

## Identifying coopetition model in Iran Automotive industry based on systematic approach: A case study of Iran Khodro Company

Mahdi Mohammadi<sup>1</sup>, Bahman Hajipour<sup>2</sup>

1-Ph.D. in Commercial Management, Business policy, Faculty of Management & Accounting, Shahid Beheshti University, Tehran, Iran. (Corresponding Author). Email: mah\_mohammadi@sbu.ac.ir

2-Associate Professor, Faculty of Management & Accounting, Shahid Beheshti University, Tehran, Iran.

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### Extended Abstract Abstract

Synchronous co-operation between competing companies, which is referred to coopetition, has recently been considered by companies and industries. Companies use this strategy for various purposes, such as increasing productivity, improving competitive positioning and gaining their industry knowledge and technology. Multiple car companies such as General Motors, Toyota and Nissan in the world, and Iran Khodro Company in Iran are companies which use this strategy to achieve their goals. But reviews indicate that this phenomenon has not been modeled in Iran Automotive Industry yet and its dimensions and components has not been identified. Systemic approach can play a role in creating a comprehensive and coherent model. In this paper, researcher intends to identify and explain coopetition model in Iran Automotive Industry by use of Qualitative Methodological Tool and Grounded Theory strategy. Statistical population of this study is Iran Khodro Company, and sampling method is theoretical sampling. Results are identified in the form of coopetition system in three parts. The first part deals with coopetition drives which include two general categories of internal and external drives, the second part deals with coopetition process with centered cooperation strategies and, finally the third part deals with outputs of using coopetition in Iran Automotive Industry.

### **Introduction**

Competitiveness and being stable in the tumultuous business environment are the most important concerns for industries and companies, which are difficult nowadays for many companies to realize and maintain. Many companies which have been regarded as industry leaders for many years and have been highly competitive in their industry, have found their competitive positioning under threat in the face of new changes in the business environment, so, they have started to cooperate with their competitors to maintain and upgrade their competitive positioning. Cooperating with competitors such as General Motors and Toyota in developing common cars (Hamel, 1989) is in this direction. This synchronous phenomenon of co-operation and competition between companies is called co-opetition (Bengtsson and Kock, 1999; Gnyawali, He and Madhavan, 2008). Applying co-opetition strategy can enhance the competitive positioning of companies (Roy and Yami, 2009).

Iranian auto manufacturers, especially Iran Khodro Company which has more than 48% of Iran's car market share, have collaborated with some foreign auto manufacturers such as Peugeot, Renault, Suzuki, Haima and Dongfeng for many years.

However, conditions such as the country's economic structure, the government's control over economy, state ownership of large automobile companies along with the country's political and legal conditions and various economic and financial sanctions on Iran have prevented these companies from properly benefiting from co-opetition advantages and accordingly, these companies face serious challenges such as threatening competitive positioning, reducing productivity, reducing products quality and increasing customer dissatisfaction. On the other hand, no independent model of co-opetition in Iran automotive industry has been provided yet in order to realize the status of co-opetition in the Iran automotive industry and then solutions and necessary strategies can be provided to solve the related problems and improve the existing model. Therefore, the purpose of the present study is to identify and explain the model of co-opetition in Iran automotive industry.

### **Materials and Methods**

The case study of this research is "the Model of Co-opetition in Iran Automotive Industry". The approach of this research is qualitative in identifying the model of co-opetition. The analytical paradigm of this research is interpretive. In this study, the data were selected, collected and adjusted to create the meaning of the phenomenon under study. The strategy of this research is grounded theory by using glazier approach. Finally, data collection in this study is multi-method. In other words, the data of this study are collected through two methods of interviewing and documenting.

### **Discussion and Results**

In order to identify the model of coopetition in the automotive industry, past studies and researches have been reviewed by focusing on research questions, resulting in realizing the theoretical framework of coopetition. The interview protocol was designed base on theoretical framework and in-depth interviews were conducted with 14 experts of automotive industry and managers of Iran Khodro Company and 10 documentaries were also analyzed. These resulted in the identification of the model of coopetition in the Iran automotive industry. The results of the study consist of three main parts. The first part deals with coopetition drives, which include two general categories of internal and external drives with centered resources and capabilities. The second part deals with the process of coopetition and strategies of cooperation with competitors and the challenges of coopetition. The third part includes the consequences of applying this strategy in the Iran automotive industry.

### **Conclusion**

In this study, we tried to identify and explain the model of coopetition in the automotive industry. The intended model was extracted by use of a qualitative research method and the grounded theory, which is based on a systematic approach consisting of three main parts of drives (internal), processes, and outcomes (external) of coopetition and their relationships. Goals and expectations are the most fundamental drives of coopetition. Stakeholders and, above all, the government, which is a major shareholder of automotive companies, play significant roles in adopting coopetition strategy. The political-legal environment can be the most important and effective external drives on coopetition. Sanctions and international agreements have played significant roles on the formation and performing of coopetition in the country's auto industry, and particularly, Iran Khodro. Two key strategies have been used in the process of cooperating with competitors, including licensing and joint venture. The coopetition results in achieving some resources and capabilities related to knowledge and technology as well as performance improvement in quality part, product basket and market development. On top of all the above mentioned outcomes, the improvement of the company's competitive positioning can be the most important and crucial achievement of coopetition.

**Keywords:** cooperation, coopetition, grounded theory, inter-firm relationships, systematic approach