to business relationships would be for example to focus on certain types of conflicts such as conflicts with positive outcomes (Håkansson 2005, personal communication). Interesting questions are what characterizes positive outcomes of conflicts and how do these types of conflict develop? Conflicts are traditionally considered as negative and the findings of this study show that many conflict situations have an outcome or status that at least for one actor is positive. Moreover several conflicts have a positive outcome on a more general level affecting the overall relationship between the involved actors. I believe that it could be fruitful to continue a scientific discussion on this matter. Another possibility would be to probe deeper into which conflict situations that are finished and thereby have reached an outcome and which conflict situations that are continuous and have a certain status. The findings from this study moreover indicate that most conflicts are at least to some extent hidden. It would therefore be fruitful to continue studying the visibility of conflicts. An interesting question is on what basis a conflict should be viewed as hidden/latent or visible/manifest? Is it based on the topic as has been done in this study or perhaps the cause, which for example is indicated by Pondy (1967)?

A natural step forward from this research would also be to involve the management of conflict. It was a deliberate choice to leave management of conflict aside from the focus
of this study because otherwise the focus would have been too broad. It was furthermore argued that we cannot manage the conflict before we are aware of its nature (Schmidt 1974; Litterer 1965). Opportunities for future research would be to analyze how the conflicts reaching an outcome have been managed. In so doing the researcher could get insights into different management possibilities for conflict situations that have not yet reached an outcome, i.e. conflicts with a certain status.

This study has been a first step towards increasing our understanding of certain elements of conflicts in intercompetitor cooperation. A natural step further would be to more thoroughly study how these elements are related. The aim of this study was not to do this, but an initial comparison and analysis of the conflict situations show that every situation is more or less unique, at least when taking into consideration all the elements of study. A very interesting and valuable way of continuing research within this topic would be to relate conflict causes, topic and outcome. Another possibility would be to dig deeper into external network actors and how these are influencing or are influenced by conflicts within a focal case of cooperating competitors. The aim of such a study would consequently be both to understand and explain the phenomenon.

As far as causes of conflicts are concerned, it would be fruitful to continue analysing causes on different levels. In this study, causes have been related to the conflict situations, external network actors and, when comparing the findings from the cases, also to levels of net and industry. A question arising out of the findings from this study is how these different causes are related?

Another avenue of future studies and analysis of the empirical material in this study, based on the principles of the means-end chain model, would be to explore how conflicts on a concrete level can be coupled with consensus at a higher level of abstraction. By doing this, it would be possible to contribute to our existing knowledge about the relationship between cooperation/competition on one hand and conflict/harmony on the other.

From a methodological perspective it seems reasonable to apply a qualitative approach when studying interorganizational conflicts from a network perspective. Qualitative methods such as personal interviews provide better opportunities for understanding the phenomenon instead of quantitative surveys. As was stated previously sensitive topics need sensitive methods, and it is pretty evident that a person is more sensitive than a piece of paper. Case studies consisting of both qualitative and quantitative methods may also be considered. It is the use of only quantitative methods that is questioned here. In qualitative research it is the researcher that constitutes the main research instrument and the findings of the research is just as good as the researcher. An alternative approach that could be used in future analysis of the empirical material in this study is Ragin's (1989) Comparative Method. The core of this method is comparisons. From a qualitative perspective, comparativists study how different conditions fit together in one setting, and contrast that with how they fit or might fit in another setting. (Ragin 1989) Regarding this study, the method could be used in order to compare different conflict situations.
When studying interorganizational conflicts it also could be valuable to consider more intangible aspects, such as the body-language of the informant, when analyzing and interpreting the results. By definition conflicts give rise to feelings of disappointment or anger. By focusing on intangible aspects the researcher could receive a deeper understanding for example of the intensity of conflict situations. It would moreover be interesting to apply the step-by-step research technique applied in this study to other studies of sensitive topics within business settings.

6.6 Afterthoughts

In the very beginning of this study it was written: The melody of today’s business environment is cooperation between companies (p. 1). This study has been carried out within this melody, and more particularly within intercompetitor cooperation. The aim of the study has been to increase our understanding of the nature of conflicts in intercompetitor cooperation from a business network perspective. The research questions were as follows:

1. Based on previous literature how can we understand the issue and intensity of conflicts in intercompetitor cooperation?
2. Issue of conflict
   a) What are the causes of conflicts in intercompetitor cooperation and how can they be understood?
   b) What are the topics of conflicts in intercompetitor cooperation and how can they be understood?
3. Intensity of conflict
   a) What is the importance of conflicts in intercompetitor cooperation and how can it be understood?
   b) What is the outcome of conflicts in intercompetitor cooperation and how can it be understood?
4. How can issue and intensity of conflicts be related to external network actors?

Research question number one has a theoretical nature and in order to provide an answer to the question, two theoretical streams of research were presented and discussed in light of their focus on conflicts in interorganizational cooperation. The contribution of this study mainly lies within the business network approach. The second stream of theory, which is presented and discussed is conflict studies within channels research. There is a connection between channels research and research within business networks and therefore both of these theoretical angles are seen as appropriate to use in order to gain a comprehensive theoretical pre-understanding of the phenomena. It is, however, concluded that in order to enlarge the theoretical pre-understanding of conflicts in interorganizational cooperation we need to take influence from other areas of research. When elaborating on the elements of conflict is the focus of the study, i.e. issue and intensity, influence is taken from organizational theory and social conflict theory. An integrated theoretical pre-understanding is described and results in an a priori theoretical model that has been developed based on the findings from the empirical study. Based on all this we can consider that the first research question has been answered.
The second research question was aiming at increasing our understanding of the issue of conflict within intercompetitor cooperation. Issue of conflict means cause and topic of conflict. The nature of this question is empirical. The focus of the third research question lies on intensity, which here encompasses importance and outcome. This is also an empirical question. Concerning both research questions the answers from the interviews have been described, interpreted, grouped and analyzed. The interpretation and analysis has been related to previous literature. Based on these premises the second and third research questions can be considered as answered.

In accordance with the network approach every business relationship affects and is affected by other relationships. In more practical terms this means that the focal cases consisting of a group of competitors cooperating are also affected and is affected by the relationships the companies within the focal cases have with other actors outside the cases. These actors have here been called external network actors. The findings of this study show that external network actors do have an influence on conflicts within a group of cooperating competitors and vice versa, i.e. conflicts within a group of cooperating competitors have an influence on external network actors. Moreover the findings of this study highlight what element of conflict is related to external network actors. This study offers an answer to the fourth research question.

As all the research questions have been answered we can consequently conclude that the aim of the study has been fulfilled. Based on the interpretation and analysis of the empirical findings a model of conflicts in intercompetitor cooperation has been developed. This model develops our existing understanding about the phenomenon and constitutes a base for further research.
References


Verbal sources:


APPENDIX A: GUIDE FOR THE INITIAL MEETINGS

Name of informant
Name of company

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Research topic
- Competitors that cooperate within some business activities.
- Special focus on situations of conflict that are seen as natural in cooperation between competitors when the companies simultaneously cooperate within some area and compete within another area.
- Interesting questions:
  * Different types of conflict?
  * The reasons for the conflicts?
  * How are the conflicts handled?
  * What is the importance of conflicts?
  * What is the result of conflicts?
- There is a great academic interest in this type of research, because at present there are scarce studies within the particular field.

Method
- Initial meetings and conflict incident interviews within all companies.
- An interview lasts for about 1.5 hours.
- Both the informants and the companies will be anonymous in the text.
- Analyses of written documents concerning the cooperation.

Time-table
- The thesis will be ready in the end of year 2006.

Advantages for the company
- A description of different types of conflict in cooperation with a competitor.
- An identification of the causes of the conflicts.
- A judgment of the importance of the conflicts and their consequences.
- A description and analysis of the handling of the conflicts.
- Preparation for managing conflicts in the future, both in the present cooperation and in other interorganizational cooperation.
APPENDIX B: INTERVIEW GUIDE

A. Introduction to the interview (This part is shown to the informant.)

The title of my doctoral thesis is: “The nature of conflicts in intercompetitor cooperation” and it is directed at identifying and analyzing situations of friction (conflicts) in cooperation between competitors.

Friction occurs when at least one of the actors perceives incompatibility in relation to the other actor/s concerning something that the first actor finds important.

I will now ask you to describe situations when you have perceived incompatibility in cooperation with competitors. Please describe the situation in as detailed a way as possible, from the beginning till the end.

B. Interview guide (This part is not shown to the informant.)

- Think of a situation when you perceived incompatibility in cooperation with a competitor?
  (before the cooperation, during the initial negotiations, after cooperation was initiated)

- Describe the situation in as much detail as possible! (The questions below are asked only if necessary.)
  - What happened? (topic)
  - When did it happen?
  - Why did it happen? (cause)
  - Which actors were involved?
  - How do you regard the importance of the situation? (importance)
  - What was the result of the situation? (outcome)

- Are you able to expect future incompatibilities in cooperation with a competitor?
  - If not: Why not?
  - If yes: Describe the expected situation in as much detailed as you can! (The questions below are asked only if necessary.)
    - What can happen? (topic)
    - When can it happen?
    - Why can it happen? (cause)
    - Who could be involved?
    - How important can the situation be for you? (importance)
    - What could be the result of the situation? (outcome)
APPENDIX C: A DESCRIPTION OF THE CONFLICT SITUATIONS IN CASE 1

A total amount of 21 conflict situations were identified in case 1. These are numbered and described below.

Conflict situation number 1 relates to the early phases of the cooperation between Alba and Sento and this situation was mentioned by the informants of both companies. The topic of the conflict is the benefit of the cooperation, which is how both informants described the situation. According to informant 1 it was difficult to convince all the owners of Alba about the benefits of the cooperation. Sento requested a certain sum of money for Alba’s use of its sales channels in Sweden and Norway, and according to informant 1 the requested sum was low. Informant 2 admits that they questioned the benefit of the cooperation. They wondered about things such as “Why should we give them work?” and “Why should we not manufacture what we have manufactured ourselves?” Informant 2 says that at the beginning of the cooperation the companies agreed that Alba would not manufacture any ordinary transport structures and Sento would not manufacture those products that Alba manufactures. Informant 2 says: “One did not really dare to believe that it is this way… can I give this away and do I get something in return?”

According to one of the informants it is difficult to say what the cause for the conflict is. He suggests that one is probably afraid that the other part will take advantage. According to the other informant the conflict perhaps has to do with the background and history of the company that has always had enough work and therefore did not understand the thought of specialization. The same informant says that one of the owners understood but the other owners were afraid that the competitor would take advantage from them.

When asking one of the informants about the importance of the conflict he thinks that the problems are mostly in the beginning, but after a while one recognizes that it really pays off to focus on certain things and leave others aside. He further indicates that it is a gradual process and that as time passes by there will be an increase in trust between the companies.

The outcome of the conflict both be related to the cooperation between Alba and Sento. A contract was finally written between the companies and according to one of the informants the owners of Alba probably realized afterwards that it was a good thing to do. A contract had been written between Alba and Sento, but the same was not done later between Sento and Tiro. Between these companies only a letter of intent was written. It becomes apparent from the interview with informant 1 that the process of getting the contract signed with Alba was both hard and time consuming. I feel that Sento had this in mind when approaching Tiro. The outcome of the conflict can be viewed as mutually positive (+/+), as a contract was finally written between Sento and Alba. Furthermore Sento learned from experience and did not write a contract from the beginning with Tiro. Because the conflict situation was mentioned by both informants it is considered as a visible conflict.
The topic of conflict situation number 2 is difficulty in mediating about the cooperation within the company. The conflict situation can therefore be viewed as intra-organizational, but as it reflects an internal opinion against another company it is included here as an inter-organizational conflict. According to the informant it has sometimes been perceived that one of the cooperating companies somehow “gets a lift”, which in practice means that it is one of the companies that does everything, has everything, pays everything and develops everything. More concrete examples that were given by the informant are that an employee may question why he should give out drawings to the other company so that they can use the same supplier or why do they not build their own supply network as we have also done by ourselves? Don’t they know how much it actually costs to start sales abroad? Do they receive it for free from us and what do we get in return? The informant says that on a rational level they do understand but emotionally it may be difficult, because the company had great difficulties in approaching a certain market and now the other companies are coming to a “readily set table”, to quote the informant. The informant furthermore says that it is usual not be sensitive because somebody else receives more benefit from cooperation than you do yourself. The informant says: “It will never be equally divided… And there I think that the real issue of the conflict is.”

According to the informant the cause of the conflict is the inability to communicate the vision of the cooperation or the benefits from it. The informant furthermore argues that one has not succeeded in getting the cooperation with competitors concrete enough. He argues that this conflict is important if the incompatibilities become too great. According to the informant it gives no added value if those who are involved do not want to or do not understand the benefits. The conflict can moreover be considered as important because the informant argues that it is the most negative and most difficult thing he has experienced in relation to cooperation with competitors. He describes the conflict as a personal disappointment.

The conflict has not yet reached its outcome because the informant believes that the concerned individuals within the company do not yet totally understand the benefits. The situation is therefore considered as continuous. On the other hand he argues that an understanding becomes more and more apparent. There are some concrete events that according to the informant have been important in order to internally be able to point at the advantages with the cooperation. That was in 2003 when the informant’s company got a product sold through one of the other companies. The status of the conflict is, however, considered here as mixed, i.e. positive for some actors and negative for one actor. The explaining factor for this is that as late as in the last telephone interview with the same informant it became apparent that there is still the feeling that the company has not yet received enough in return. As far as the visibility is concerned, the situation is partly hidden as it is mentioned by only one of the informants. The conflict situation is frequent, because it has occurred more than once.

Conflict situation number 3 took place between Sento and Vintro in 2002, i.e. at the very beginning of the cooperation. The topic of the conflict is defined as sold products and according to one of the informants it is a classical example of a conflict. What occurred is that one of Vintro’s most important customers bought five products from Sento. As Sento manufactures the same products, it could have sold the products itself.
According to informant 1 the conflict is caused by the fact that they are not able to steer their sellers or customers. The informant describes the situation so that the seller wants to do business and he has got a customer, who wants five products. The seller offers a price to the customer and gets approval from the informant and finally sells the products. Afterwards the customer is shown to be one of Vintro’s most important customers in that particular region. To quote informant 1: “It is clear that it will not be so easy.”

The cause of the conflict can also be viewed as external, because it relates to third actors, i.e. sellers and customers, which are out of control of the focal company. As far as the importance of the conflict is concerned it seems like it can be considered as fairly unimportant although the situation involves an important activity such as sales. Another explanation for the low importance is the fact that both Sento and Vintro continue selling products to each other’s customers. This does not seem to have affected the cooperation in any way.

When speaking about this particular conflict situation nothing directly came up concerning the importance of the conflict, but at another occasion in the interview informant 1 says that similar situations still occur in both directions. This means that both Vintro and Sento sometimes sell products to each other’s customers. According to informant 1 it is something that they talk about, but they just say, “Whoops, it just happened this time”. It is not worse than that. Informant 1 moreover argues that it is just a matter of time before these kinds of conflicts will not occur anymore, because of the fact that the companies plan to niche themselves into certain product segments. The vision of informant 1 is that eventually Sento and Vintro will not be competitors anymore.

The outcome of this particular conflict was that the following year Sento sold only one product to Vintro’s customer and Vintro sold the rest of the requested products. This indicates that the conflict situation after all must have been of a certain importance as it was corrected the following year. The outcome of the conflict is mixed (+/-) as Vintro in a way lost a sales opportunity, while Sento got an opportunity to sell.

This conflict situation can be viewed as partly hidden because only one of the involved informants mentioned the situation. Similar conflict situations become apparent during all interview occasions with the informants, and therefore it can be viewed as frequent. In the telephone interviews in 2005 one of the informants indicated that these kinds of conflict situations still occur, while the other informant states that there has been no new conflict situations due to the fact that the companies are operating within different business sectors. The informant who believes this is still a conflict continued by saying that the potential cause for these types of conflicts could be internal problems within the companies. According to the informant it is not always easy for more loose thoughts about cooperation to become embedded in the whole organization.

One of the informants describes the topic of conflict situation number 4 as ignorance of a basic formal or informal agreement. This is further exemplified as situations when another company sells a product that they should not according to an agreement or that it cooperates with another company with which they should not according to an
agreement. The informant gives a concrete example of these types of conflict situations. The informant’s company has sold a remarkable amount of the other company’s products on a market abroad. The other company has still continued manufacturing and selling the primary products of the informant’s company on the domestic market.

The informant argues that the cause of the conflict is the fact that the other company’s old customers request a similar product and that it is very easy to copy the drawings and manufacture a similar. The informant moreover says that it could be a very good deal for the company and at first it may be hard to stand up and instead recommend a product manufactured by the informant’s company.

The informant does not find these kinds of conflict situations as important. He says that he does not want to pay any attention to these kinds of overruns; instead he tries to move forward with what is good. He continues by arguing that if 9 things out of ten are good and one thing is bad, then one way of handling the conflict is to consider that the process has not matured yet, so it is just a matter of ignoring the overrun and moving forward. The informant is also reflecting on another angle as he says that there is still one way of looking at the conflict. If the informant’s company do not succeed in selling the products but the other company does it is still better that the cooperating group gets the deal instead of some third external competitor.

The outcome of these types of conflict situations can be viewed as mixed because one of the companies gets the deal and it is positive for them, while the other company misses the deal, which is negative. The conflict situation has not reached an outcome when taking the perception of the informant into consideration that it is all about a process. Eventually one can expect that these kinds of conflict situations will not occur anymore because one of the basic ideas behind the cooperation is that the competitive dimension between the companies will vanish. In practice this means that they should concentrate and focus on a certain product niche. Conflict situation number 4 is frequent and partly hidden, because it is mentioned by only one of the informants involved.

The topic of conflict situation number 5 is to stop manufacturing a product. When the cooperation between the companies was initiated both Tiro and Alba were manufacturing and selling a similar product. After some negotiations it was agreed that Alba would continue with the product and Tiro would stop manufacturing it. According to the informant from Tiro employees from for example the planning- or marketing division questioned this, as the product was a part of Tiro’s production. The cause of the conflict was consequently that the product already existed as a part of Tiro’s product range. The conflict does not seem to be important. In accordance with the informant’s own opinion the markets for the particular product are small and the company has been operating on the market for such a small period of time so in practice they do not give up anything. The outcome of the conflict seems to be positive as far as Alba is concerned, but it is harder to detect concerning Tiro. According to the informant, he sees the situation a bit further as he stresses the possibility of getting a product that is as suitable or even more suitable for Tiro. The informant says that Alba has bought some components from Tiro, i.e. components that Alba do not want to manufacture itself. Based on this it seems like the outcome of the conflict is mutually positive, as both
companies receive something from each other. This conflict situation can be viewed as partly hidden, because it seems like only one of the informants is aware of the situation.

The topic of conflict situation number 6 is price. The situation occurred in the relation between Sento and Tiro several years before the cooperation reached its current state. The informant from Tiro describes the situation as follows: Tiro delivered some chasses to Sento and after a while a similar request came from Sento. Tiro sent the same offer with the same price to Sento because the request arrived within such a short time from the first delivery. Sento was not satisfied with the price and it argued that the price should be lower because so many items are manufactured in a series and the customer also required a lower price the second time they ordered. The conflict seems to be caused by differences in practices and routines between the companies. Tiro had to recalculate their price and came to the conclusion that because of the employment situation they would still take on the request from Sento. A compromise was made, which meant that the final price was somewhere between the price that Sento would have wanted and the price that Tiro would have wanted. To quote the informant from Tiro: “As the old shopkeeper says, it is good when both feel a little bit bad, both the buyer and the seller.” The conflict does not seem to be important when taking the outcome into consideration. The outcome of the conflict situation can be viewed as neutral from the perspective of both parties, because it resulted in a compromise meaning both satisfaction and dissatisfaction for both parties. Conflict situation number 6 is partly hidden and it is moreover finished.

The topic of conflict situation number 7 is price. One of the informants says that the other companies may feel that the price of a delivered item from the informant’s company is too high. The cause therefore is, according to the informant, that if a company wants another company to manufacture and sell a product, then this company should be more efficient and cheaper than the first company would be itself. According to the informant this type of conflict is normal and consequently is not of a great importance. The informant would not like to call these kinds of situations as conflicts, but rather as quite a normal way of doing business. The status of these kinds of conflict situations can be viewed as mixed, or 0/-, which means that the conflict is neutral for the informant’s company and negative for the competitors that would prefer a lower price.

As this type of conflict situation is mentioned by only one of the informants it is considered as partly hidden. The nature of the conflict is frequent as it happens every now and then. As no outcome can be identified, the conflict is viewed as continuous.

Conflict situation number 8 also has the topic of price. The cause for this type of situation has to do with the size of the involved companies. The situation is frequent, meaning that it can occur every now and then. The informant describes the situation as an example when two of the companies are supposed to sell together some products to the customer. The total price can turn out to be too high because one of the companies is unable to decrease the price due to the fact that the company is too small. The other company is able to decrease the price because it is bigger and works with larger volumes. Larger volumes generally imply less return per item, in comparison with smaller volumes that require higher returns per item. According to the informant,
everybody has to do it their own way. Concerning the importance of this type of conflict situation the informant says that it is just about understanding the difference, it is not worse than that. Therefore the conflict situation is not viewed as important. The outcome of the conflict situation can be seen as negative for the actor who would be able to sell and neutral for the actor that does not have the capacity and simultaneously is not affected by the conflict. The conflict is partly hidden.

The topic of conflict situation number 9 is the time to receive a requested offer. The situation took place in spring 2003 between Vintro and Alba. Sento is selling Vintro's products abroad and Vintro is buying chasses from Alba. According to the informant from Vintro they received the offer much too late and they were moreover not satisfied with the requested price. The informant believes that the slowness in response may be caused by a lack of resources at Alba, concerning employees both in the office and in production. The informant continues by saying that he does not know if this has to do with bad systems. He says that for Vintro it takes 15 minutes to make such an offer. The informant stresses that the situation is of great importance because if they would not get the price they want from Alba, they would have to buy from elsewhere in Europe, which would delay the delivery of the final product even more. He furthermore says that it is a matter of quality to be able to stick to the timetable in relation to the customer. The production programs at Vintro moreover get confused if an item is not received the date when it is supposed to be received. Then the company has to take in another product before, which in turn leads to confusions among suppliers. The outcome of the conflict situation could not be identified by the time of the interviews, as Vintro planned to discuss with Alba at the following meeting. The informant, however, believes that there should be clear rules within the cooperation group regarding times of delivery for offers. He moreover argues that within the group the participating companies are bound to raise their production capacity to a requested level. The status of the conflict situation at the time of the interviews is viewed as negative for Vintro and neutral for Alba.

The conflict situation is furthermore considered as visible. Although the specific situation is mentioned by only the informant from Vintro, at another occasion the informant from Alba says that a company may compare that for them it takes about two weeks to manufacture a specific item, while it takes two or one month for Alba. This indicates that Alba is aware that they have been late with deliveries.

According to one of the informants a factor that may lead to conflict situation number 10 is the use of systems and routines. The topic of the conflict is delay in delivery from one company to another. In this particular situation one of the companies orders an item from another company. The item is needed as a part of the finished product, which is ordered from the end customer. There is a delay in the delivery of the item, which leads to the fact that the product has to be stored for a while before it can be delivered to the end customer. To quote one of the informants; “This is completely inefficient”. Based on this statement I would label this type of conflict situation as very important. Concerning the outcome of the conflict, the companies have intensified their cooperation in order to be able to match timetables. The conflict situation can therefore be viewed as mutually positive, because the match of timetables is meant to ease the operation of both companies. The conflict situation is visible because the informant from the other company admits that in general they have been late with deliveries. The
conflict is viewed as finished and it has reached an outcome. This conflict situation is frequent, which becomes apparent from the interview with one of the informants.

The topic of conflict situation number 11 is that one of the informants believes that the other company has not grown enough and that they have a capacity problem. This means that they are unable to respond to the market position held by the companies involved in the cooperation. According to the informant this may be caused by an unwillingness to grow. The informant does not view the conflict as important, because as he says, there are other companies that have the needed capacity. He further indicates that the question of growth can turn out to be a two-dimensional problem for the company in question, because there are both the different internal forces within the company and external requests from the other companies within the cooperation. Conflict situation number 11 can be considered as partly hidden, because it is mentioned by only one of the informants. The informant and company that are actually in the centre of the conflict situation do not seem to be aware that it exists. The status of the conflict situation is viewed as mutually neutral, because it does not seem to have any affect on either of the involved companies.

In relation to conflict situation 11 there is also a hidden conflict. The cause of conflict situation number 11 can be viewed as the topic of the hidden conflict, and that is unwillingness to grow. Two of the informants believe that for the group of cooperating competitors it would be desirable if one of the other companies would grow in order to be able to respond to the requirements of the market. Because the competitor is smaller it often has a price that is perceived as too high by the others or its deliveries are delayed. The informant from the competing company believes that there is not a conflict anymore; although it seems like at least one of the other informants thinks it can be problematic.

The topic of conflict situation number 12 is sales of chasses. This situation occurred in the 80s and it involved Sento and Tiro. Sento already then had a well-developed sales network and in order to assure the capacity it bought chasses from Tiro. This continued until Tiro got new owners, who resisted sales to Sento although Sento would have been interested in continuing buying. The cause of this conflict according to the informant from Sento is divided into two. Firstly it had to do with the new owners of Tiro, who seemed to try to freeze out Sento and secondly it was the fact that Sento was seen as a competitor. This conflict situation does not seem to have been important, as Sento found another supplier. This situation continued for several years until the ownership of Tiro was changed once more. The new owners again agreed to sell chasses to Sento. The outcome of the conflict situation was consequently mutually positive since Sento got chasses and Tiro money for the supply. Before the ownership changed again the outcome was negative for Sento who wanted to continue buying, while it was positive for Tiro who stopped selling to a competitor. The conflict situation is considered as partly hidden because it is recognized only by one of the informants.

Briefly put the topic of conflict situation number 13 is the design of doors. The conflict situation is related to the cooperation between Sento and Vintro. Vintro buys doors from Sento but the doors do not match Vintro’s requirements concerning their structure. According to the informant from Sento, they would prefer to use their own production
methods and profiles. The cause therefore is that nine out of ten doors are made for Sento, while only one is for Alba or Vintro. Sento would therefore prefer that the other companies would change the format of their doors instead. The informant does not, however, consider this as important because he only sees it as a process that needs to occur between the companies. It is a matter of getting to an agreement and compromising. The informant from Vintro recognizes the conflict situation both as far as the suitability of the doors is concerned and also concerning the price of the doors. He says that different opinions exist concerning the price of the doors. He stresses that it is of great importance because the difference in price amounts to up to 20 percent. The suitability of the doors also seems important based on a statement by the informant from Vintro. He says that it is very difficult and not easy to suit Sento’s doors to Vintro’s products.

This conflict situation can be viewed as visible or partly hidden depending on the perspective taken. Both informants mention the suitability of doors as a conflict topic but only one reflected upon disagreements concerning price. The conflict situation cannot be analyzed as far as the outcome is concerned because at the time of the interviews the issue was in the negotiation process between the door-manufacturer of Sento and the door-manufacturer of Vintro, with the aim of trying to match the design between the two companies. Concerning the outcome of the conflict situation the informant of Vintro believes that in the future they will totally rely on Sento concerning the manufacturing of certain types of doors. The status of the conflict is 0/0, i.e. it is both negative and positive for both actors involved.

The topic of conflict situation number 14 is measurement precision. This conflict situation started to occur at the very beginning of the cooperation between Tiro and Vintro in 1996, but it still sometimes occurs and can therefore be viewed as frequent. The situation is caused by the fact that, as the informant says, the installers and welders at Tiro do not necessarily understand the importance of measurement accuracy at Vintro. The measurements at Vintro are coarser, according to the informant. The conflict can be viewed as important because extra work is caused for Vintro who either has to strengthen the delivered item or to rebuild the element to which the item is to be attached.

The conflict situation is partly hidden as only one of the informants recognizes it. The outcome of the conflict can be seen as mixed, i.e. neutral and negative. It is negative for Vintro who has to rebuild the item but neutral for Tiro who just operates as it is used to.

The topic of conflict situation number 15 is the design of an item, which will be bought and used by another company. The cause of the conflict is the fact that each company is used to and applies a certain design, which does not necessarily match the design of another company. According to the informant everybody is used to doing everything by themselves and believes that one's own way of doing things is the best. This type of situation arises on a frequent base and according to the informant it should not be called a conflict, rather a discussion. The conflict is therefore considered as unimportant. The outcome could be viewed as some kind of compromise (0/0) resulting from discussions. The informant also uses the word compromise when he reflects on the situation. The
outcome of the conflict situation is partly hidden, as it is mentioned by only one of the informants.

The topic of conflict situation number 16 is that the item ordered from another company was wrong, i.e. it did not meet the requirements of the end customer. According to the informant this was caused by a mistake by the person making the order. There was a misunderstanding in the communication between the companies. The situation was moreover complicated by the fact that the product that should have been ordered was more costly than the one that was delivered. This was mentioned in the contract between the companies, but the price had, however, never been discussed between the companies. The end customer could not accept the product and big problems came into being. The situation could have been very costly, says the informant. The importance of the conflict was consequently great. According to the informant, the companies were lucky when it comes to the outcome of the conflict situation. Normally it is quite complicated to reconstruct the product so that like in this situation, it would fit the needs of the end customer. In this particular situation both of the companies seemed to have parts that eased the construction of the required product. The outcome of the conflict situation was consequently positive for both companies involved.

While describing and reflecting upon this conflict situation the informant once again turns back on size as an element mattering in conflict situations. The informant says that even though you are right, if you are smaller and more dependent at the same time, you could be used. If you are smaller, do you dare to stick your nose up and say how it is, or should you be more diplomatic and compromise by sharing the costs. The informant concludes by saying that even if you are smaller you should dare to speak out and tell what is right according to your opinion. The conflict situation is furthermore considered as partly hidden as only one informant reflects upon it.

The topic of conflict situation number 17 is the establishment of a joint sales company. An informant says that another of the companies is interested in a certain market. It has therefore suggested the establishment of a joint sales company on that market. The informant's company would instead like to establish a mutual sales company on a different market. The conflict is therefore caused by the fact that the companies have different goals concerning markets. The informant says that the conflict is not of great importance from a domestic point of view. He continues by saying that if the companies are able to operate on their target markets in spite of this conflict, then it is of no importance. This conflict situation occurred during the time of the interviews and therefore no outcome was identified in that particular point in time. The present status can be considered as mixed, i.e. as neutral for the company that is not interested in the establishment of the sales company and negative for the other company that would have liked to establish a mutual sales company.

The conflict situation is partly hidden because it is mentioned by only one of the informants. The conflict may also be viewed as hidden based on the perspective from the company that the informant talks about and another of the companies in case 1. According to the informant the company in question would also like another of the companies in case 1 to take part in the establishment of a the joint sales company, but neither of the informants from these companies mention the conflict.
The topic of conflict situation number 18 is the share of marketing costs. Two of the companies sold products abroad through the same sales office. This sales office has originally been established by one of these companies. At the sales office an equal share of the marketing costs was suggested. According to one of the informants this was considered as unfair because the size of the companies varied and also the amount sold through the sales office. These aspects can furthermore be viewed as the cause of the conflict. According to the informant, the conflict situation is important. The outcome of the conflict situation was that the actors agreed on a marketing cost stipulated as a percentage of sold items. The general idea is that the more the sales office is able to sell, the more money for marketing they will receive. The outcome of the conflict can be seen as positive for the company that was dissatisfied at first and neutral for the sales office, because it seems like it gained as much as before the conflict situation. As far as the other involved company is concerned, the outcome is viewed as neutral, because it seems like it continued to pay as much as it did before the conflict situation. The conflict situation is considered as partly hidden because only one of the informants told about it.

The topic of conflict situation number 19 is the amount of items sold. The situation is caused by differences in size between the companies using the same sales organization. In practice this could start by an initiative from the sales organization that has the ability to sell more of each of the companies' products. The problem is that one of the companies has the possibility of increasing sales, while the other does not. According to my understanding this conflict situation could be important, as one possibility of overcoming it could be increased growth and size of one of the companies. In turn this would require commitment and possible large investments as well as other changes within one of the companies. The outcome of the conflict situation is not yet known, but it might be quite spectacular, because of the gap in size and growth between the two companies. The present status of the conflict situation is considered as negative for the informant and company that perceives the conflict and neutral for the other company, because there has been no change whatsoever for this company related to the particular conflict situation. This conflict situation was only mentioned by one of the informants and is consequently viewed as partly hidden.

The topic of conflict situation number 20 is the placement of a sales representative at a trade fair. The dilemma can be illustrated by the fact that a person represents three brands but is only able to stand in one exhibition stand at once. This is also the cause of the conflict. The cause of the conflict is a lack of personnel. The outcome of the situation was that the sales representative had to stand in one of the company's exhibition stands as they had only few other persons present who knew the foreign language needed at the fair. The outcome of the conflict is positive for the company that got a person standing in its exhibition stand throughout the trade fair, but at the same time it was negative for the other companies that had to be represented by an exhibition stand without any persons present. The conflict situation does not seem to be that important and it is partly hidden.

The topic of conflict situation number 21 is purchasing. Two of the companies are involved in the situation and both informants mention it. Mutual purchasing seems to be one of the major visions for one of the informants, while it seems like the other
informant is not that interested in having it. The informant who advocates mutual purchasing argues that although the other company is larger the prices paid by both companies are almost the same. The informant argues that his company perhaps pays less for one item, while the other company pays less for another item. This is a bit contradictory when comparing with the perceptions of the informant from the other company. He says that concrete price comparisons have been made and out of ten items, his company got nine cheaper than the other company. According to the informant cooperation works within certain areas, for example sales, while it does not work within purchasing. The same informant says that mutual purchasing does not work because the systems are not built for that kind of cooperation. He says that in order to have mutual purchasing it would require a rebuilding of the systems, which is also a question of resources. The informant of the company that advocates cooperation within purchasing also says that it would require an investment in time. The informant who is not interested in mutual purchasing says that he knows he has got a better purchasing price than the other company and that he would not like the other company to buy cheaper via his company as his company takes care of all the administrative duties related to purchasing. According to the informant it was discussed how much benefit the company provides to the other company, as they do not seem to give the informant’s company any benefit within purchasing.

The conflict can be seen as important at least when considering the development of the cooperation. Since cooperation within purchasing seems to be one of the most important future visions for one company, while the other company does not seem to show any interest in it, there is a risk of stagnation in the development of the cooperation. Purchasing can moreover be considered to have a central role within the operations of the companies. The conflict situation is visible, as the companies have discussed the matter. It is, however, unclear if the informants or the companies have reflected on the matter in such detail so that they really know about the other party’s future visions about cooperation within purchasing. There is a risk that one of the informants is not totally aware of the importance of the issue for the other informant and vice versa, and that the other informant does not know that the first company may never be interested in mutual purchasing. The conflict situation is still continuing but at present the outcome is negative for the company that would prefer mutual purchasing while it is neutral for the other company that prefers continuing to buy separately.
APPENDIX D: A DESCRIPTION OF THE CONFLICT SITUATIONS IN CASE 2

A total amount of 44 conflict situations are found in case 2 and are described below. In the text below the companies belonging to case 2 are named in accordance with the informant that represents the company. As an example this means that informant 5 represents company 5 and so on. In practice this is just a technical matter that facilitates the readability of the text.

Informant 7 describes conflict situation number 22. The topic of the conflict is trademark. For several years company 7 has been present on the market with a product and suddenly another company introduced a product with exactly the same name. The trademark was, however, not registered. Informant 7 made a phone call to the managing director of the other company and told him about the product that was already on the market. According to informant 7 the managing director said that although he had been active within the business for several years he did not know about the existing product. Informant 7 sent him the label of the product together with the pricelist and information about when it had been introduced on the market. The other company, however, changed the name of the product at once. Informant 7 says that the conflict was over within a month, when the other company changed the name of the product.

According to informant 7 the cause of the conflict is too little follow-up on what occurs on the market, or too scarce knowledge of the real situation on the market. The other company does not have sales representatives in the field and therefore they may lack knowledge of what occurs in the field.

Based on the answer from informant 7 the importance of the conflict is considered as low. The conflict situation is partly hidden and its outcome is neutral for company 7, because based on the answers from the interview it did not for example have any affect whatsoever on the sales of their own product. The outcome can be seen as negative for the other company as they had to change the name of their product.

A similar conflict situation is number 23, which occurred between the same companies, but in this occasion it is described from the perspective of company 6. Company 7 has a product containing a certain raw material, which is a registered trademark, and the company is the only one in Finland that has the right to sell products with that name. According to informant 6 his company had only printed about 5000 to 7000 labels so it was mutually decided between informants 6 and 7 that these labels could be used, but when new labels are printed, the text will be changed, so that the name of the product is different. The topic of the conflict is consequently related to the name of product and it is caused by scarce knowledge in one of the companies. The conflict is not considered to be important because informant 6 says: “…if we sort of notice that one has done something wrong, so one can change it only because one sort of has in a way a good cooperation, but one does not directly take legal action, but a buddy like this can call and say, hey you, we do not quite like this”. This quotation indicates that because the managing directors know each other well it is easy to pick up the phone and tell each other if one is disappointed for some reason. The outcome of the conflict is mixed,
meaning a negative outcome for company 6 that had to change their strategy and a positive outcome for company 7, whose preferences were fulfilled. Moreover the conflict is partly hidden.

The *topic* of conflict situation number 24 is intruding on another company’s product. Informant 10 describes the situation. Company 10 was competing with another company although this company manufactured products for company 10. Suddenly the competitor in Sweden registered a trademark belonging to company 10. The competitor also had sometimes changed the content of the particular product when they were still manufacturing for company 10. The competitor also had registered another of company 10’s trademarks on a foreign market. According to informant 10 there were several issues involved in the conflict. The *outcome* of this was a termination of the cooperation. After the cooperation stopped, informant 10 says the competitor started a process that lasted for several years. Within this time the competitor made financial demands concerning the amount of products and package material that was kept in stock, although according to informant 10 there had never been any discussions concerning the amount that should be kept in stock. In the end the competitor sued company 10: the latter won the trial. The outcome of the conflict is seen as mixed; positive for company 10 that won the trial and negative for the competitor that lost and had to pay the fees. Informant 10 says that the *cause* of the conflict is just recklessness as far as the competitor is concerned. The informant specifies by saying that the trademarks were good and the competitor needed them. The conflict is of great importance with reference to informant 10 who says: “This was really a great conflict.” Informant 10 also says that this conflict has been the most serious within the career of the informant. Its visibility remains unclear because there was no informant from the competing company involved in this study.

Informant 11 describes conflict situation 25. The *topic* of the conflict is the use of a trademark that resembles another company’s trademark. In accordance with what is told by informant 11, similar situations have occurred several times not only in relation to company 11 and the competitor but also in relation to other companies belonging to the industry’s association and this particular competitor. The *outcome* of the conflict was that the competitor had not changed the name of their product. According to informant 11 the competitor had changed names of products at other occasions. The outcome of the conflict is mixed. It is negative for company 11 that gets copied and neutral for the competitor that only continues working as they are used to do. The conflict situation is continuous, as informant 11 believes that the competitor may apply some kind of copying strategy. The informant also speculates that this may be the *cause* of the conflict. The conflict situation is partly hidden, because only one of the involved informants mentions it. Based on the answers from the interview the conflict is considered as *important*. Informant 11 does not personally like it and says:

*The product development takes such a long time and therefore one wants to stay and it is not just that one draws a product from here to the market and sees how it goes and takes it away if it does not sell... These standards are very strict. And then somebody comes and in a way pull by the sleeve the product and... then rides on a reputation...the one that kind of does the original work does not get to kind of enjoy the result of the work for very long before somebody comes and brings a cheap copy beside.*
The topic of conflict situation number 26 is the use of an ingredient that had been registered as a trademark by one of the other companies involved in this study. This conflict situation is described by informant 14. The ingredient constituted about 10% of the product. It was the supplier for the other company that contacted the informant’s company. The cause of the conflict was that the informant’s company did not know that the ingredient had been registered as a trademark by the other company. The conflict situation is not viewed as important because the informant refers to it as a “small issue”. The outcome of the conflict was that company 14 changed their policy, and this was consequently negative for company 14 and positive for the other company who got rid of a competitor within the particular product segment. This conflict is partly hidden, because it is mentioned only by informant 14.

The topic of conflict situation number 27 is the marketing claims used when introducing a product, which is similar to a competitor's product. Informant 15 describes the situation, which occurred about 15 years ago, or at the start-up phase of company 15. Informant 15 says that a competitor did everything in order to prevent company 15 from becoming established on the market. Company 15 introduced a competing product to one of the products of the competitor. Moreover in its advertising company 15 claimed that its product contained 30% more of the active ingredient than other similar products on the market. Informant 15 says that in fact this could only be referred to the competitor’s product. Company 15 had registered its product in Finland and the competitor registered the same product in some other countries in order to prevent company 15 from going there. The competitor also registered the trademark in Finland, but that happened three days after company 15 had registered it. Anyhow, it becomes apparent from the interview with informant 15 that both companies were quite unhappy with each other's activities. The issue was settled with the help of lawyers.

Conflict situation number 27 was caused by the fact that the competitor wanted company 15 out of the market. This interpretation is based on what is said about the situation by informant 15, who says that company 15 was too different from the existing companies when it entered the market. The conflict is considered as important because informant 15 says that the beginning was “quite hard”. It is still worth recognizing that informant 15 stresses that at the time of the occurrence of this conflict situation competition was harder so that it was not accepted in the same way to come out with a product similar to an existing product as it is nowadays within the industry. Informant 15 also stresses that nowadays people travel much more than before and receive more knowledge about product ingredients and such. Because of the fact that many competitors receive the same information it may be that today there are not that many revolutionary products introduced on the market as there were at the time of conflict situation number 27.

The outcome of the conflict is mixed. It is positive for company 15 who could continue operating according to its plan, while it was negative for the competitor who had to face the introduction and trademark registration of a competing product.

The topic of conflict situation number 28 is the introduction of a similar product. Informant 6 describes the situation. Company 6 introduced a certain product on the market and after a while there were seven similar products. The informant says that it is
somewhat irritating when thinking about all that has been done in order to promote the sales of the product, for example marketing and the training of personnel. To quote informant 6: “Of course you also skim the cream off, but as soon as you have taken the cream from the sour milk, there is the rest left that you would also like to have, but then you have a lot of others with you to share so to say that cake”. According to informant 6 the copying of others’ products is both negative and positive. He says that it depends from what perspective you see it. If you are the one getting copied it is irritating, while it can be attractive to copy somebody else’s product. Informant 6 says that this is something that will continue in the future. According to my understanding the cause of the conflict is that somebody notices a good business opportunity in a product that exists on the market. It is often more cheap to introduce me-too products, as the hard work involving among others marketing activities in order to get the customers to buy the product has already been done. The outcome of conflict situation number 6 is mutually neutral, as informant 6 says that sometimes it can also be advantageous if your company is the one that copies. In general these types of conflict situations are visible, because the copying of each others’ products is more or less custom practice within the business. This particular conflict situation is still considered as partly hidden as it is mentioned only by informant 6.

I would like to argue that these kinds of conflict situations are important. One reason is that the desire to copy may lead to the rapid introduction of products that may not contain the best ingredients. The hope of quickly receiving huge revenues with a me-too product, for which a competitor has already cleared the road, can be more attractive than carrying out thorough research into the different ingredients of the product. Sometimes it could perhaps be a better idea to create sustainable brands.

The topic of conflict situation number 29 is also the introduction of a similar product on the marketplace. Informant 10 describes the situation. Company 10 had a product for which they were applying for a patent. Informant 10 says that if some company is currently applying for a patent and another company at the same time introduces a similar product on the market then the first company has the right to make requirements on the monetary benefit that the other company has received while they have been selling the product. Based on this statement the conflict situation is viewed here as important. Moreover informant 10 says that the actors involved had quite a lot of discussions concerning the issue. When asking about the cause of the conflict, informant 10 answers that the competitor knew that the particular product sells very well, but that they perhaps were not able to interpret the text concerning the patent application in a correct way. Informant 10 speculates that the competitor knew about the patent application, but they perhaps did not know how to interpret it correctly. The outcome of the conflict was that the competitor stopped selling the product and by what date they had to stop was negotiated with company 10. The outcome of the conflict is mixed, or more specifically negative for the competitor that had to withdraw an attractive product and positive for company 10 that could continue being the only distributor of the particular product. It is viewed as partly hidden as only informant 10 mentions it.

The topic of conflict situation number 30 is the introduction of a similar product. Informant 13 describes the situation. For about six years company 13 has applied for
permission from the Institute of Medicine to sell a certain product. Recently a competitor appeared on the market with the same product without any permission. The period within which an appeal may be lodged is according to informant 13, two or three years, which means that the product can be for sale for quite a long time. This conflict is caused by the fact that as informant 13 says, the competitor wants to liberalize the business when it comes to legal restrictions, whereas company 13 wants to be strict with products that should be regulated under law. According to informant 13 their opinion is based both on the perspective of security and also to some extent on restricting competition. Informant 13 claims that the competitor has done similar things before and they have even won some cases against the Institute of Medicine. The conflict has great importance, because informant 13 says: “There is such a great conflict of interests” and “It is a very important question for us.” Moreover the informant says: “When it is a question of money, it is quite remarkable”. This particular product sells very well on the foreign market and it would be very important for company 13, while according to informant 13 it is only a secondary business for the competitor. The status of the conflict is mixed. It is negative for company 13 for which the product is so important. It is positive for the competitor that is currently operating on the market with the product. At the time of the interview informant 13 was planning to bring the conflict to its surface at some of the industry’s gatherings. Informant 13 hoped that these kinds of matters could be handled in relation to several companies. The conflict is partly hidden as only one of the informants has mentioned it.

Two informants mention conflict situation 31. The topic of the situation is if two of the companies in case 2 should sell a certain item to competitors or not. The background of the conflict situation is that one of the companies is an owner of the other company that manufactures a certain ingredient that the first company uses in order to manufacture some of its products. Competitors have, however, also been interested in buying these ingredients. According to one of the informants deliveries have been made to at least one competitor. The conflict is caused by the fact that competitors are showing interest in buying these ingredients and therefore it becomes a question about to sell or not to sell. The conflict situation has not reached an outcome yet and therefore we can instead analyze the status of the conflict. The status of the conflict is mixed. When the ingredients are sold to competitors of one of the owners of the manufacturing company, it is positive for the company and also for the competitors. It is, however, both negative and positive for the owner. It is negative regarding the fact that a competitor receives an attractive ingredient, but it is also positive from the perspective that the manufacturing company gains. The conflict is considered as important, because it is related to competitive advantage. The conflict can be viewed as continuous. According to one of the informants it is a conflict that will occur more often in the future. The nature of the conflict situation is partly hidden as two actors involved mention it.

There is a hidden conflict encapsulated in conflict situation number 31. One of the informants believes that the other informant thinks it is acceptable to sell products to competitors, while the other informant actually does not seem to think that it is appropriate.

A conflict situation that is closely related to conflict situation 31 is situation number 32. This situation is described by one of the informants who also perceives conflict situation
number 31. The only difference is that in this situation two competitors have not been able to buy the ingredient from the manufacturing company. The status of this conflict situation is also mixed. It is negative for both the manufacturing company and the competitors interested in buying the ingredient, but it is neutral for one of the owners that keeps the ingredient for themselves when developing their own products. The conflict is partly hidden because it is mentioned by only one of the informants.

Conflict situation number 33 represents a hidden conflict. The topic of this conflict is the meaning of “natural” when it comes to products with the natural products industry. This conflict situation becomes apparent from the interviews with informant 11 and informant 14. Informant 11 represents a company, which is highly focused on truly natural products, i.e. products that originate directly from nature. Many other companies within the business, as for example company 14 are more concentrated on synthetic products that do not directly originate from nature. According to informant 14 it is hard to draw a clear line between these different types of products. Informant 14 prefers to talk about products for self care instead of the business of natural products. The informant says that “natural” or “an origin from nature” is not a criterion anymore within the business. Moreover the informant says that the quality of products originating directly from nature may vary, but if they are synthetic it is easier to control the contents. On the other hand informant 11 is of the opinion that the customer can get disappointed if he or she notices that a product does not stem from nature. Informant 11 says that some other competitors would like to change the traditional view of natural products so that they would also include synthetic products. This is, however, not approved by company 11. Informant 11 stresses that drugs are synthetic, but the products within the business of natural products should stem from nature. This conflict is naturally caused by the different priorities of the companies involved in the conflict. This is also noticed by informant 11. The conflict is not considered as important, as both informants only spontaneously reflect on their opinions concerning this matter and furthermore informant 11 says that “it is actually in principle an approved fact” that every product need not be derived directly from nature. The status of the conflict is mutually neutral, because it does not have any impact on the companies involved.

The topic of conflict situation number 34 is the design of product packages and advertisements. Informant 15 describes the conflict situation, which occurred about 15 years ago when company 15 had just been established. The owners of company 15 believed that in general the packages and advertisements within the industry were not very good looking. The conflict occurred at a seminar for the companies belonging to the natural products industry. According to informant 15 there were some older actors within the business that considered their original practice as correct. The cause of the conflict is related to different priorities caused by previous work experience of the founders of company 15. The conflict situation is viewed as important because on several occasions during the interview with informant 15 it becomes apparent that company 15 is a strong spokesman for keeping up a certain style in their advertisements and marketing. The outcome of the conflict can be considered as mutually positive, because according to informant 15 the advertisements of most companies have changed
for the better during recent years. The conflict is partly hidden as it is mentioned only by informant 15.

The topic of conflict situation number 35 is the use of sales arguments. Informant 5 describes the situation. This situation occurred in the end of 2004 when a competitor copied one of the most valuable products of informant 5’s company. The competitor did not only copy the product, but also copied the name of the product, the outlook of the package and the color of the product. Moreover, informant 5 says the content of the competitor’s product is inconsistent with what is said about the product on the package, i.e. too much was promised on the package. Although this conflict situation actually involves two topics, i.e. a product copy and false claims in marketing, the latter still seems to concern the informant most and therefore the topic is grouped based on false claims. The informant does not mention anything in particular about the cause of the conflict, but I believe that the other company has seen a good business opportunity and therefore they introduced the particular product. This conclusion is drawn from the fact that in relation to several other conflict situations the same company known for its strategy of copying. Generally it is easier to copy something that is readily developed and sells well than to start from the beginning. The conflict is very important when considering the perceptions of informant 5. The informant says that it is important and claims the following about the competitor: “They enter an area where we have tried to create a base of confidence for the customer and have built it up seriously with several years of work and then somebody then just comes and gets a free ride and comes with claims that are false”. Additionally informant 5 says that this could also become public and thus it could erase the trustworthiness of the product. This conflict situation had not reached its outcome at the time of the study, but the present status of the conflict is mixed or more specifically negative for company 5 and positive for the competitor that apparently has chosen a quick and cheap road towards increased sales. At the time of the interview company 5 had just started to plan how they were going to tackle the situation. It was planned to handle the situation without attracting publicity and by starting to discuss with a supplier. The conflict is partly hidden, because it is only mentioned by informant 5.

Conflict situation number 36 resembles the previous conflict situation, for example because it involves a misuse of sales arguments and it is told by informant 5. This situation occurred before situation number 35 and in relation to another competitor. The competitor appeared on the market with a product similar to a product of company 5. According to informant 5, the claims on the package did not, however, match the content of the product. Company 5 had the competitor’s product tested in Finland and the informant’s opinion was based on that. The cause of the conflict is that the supplier for one of the ingredients in the competitor’s product had received an ingredient of bad quality from their own deliverer. According to informant 5 the company that delivered to the competitor should have tested the ingredient, but they were in a hurry and decided to trust their supplier. The cause of the conflict is consequently on an external level, as it can be related to third actors, which in this situation is both the company delivering to the competitor and its own supplier. This conflict situation is viewed as very important because it constituted a threat towards one of the most important products for company 5. The outcome of the conflict situation was that the competitor withdrew their product from the market and they also sent a letter to the shopkeepers and to the customers.
They also sued the company that had delivered the ingredient. It is also partly hidden, as it is perceived by only one of the informants directly involved in it. The situation is thus also mentioned by informant 12, who in this situation is a third party.

Informant 5 describes conflict situation number 37. The topic of the conflict is the use of advertising claims. The companies were acting as competitors when using the same sales channels, but company 5 was also manufacturing some of the other company’s products. Company 5 developed a very special product and after a while the other company came out with a competing product. Informant 5 says that this product was of poor quality, because it contained a cheap Chinese ingredient. Above all the copying company claimed that their product was the best. According to informant 5 the company chose their claims for the products based on what would sell well. Company 5 tested the competitor’s product. Informant 5 phoned the competitor and said that it is all right if they introduce competing products, but the claims that they use are wrong. According to informant 5 it is a risk for the industry as a whole to introduce such a bad product with such strong claims. The person representing the other company told the informant that they did not know about the ingredients of the product. This is consequently the cause of the conflict.

Concerning the importance of the conflict it is arguable that it is very important, at least when taking its outcome into consideration. Informant 5 says that when the competitor introduced its product they carried out a strong marketing campaign. This led to decreased sales of the product offered by company 5. After a while, says informant 5, the whole market for these kinds of products decreased, because there were so many products of bad quality. From this perspective the outcome of the conflict is mutually negative, meaning that everybody involved with these particular products faced a decline on the market. Moreover something happened in the relationship between company 5 and the company that was copying their product. The day after informant 5’s phone call, the competitor withdrew the manufacturing contract with company 5. A third issue, which is addressed by informant 5 is that the company today still has a tendency to introduce copies on the marketplace and claim that they are the best. In this study the visibility of a conflict is analyzed based on whether the involved actors have perceived and described it or if they have not. Concerning conflict situation 37 it is impossible to analyze the visibility because there was no informant from one of the companies.

The topic of conflict situation number 38 is sales arguments. The conflict situation is perceived and mentioned by informant 6. Company 6 and another of the companies involved in this case have a similar product on the market, but their sales arguments differ. According to informant 6 the other company says in its’ marketing that a person can avoid getting a certain infection if he or she uses the product. According to informant 6, his company markets the product by saying that you should start with antibiotics and then continue by using the specific product in order to prevent yourself from becoming infected again. Informant 6 says: “… they want to promise more than we want, we want to sort of take a larger responsibility for the customer…” He continues by saying that the competitor probably likes to sell more and to have an efficient product. Based on these perceptions we can find the cause of the conflict. The managing directors from the involved companies have been discussing this matter. The
status of the conflict is mixed, which means that it is negative for the informant’s company and positive for the other actor who uses more brave claims in its marketing. Informant 6 says that the situation is not important. Still he continues by saying that the business of the product could be destroyed if somebody would find bacteria after the product had been used. The conflict situation is partly hidden as only one of the involved informants mentions it.

Conflict situation number 39 can be described as a continuous conflict that seems to be some kind of common practice within the business of natural products. The topic of the conflict is the use of claims when marketing products. According to informant 5 companies come out with claims in order to “blacken” the competitors’ products. According to the informant there was previously some kind of gentlemen’s agreement that if somebody came up with something, the other actors on the market respected it. Informant 5 says that in practice these conflicts sometimes lead to the involvement of the authorities. Company 5 has had to analyze products introduced by competitors in order to compare the content of the product with the sales arguments printed on it. The informant continues by saying that situations like this will occur even more in the future, because the law and regulations are even tempting companies to report each other. Based on my understanding the cause of this conflict situation is that there are no clear and specific legal rules for the marketing claims that the companies operating within the business are allowed to use. It becomes apparent from the interviews that directives from the EU are expected within the next few years and until then everybody will behave as they do now. The cause is consequently found on an external level.

In accordance with my understanding the conflict is important because it is related to the quality of the products. If somebody promises too much just in order to sell as much as possible, and what is said on the labels of the products does not fit with the content of the product, this could at an extreme have a negative impact on the customer and also on the business in general. This may be one of the reasons why the business is sometimes perceived as humbug. Based on what is said by the informant in relation to this particular conflict situation, its status is viewed as mixed, which means that it is negative for those getting copied and positive for those that are copying. The nature of the conflict situation is visible as every informant in some way or another perceives it.

Conflict situation number 40 is also related to sales arguments, which is the topic of the conflict. Informant 14 perceives and describes the situation that occurred about two years before this study. The counterpart in the conflict is another of the companies involved in this study. This company came to the market with a product that was similar to a product of the informant’s company. Informant 14 claims that the sales arguments used by the other company were wrong. Company 14 contacted the other company both by phone and e-mail. The outcome of the conflict was that the other company changed their marketing after about six months. The conflict is viewed as unimportant because the informant refers to it as “small issues”. The cause of this particular conflict situation is unidentified because the tape recorder failed. Therefore the cause of this conflict situation is left out of this study. The conflict situation is partly hidden and finished. The outcome of the conflict is viewed as positive for company 14 and negative for the other company that had to invest resources in changing their advertisements.
Informant 13 portrays conflict situation number 41. The topic of the conflict is advertising. A competing company appeared on the market with a product very similar to a product distributed by company 13. According to informant 13 the competitor did not only copy the product but also the advertising concepts. Moreover the competitor claimed that its product was the most efficient on the market although, as informant 13 says, no research had been carried out. According to the informant company 13 is the only manufacturer that does clinical tests on the product. According to informant 13 the cause of the conflict is thoughtlessness. The conflict is important because company 13 informed the competitor that unless they stop claiming what they do the issue will be taken to the lawyers. The outcome of the conflict was that the competitor changed the claims of their product as soon as informant 13 sent them an e-mail. The outcome of the conflict is positive for company 13 and negative for the competitor.

In case 2 there is one conflict situation that receives very much attention and that is conflict situation number 42. As many as four informants perceive and describe the situation. The conflict is related to the aim of the negotiation council and its topic is what the companies should be allowed to claim in their marketing. It seems like informant 5 and informant 7 are representing the companies with the strongest opinions on this matter. Both informants address their own view in a detailed manner. It becomes apparent from the interviews that the advertisement claims can be divided into three groups. Firstly there are the medical claims that by law are strictly forbidden to use within the business of natural products. At the other end of the continuum there are the physiological claims, which the companies are allowed to use. In the middle there is a grey zone consisting of health claims and the conflict is especially related to this particular category. According to informant 5 the companies within the business should work together with the authorities in order to clarify what is allowed on one hand, and forbidden on the other hand within the grey zone of claims. Informant 5 says that it is the grey zone that is the most difficult to handle and therefore it is here that the rules should be created. According to informant 5, the opinion of informant 7 is different, as informant 7 believes that the industry should focus instead on the physiological claims. Informant 5 is of the opinion that confrontations between the industry’s companies should be managed outside of the judicial system. Informant 5 says that informant 7 believes that the companies should bring issues to court in order to show that they are strong. Informant 5 says that it is not the court that should constitute the supervising forum, but the companies should take responsibility themselves. The confrontation between these differing opinions took place at one of the negotiation council’s meetings. The meeting resulted in two groups of companies with different opinions concerning the claims.

We have two opposite poles at the moment. One that speaks more that it should be what is clearly self-evident and one that says no, the industry needs a greater set of rules where we also dare to take responsibility for this grey zone and not only to leave it hanging in the air. (Informant 5)

The interviews show that there are several factors that cause this conflict. Informant 5 says that it seems like members present at the meeting were not prepared enough and had not thought the matter through from a long-time perspective before stating their opinion. Another cause according to informant 5 is that “one is not really willing to make an effort where it actually would be needed, but instead prefers to take the easier
way”. According to informant 5 there was a crisis as the authorities started to sharpen their supervision. “We received letters from the authorities that this and this will happen and then first panic arose, and hey, we have got to do something.” Another cause of the conflict according to informant 5 is that it seems like the companies would like to be “wild and free”, and therefore they are not interested in restricting themselves if the authorities do not have the resources to do so.

Informant 7 would prefer not to interpret the law but to focus on the physiological claims that are allowed according to the law. Informant 7 finds it important to sort out what kind of physiological effects each ingredient has so that the companies can refer to these in their marketing. According to informant 7 they should not talk about the grey zone, i.e. the health claims, because it is a strange term for the law. This is also a cause of the conflict and it is found on an external level as it is related to a third party, i.e. the authorities. Informant 7 says that the negotiation council should focus on sorting out the physiological claims for the authorities as well as on enabling the possibility to inform about the products in accordance with what is required in the Consumer Protection Act.

*If we now start to create rules for marketing we will create such rules that we will not be able to work here. This will in turn lead to a reduction in the industry.* (Informant 7)

According to informant 7 in the end the other companies accepted the same view as informant 7, but informant 7 says that the issue is still ongoing because company 5 is still proclaiming the same way of working as they have in Sweden, i.e. to found a council that would control the business. According to informant 12 the appendix that should have been attached to the guide concerning the allowed claims was not finished. The reason is the differing opinions between the participating companies. Informant 12 says that this appendix would have been the most concrete and valuable for the companies that are working within the business. When answering the question why there are two poles with clearly differing opinions the informant says that it might have to do with the strategies of the companies. Some are used to telling more than others, and are therefore not willing to create restrictions, while others are already stricter now in their marketing claims and now see a possibility to make their competitors follow the same principle.

The *status* of the conflict is mutually negative because both informant 7 and informant 5 are dissatisfied with the present situation. The conflict is *important* because both informant 7 and informant 5 have strong opinions that are incompatible. Moreover both informants represent companies having a central position within the business. The conflict situation is visible as it is mentioned both by the informants representing the companies with the strongest differing opinions on the matter and by informant 12 who is a person with good general knowledge of the business.

Informant 15 describes conflict situation number 43. The *topic* of the conflict is the use of sales arguments. Company 15 sells a product that is meant for the flu. The claims used in marketing were a hot topic within the industry during the time of this study. Informant 15 says that it is difficult to know what claims to use when it comes to products for the flu. According to the informant company 15 decided to “claim a little bit more”. Informant 15 says that there are competitors who also do like this. There was a television program showing another competitor, which was even more judged. In the
same television show there was, however, a short feature of company 15’s product packaging. At one of the meetings connecting competitors within the industry informant 15 was thoroughly questioned by the other participants. Questions such as: “Why did you do this?” and “How can you prove it?” were asked. Informant 15 says that in a way it was good that the participants dared to question directly, but on the other hand the informant was ashamed and felt like being on the defendant's bench. Based on what was told by informant 15, the cause of the conflict is that it was hard to come up with a suitable marketing claim for a product against the flu. Informant 15 illustrates the dilemma by expressing claims that are forbidden and claims that could have been used.

The conflict is considered as very important because it seems to have given rise to strong feelings both concerning informant 15 and the other participants at the meeting. Informant 15 says, “Every negative issue is bad for the industry”. The status of the conflict is mutually negative. This interpretation is made based on what is told by informant 15. It seems to be an uncomfortable situation for all actors involved and everybody has to invest resources at least in terms of time in order to settle the situation.

At the time of the interview the plan was for company 15 to send research material concerning the product in focus to the other companies involved in the cooperation. Company 15 was also in the process of changing its marketing claim. An interesting issue concerning this conflict situation is that company 15 also received a notification from the authorities, but that it was less demanding than the requests coming from the colleagues/competitors within the business. The conflict situation is partly hidden as it is mentioned by only one of the informants.

The topic of conflict situation number 44 is the copying of another company’s advertisements. One of the actors in this conflict situation is again a competitor that seems to have got the name of a copier within the industry. This particular situation is perceived and described by informant 10. The informant briefly portrays the situation by saying that the competitor has copied both the advertisements as well as the text in the advertisements concerning one of the core products of company 10. Informant 10 says that it is easy to copy the advertisements of another company. Moreover the informant says that there is a continuous increase in sales of the particular product and in this way one knows that the product works. These aspects cause the conflict. Based on the information received from the interview the conflict situation is considered as important, because informant 10 expresses it as “glaring” and “rude”. Informant 10 declares that within the company they believe that it is a waste of time and energy to start going deeper into these issues. At first the informant even questions if it is about a conflict as there have been no management or negotiations. The status of the conflict is mixed; it is neutral for the competitor who has continued operating as always and negative for company 10 that gets copied. The conflict situation is partly hidden.

The topic of conflict situation number 45 is advertising arguments. Informant 12 describes the situation, which occurred in relation to two competitors at a joint training course for the salespersons. Only one competitor is included in this study. One of the competitors has been present on the market with a certain product for a longer time than the other company. Informant 12 says that during the course it was noticeable that the representatives from the companies defended their own product by finding areas where it is better than the competitor’s product. The informant says: “In a way these conflicts
are moving on this level which is what the other says in its marketing and then what is said about the product to the salespersons.” The informant feels that the conflict could be *caused* by the fact that one company does not even want to create a brand, but is just interested in quickly becoming one of the most sold. The conflict is not viewed as *important* because informant 12 says that “maybe it is a somewhat typical topic of conflicts, that I have got a slightly better product than you do”. The *outcome* of the conflict is mutually neutral, i.e. both companies did the same thing towards each other when they were promoting their own product. One of the involved companies has not been included in this study and therefore the analysis of the visibility of the conflict is somewhat biased. Generally we can say that the conflict situation is more hidden than visible, because it was only mentioned by an informant who was present on the training course, but did not represent either of the companies involved in the conflict.

Informant 14 describes conflict situation number 46. The *topic* of the conflict is the spread of false information to the shopkeepers. The conflict situation is *caused* by the fact that the other company wants its products to be more successful in the shops specialized in natural products. This conflict situation is *important*, because the informant specifically says that it has an impact. A concrete outcome of this conflict is that company 14 focuses on other channels of distribution than the specialized shops for natural products. The outcome of the conflict is mixed, it is negative for company 14 and positive for the companies spreading the information. This conflict situation is partly hidden. It is frequent, because informant 14 says that it is “traditional activities” especially related to shops specialized on natural products.

Informant 7 mentions conflict situation number 47. The *topic* of the conflict is sales argument. Company 7 has received 2-4 phone calls from two of the other informants concerning company 7’s sales representatives’ comments about the competitors’ products. According to informant 7 their sales representatives have told something negative about the competitors’ products. Informant 7 is of the same opinion with the informants from the competing companies; as he has told them that the sales representatives’ task is not certainly even to tell anything about a competitor’s product. Informant 7 says that the *cause* for this situation is that the person, who has compared the two products, probably understands how much better one of the products is. As it is the perception of the sales representative that matter, the cause is found on an external level. The informant does not view the conflict as *important* as he says that it is just a matter of time taken to sort out the issue. The conflict situation has occurred more than once and it is partly hidden as it is mentioned by only one of the actors involved. The outcome of the conflict is mixed, it is negative for the competing company, whose products received negative publication, which can be hard to erase and it is positive for company 7 that perhaps got a sales advantage and moreover was informed about the sales representative’s actions, which are not approved by company 7.

The *topic* of conflict situation number 48 is self-control within the industry. Informant 5 and informant 10 perceive and describe the situation that involves more or less every company within the industry. Informant 5 describes the background for the conflict. The conflict occurred in relation to the negotiation council. According to informant 5 everybody within the negotiation council agreed that it is important to create rules for marketing, but there are differing opinions concerning the control when it comes to
following the rules. Informant 5 says that the authorities are very determined that the natural products industry should start with some kind of self-control, because the authorities do not have the required resources themselves and the business has turned out somewhat wild lately. According to informant 5 the cause of the lack of interest in self-control in the natural products industry is that it will turn into bureaucracy. Another opinion according to informant 5 is that one thinks that everybody should understand that if rules have been created within the business the idea is to follow them. Informant 5 would like to take one step further and create a system of self-control, which would lead to consequences if somebody worked against a rule. Informant 5 and informant 10 refer to Sweden, where the business has already had a council controlling the business for several years.

*Here in Finland it is like we still would like to have this wild and free, why would we restrict ourselves if the authorities do not have the resources we only drive forward and why would we have to be so careful that if the law says like this then the interpretation is here or here...We just continue driving on and each and every one is in a way allowed to try and see how far it goes and then we see what happens. We are afraid to in some way to take responsibility for ourselves and to stand behind something, but we just sort of want to be floating... (Informant 5)*

Informant 10 asks if the companies are too afraid of each other and that somebody receives more benefit than somebody else. The conflict is very important. Informant 10 relates the conflict to belongingness to the industry’s association and says if there were more companies belonging to it they would be able to have an impact on new entrants. According to informant 10 everybody is affected if some company does something wrong and it comes out in the media. Within this industry the consumer is so sensitive and reacts directly. The status of the conflict is mutually negative because the aim of the negotiation council was to create common rules for marketing, but the aim was not achieved and the project stopped. Although this conflict is perceived and talked about by two informants it is still partly hidden, as there are several informants who do not mention anything about the conflict, although they are involved in the negotiation council.

The topic of conflict situation number 49 is marketing magazines, and more specifically the time of their introduction. Informant 7 and an employee at the company describe the situation. The perceptions of the employee are included because she has got better insights into the issue than the informant. It was the informant who suggested that the employee should partake in the interview. Based on the answers from the interviews it becomes apparent that there are three companies within the business that have marketing magazines that appear about two times a year. Although one of the companies has the tradition of distributing its magazine at certain commonly known dates of the year, another company for at least two years in a row, has come out with their magazine only one week before. According to the employee the cause for this is that they get the shopkeepers committed to buying their products instead of the competitors’. The cause of the conflict is found on an external level, because it is directly related to the shopkeepers. Informant 7 continues by saying that because the stores have a restricted sales budget, they cannot buy the products from both companies. Informant 7 says that this could be of great importance. We cannot speak about an outcome of the conflict, because as the employee says it changes from year to year. The present status of the conflict is, however, mixed, meaning that it is positive for the company that gets its magazine on the market one week before the other company. It is
though negative for the one that comes in second. This conflict situation can be viewed as partly hidden, because it is not mentioned by any of the companies directly involved in it.

Informant 15 describes conflict situation number 50. The topic of the conflict situation is the creation of a common marketing magazine together with a competitor. The request has come a couple of times from competitors but company 15 has not been interested in joining. The cause why company 15 has made this decision is that the companies have such different policies concerning marketing. Company 15 is focused on stylish advertisements and does not approve of the style of the marketing magazines of the companies that have made the request for a joint marketing magazine. The outcome of the conflict is mixed, i.e. it is neutral for company 15 that decided not to join and negative for the companies that would have liked to cooperate with company 15. Based on the perceptions of informant 15 the conflict situation is not viewed as important. This conflict situation is partly hidden.

The topic of conflict situation number 51 is channels of distribution and informant 13 very briefly describes the situation. Informant 13 says:

*There is a mutual conflict of interests that occurs very often at the industry’s meetings and causes very big discussions and quarrels and stops things, because if it is true that from one’s business 90 percent only comes from shops selling natural products then of course their interest is to watch the interests of that single channel. For another part half of the business comes for example from the channels of pharmacies and of course they watch the interests of that channel and then disagreement occurs unless you are able to tackle it somehow.*

Informant 13 continues by saying that until now they have not been able to tackle the conflict and therefore discussions stop. Based on the quotation above, the cause of the conflict is differences in interests. These conflict situations are frequent and as in accordance with what is said by the informant, they involve big discussions and even stop things from moving forward, they can be viewed as very important. The status of the conflict is mutually negative, because the differences in opinions stop discussions and matters of moving forward and this does not seem to be an advantage for anybody. It is partly hidden as only one informant mentions it.

Informant 9 perceives and describes conflict situation number 52. Its topic is the choice of sales channels or more specifically if one should focus on the specialized shopkeepers or the market for daily consumer goods. This situation occurred at the starting phase of the informant’s company. What occurred is that another informant in this study approached informant 9 and questioned the company’s sales on the market for daily consumer goods. According to informant 9 the cause for the conflict is that this particular sales channel weakens the trustworthiness of the business. Informant 9, on the other hand, believes that if they do not sell some other company will sell. The informant says that we should preferably diminish the mystery of the business and that it does not take so much special knowledge to sell a jar of vitamins. The conflict situation is not viewed as important because the informant says that it was probably more an issue of different points of views. Still, the informant says it was a way of trying to have an influence on the operations of the company, which he considers as stupid.
The topic of conflict situation number 53 is the choice of channel of distribution and informant 6 describes the situation. Company 6 is concentrating on specialized shops, whereas some competitors focus both on specialized shops and the market for daily consumer goods. Competitors have approached company 6 and asked how long it plans to continue selling only to specialized shops and when does it want to double its turnover by also selling through channels of daily products. According to informant 6, the competitors believe that his company “sort of more easily receives the roses and is more liked by the shopkeepers because the company favours them”. The informant says that the shopkeepers in some way probably want better conditions from those companies that are also delivering to the daily consumer goods market. This is also the cause of the conflict. When answering the question how important this matter is, the informant answers that: “…the competitors for sure think that it is a bit bad…” and therefore the conflict situation is considered as important. Company 6 has continued with its sales strategy and therefore the conflict is continuous. The conflict situation is partly hidden as it is mentioned by only one of the actors involved. The status is mixed, i.e. positive for company 6 and negative for the competitors. The conflict situation is partly hidden as only informant 6 mentions it.

Informant 9 describes conflict situation number 54 and its topic is discount policy. The situation has occurred several times in relation to the association’s meetings. Two of the members of the association have approached informant 9 and questioned the discounts and prices used by company 9. According to the informant the cause for this might be that some customer has asked the other companies why they cannot provide the same discounts as company 9. The cause is subsequently on an external level. As far as the importance of the conflict is concerned the informant argues that although these kinds of things are considered as small, they are still irritating when they occur more than once. Therefore the conflict is viewed as varying. This conflict situation took place just at the starting phase of company 9. The company did not, however, stop providing cash discounts to their customers. The status of the conflict is +/-, because it is positive for company 9, but negative for those who would not prefer for example cash discounts to customers.

The topic of conflict situation number 55 is the arrangement of a training course for the shopkeepers. Informant 9 describes the situation. Company 9 had planned a course for the shopkeepers on exactly the same date as one of the older companies within the industry. Informant 9 received a telephone call from the managing director at the other company. It was too late to change the date because everything had been booked and organized and invitations had been sent out. The outcome of this situation was that company 9 did not receive many participants for their course. This situation occurred just when informant 9 had established his company, which is similar to conflict situation number 55, which was described by the same informant. The conflict was consequently caused by the fact that the newly established company did not know that the other company used to have their course on exactly that date. Because informant 9 thinks that it is “stupid” if many companies arrange training during the same weekend, the conflict is considered as important. This conflict situation is considered as partly hidden because it was mentioned by only one of the informants involved. The outcome of the conflict is viewed as mixed. This means that it is negative for company 9 and neutral for the other company.
Informant 11 describes a similar situation that constitutes conflict situation number 56. The topic of this situation is also the arrangement of training. Informant 11 briefly presents the situation by saying that once both company 11 and a competitor had set the same date for an important training course. The cause of the conflict is lack of information. The competitor is not a member of the industry’s association and informant 11 says that the companies belonging to the association always inform each other when they are planning to arrange occasions like this. Moreover informant 10 says that a majority of these types of situations are “unintentional”. This conflict situation is frequent because based on what is said by informant 10 these kinds of confrontations occur every now and then. The conflict situation is important because quite a lot of work has been done in order to arrange the training. The outcome of the conflict situation is mixed, i.e. negative for company 11 and neutral for the competitor who was able to stick to their original plan. This conflict situation is partly hidden.

A general description of conflict situation number 57 is provided by informant 11. In accordance with the informant the topic of the conflict situation is price competition. The conflict involves a certain product that at least three of the interviewed companies provide on the market. The problem is that the price has decreased to a level where it is not profitable anymore. The cause for this according to informant 11 is “somebody just looses the frames”, which further means that the price is put on a level that is much too low. The same informant continues by saying that “everybody knows that everybody suffers then”, and this indicates a mutually negative outcome. Informant 11 describes the conflict situation as an outsider, because company 11 has not been involved with the product. Informant 11 is also a customer that used to buy the product.

More specifically the conflict situation is described by two of the informants directly involved in it, meaning that they distribute the particular product. Another company, that also distributes the product on the market, phoned the informants in order to discuss a lowest price for the product. Both informants stress that the suggestion made from this third company is illegal and the outcome of the conflict was that there was no deal between the three companies concerning the price. One of the informants in question argues that in reality it would be best if everybody increased their price, but he continues by saying that nobody for sure wants to increase price and lose the deal. According to the other informant in question the issue is of great importance because it involves a large group of products that have a great market. According to one of the informants the competitors could not find an agreement concerning to cooperate or not to cooperate and that was the end of the conflict. No price cooperation occurred.

There are in total two conflict situations that involve the topic of attracting employees either from the business as a whole or from a competitor. The first of these is conflict situation number 58 and its topic is attracting the business’ employees. Informant 5 describes the situation briefly. According to the informant the industry educates people in order for them to work for the common interest uniting the companies within the industry. These persons can work at some association or at the industry’s centre for education. One of the companies in case 2 has two times employed persons that were educated in order to work for the industry as a whole. The topic of the conflict is the only element of the conflict situation that is directly reflected upon by the informant. According to my opinion the logical cause of this conflict is that the competitor saves
time and money by headhunting persons that are already educated. These persons probably do not have good general knowledge of the industry as a whole, which can be advantageous for the competitor. As far as the importance informant 10 says that this way of working is quite acceptable. This is in contrast with the opinion of informant 5, who indicates that from a long-term perspective head-hunting from each other is not fruitful. The conflict is therefore considered as important. The outcome of these kinds of conflict situations is mixed, i.e. it is positive for the competitor that receives readily educated persons and negative for the other companies that have been paying for the education of these persons and looked forward to employing them for the industry as a whole. Conflict situation number 58 is partly hidden. The reason is that the informant’s company who head-hunted the personnel do not mention it.

Informant 5 also describes conflict situation number 59. In this situation the competitor is different from situation number 58. Informant 5 describes the conflict situation by saying that the competitor in secret negotiated with the chief dispenser working in the same company as the informant. In the end the competitor was able to head-hunt this person. Informant 5 does not approve of this style of working. According to informant 5 every company should find and educate persons to employ itself. By taking employees from each other greater and greater salaries are requested. Informant 5 says that the industry in general does not receive so much new knowledge if the same persons are circulating between the companies. Furthermore informant 5 questions the trustworthiness of a person that one day says that the products of a certain company are the best, and the next day says that the products of another company are the best. The informant says that the industry is too small for head-hunting employees from each other. According to the informant this conflict is caused by the other company’s need for know-how and it is easier if somebody else has paid to educate a person and the person moreover is known by the industry.

Based on the interview with informant 5 the conflict is considered as important. The reason therefore is that the informant has strong opinions as to why this kind of behavior is not desirable. The outcome of the conflict is mixed, meaning that it is positive for the competitor that received an employee they wanted and it is negative for informant 5’s company that lost an employee with whom they had been satisfied. According to the informant the company did not find an adequate replacement for the person that left. The conflict situation is partly hidden.

When analyzing different perceptions related to conflict situation number 59 it becomes apparent that there is a hidden conflict involved. According to informant 5 it is not acceptable to head-hunt employees from competitors within the business, while informant 11 believes that it is quite acceptable. The informants are not aware of the fact that their opinions concerning the matter differ.

The topic of conflict situation number 60 is the membership fee for the industry’s association. Informant 11 perceives and describes the situation. Some members distribute different kinds of sports nutrition, which occupies shelf space at the stores selling natural products. According to informant 11 the members of the association report their sales four times a year and the membership fee is based on these figures. The members, who are distributing sports nutrition have not been reporting these figures
to the association and have thereby received a lower membership fee. Informant 11 feels that everything that is sold should be reported and thereby the membership fee should be adjusted accordingly. Informant 11 says that the cause for leaving out the sales figures for sports nutrition probably has to do with a rule that says that the fee should be based on the sales of natural products. The importance of the conflict is low, because informant 11 says “small things” after talking about the situation. The outcome of the conflict is mixed: it is positive for company 11 that got its will through and negative for the companies that received a higher membership fee than before. The conflict situation is partly hidden.

There is one conflict situation that is highly relevant at the time of this study and that is conflict situation number 61. Four of the informants perceive this conflict situation. Of these informants, two represent companies that are not members of the association, while the other two informants are connected to the association. The topic of the conflict is belongingness to the industry’s association. Those informants that are connected to the association believe that it would be highly desirable to get more members, while the other two informants represent companies that do not have any interest in joining the association. All in all there seems to be “two camps” within the industry concerning the belongingness to the association.

About five to six years ago several companies left the industry’s association. One of the informants connected to the association believes that potential reasons for this could be related to the industry’s self control and to the use of sales arguments. According to the same informant some of the managers of the companies have very strong opinions of their own and therefore the conflicts can sometimes turn personal and as a consequence of this a whole company could be taken from the association. The informant says that it would be important to get more members joining. One possibility according to the informant would have been at the end of the negotiation council’s work. Unfortunately the association did not receive any new members at that time. The informant says that joining the association was perceived as too great a change. According to the informant it was quite a big disappointment that the association was not able to attract any new members. The informant believes that the members of the association were not active enough, because they have no employed person, who would be able to recruit new members.

The other informant, who is connected to the industry’s association, mentions several causes why it is difficult to attract new members to the association. Firstly the informant says that the companies perceive no advantage in belonging to the association. According to the informant: “One cannot think in such a way that it is in a way my advantage, but one has to think that if things go well for the industry, it is good for me too.” Secondly the informant says that the association has nobody employed, which at the same time means that there is nobody able to recruit new members. It becomes apparent from the interview that there has been a study on the reasons why companies are uninterested in joining the association. According to the informant the reasons were that the companies perceive that they do not get any advantage out of it, there is always the same old companies involved and that they can operate more freely if they do not belong to the association. Sometimes the companies felt that they knew more than the association. The informant also says that some companies feel that the membership fee
is too high. This view is not shared by the informant, who speculates that in no other association the membership fee is as low as it is here. Another potential reason for not joining the association could be that the companies perceive that they receive information from other sources and therefore feel belonging to the association as unnecessary. The informant believes that a reason for not joining the association is that the companies feel they can be more free in their marketing, because they are not as “watched” as those companies belonging to the association. The informant says: “Cooperation is the strength, you are nothing alone, but in a group you receive strength.”

The informants representing the companies that do not have any interest in joining the association represent both similar and different views concerning the causes for the lack of interest. According to one of the informants nothing happened at the meetings of the association. The informant says that it was more like having a nice cup of coffee and that the company felt they had more to give than to gain. According to the other informant the main cause for leaving the association is that nothing happened there. The informant says that there is always the same group of individuals involved. The informant says that it was very difficult to get new members and at the same time the members were also in some way restricted. When leaving the association the company was the greatest payer as far as the participation fee was concerned and they also provided a lot of expertise knowledge. Another cause for not joining the association according to the informant is that there would need to be more members in order to be stronger as a group and maybe be able to handle companies within the business that do unacceptable things. Another issue according to the informant is that the company is operating through high moral standards. One of the informant says that if there would be more members paying the membership fee to the association, it would be possible for the association to employ people for different purposes.

All the above presented causes why companies are uninterested in joining the association are seen here as causing the conflict. An issue that relates all these causes is that some of the companies seem to focus on the benefit of the business as a whole while others are more individualistically oriented.

The conflict is viewed as very important. One of the informants perceives it as important and the other as very important. The status of the conflict is mixed. It is neutral for those companies that are not members of the association, while at the same time as it is negative for those that are members of the association, as they are among other things working in order to strengthen the business as a whole. This conflict situation is partly hidden as it is reflected upon by only some of the informants.

Concerning conflict situation number 61 there is also a hidden conflict involved. The hidden conflict concerns the association and more particularly belongingness to it. One of the informants connected to the association has got the impression that one of the companies who are not connected to the association will join it, but in fact the company do not join.

The topic of conflict situation number 62 is payment of the costs for an industry project. Informant 13 perceives and describes the situation. According to the informant one of
the participating companies is working with a strategy of cost effectiveness and low price. This is also the cause of the conflict. Informant 13 says that the project ended partly because this company did not accept the cost of the project. For company 13 it would be important to finish the project and thereby to enhance the image of the business. The conflict is important in accordance with what is said by informant 13. At the time of the interview in 2005, the growth of the business was at zero or even somewhat below. According to informant 13 one could not show a minus for so many years in a row. The status of the conflict is mutually negative, as the project ended and no decisions were made. According to my understanding the companies have at least invested some time in participating at meetings and therefore it would probably be desirable for everybody to go on until the end. Moreover it is partly hidden as only one of the informants mentions it.

The topic of conflict situation number 63 is the difference between what is said and what is done. The situation is perceived by informant 5 and according to his opinion this is something general that could occur within any business. The cause of the conflict is found within something that informant 5 says and that is “everybody certainly at first hand looks after their own household, what benefit you can gain there, and then on the other hand perhaps on the whole.” The conflict is important seen from the perspective of the development of the industry as a whole. Within company 5 it has been considered as important from the start to defend the industry. Informant 5 says: “If we can develop the industry together and get it to grow, so this is sort of the main purpose, and then if it is a growing industry we will then... then try to get our own cake to grow...”. As the conflict situation is continuous, we talk here about the status of the conflict, which is mixed, i.e. negative for the company or companies that have believed in something that a third company said. At the same time it is positive for the company that acts in accordance with what is best for the company regardless of what would be the best for the industry. This conflict situation is partly hidden.

The topic of conflict situation number 64 is the participation in a trade fair and it is informant 11 who perceives and describes the situation. Informant 11 says: “…when discussing the matter one is of the same opinion, but then one can not always know if everybody after all will act in accordance with what has in a way been agreed on”. This conflict situation has to do with a trade fair. Informant 11 says that in order to partake in the fair the exhibitors were asked to pay a participation fee. At the association’s meeting a general principle was made and that was not to pay this participation fee because it is anyhow costly to participate for example when considering salaries. In the end company 11 was probably the only one that did not partake in the trade fair. This is also the outcome of the conflict and it is mixed, negative for company 11 that did not take part in the trade fair and positive for the other companies that did take part. Concerning the cause of the conflict, informant 11 says that the person arranging the trade fair has got a central position within the channels of distribution there is course some PR value attached to participate and finally the companies will also get something sold. The conflict is not viewed as important, as informant 11 says that it is “not anything very serious”. The nature of the conflict situation is partly hidden.

The topic of conflict situation number 65 is a report to authorities. Informant 5 describes the situation that occurred in relation with one of the companies included in this case
and several other companies of which some are included. According to informant 5 a competitor reported to the authorities although the companies within the industry have some form of agreement that internal issues should initially be taken care of by the industry. The informant says: “Internal laundry should not be washed in public”. Informant 5 says that a competitor received a notification from the authorities concerning something that was wrong in its products. In its defense, the competitor had named several other companies that were doing the same. Hereby the authorities received new information. According to informant 5 your own crime does not diminish although you mention others that are doing the same. Informant 5 says that the person that made the report said he had done it because of carelessness, and this is viewed as the cause of the conflict. According to the informant it may also have happened because of anger. The conflict is considered as quite important based on the fact that informant 5 has a strong opinion that what the competitor did was wrong. The outcome of the conflict is mixed, i.e. it is neutral for company 5 and negative for the competitor. The explanation as to why the conflict is neutral for company 5 is that it did not have any effect on the operations of the company. The outcome is negative for the competitor because it regrets its action. Informant 5 says that the authorities sent the companies a letter containing general requests and no further investigations were made. Moreover the conflict remained on an internal level. The situation is partly hidden as it was mentioned by only one of the informants.
APPENDIX E: ISSUES OF CONFLICT IN CASE 1

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### APPENDIX F: ISSUES OF CONFLICT IN CASE 2

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APPENDIX G: INTENSITY OF CONFLICTS IN CASE 1

Conflict situations

Not important  1, 4, 5, 6, 7, 8, 11, 12, 15, 17, 20
Important  2, 13, 14, 18, 19, 21
Very important  9, 10, 13
Varying importance  3, 16

*******************************************************************************
General outcome/status  Conflict situation  Concrete outcome/status
Positive
New division  1  +/-
3  +/-
4  -/+ 5  +/-
18  +/-
Increased cooperation  10  +/-
12  +/-
16  +/
Mixed
Compromise  6  0/0
13  0/0
15  0/0
Negative
Reduced efficiency  7  0/-
8  0/-
9  -/0
11  -/0
14  0/-
19  -/0
20  -/+  20
Cooperation denial  17  0/-
21  0/-
Imbalance  2  +/-
APPENDIX H: INTENSITY OF CONFLICTS IN CASE 2

Conflict situations

**Not important**  
22, 23, 26, 33, 38, 40, 45, 46, 47, 52, 60, 64

**Important**  
23, 25, 27, 28, 29, 31, 32, 34, 39, 41, 42, 44, 46, 50, 53, 55, 56, 58, 59, 62, 63, 65

**Very important**  
24, 27, 30, 35, 36, 37, 43, 48, 49, 51, 57, 61

**Varying importance** 54

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149. OLGA KARAKOZOVA: Modelling and Forecasting Property Rents and Returns. Helsingfors 2005.


