



REPORT

# Report: Strategic Partnership Models Between Businesses in East Africa

Zeena Oberoi, Laura Schun, Wietske Kropff, Shalika Vyas, Jamleck Oroko, Nathaniel Peterson

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# Introduction

# Introduction

## Why are we conducting this study?

Strategic partnerships hold a multifold potential, especially for agri-businesses. These collaborations offer a spectrum of benefits, ranging from heightened efficiency in food production to the realization of tangible advantages for farmers. However, the significance of understanding strategic partnerships in agriculture transcends these immediate gains; it holds the key to unlocking the immense agricultural potential in regions like East Africa.

## Rising Demands and the Role of Smallholder Farmers

East Africa is at the cusp of significant change. Between the economy, the need for greater climate resilience and a rapidly growing and urbanizing population, the agri sector will be significantly challenged and solicited. Smallholder farmers (SHFs), who represent a substantial portion of the agricultural workforce, are integral to meeting this burgeoning demand. According to the African Development Bank (2010), SHFs constitute over 75% of the agricultural workforce in East Africa alone. Realizing their potential is paramount in addressing the food security challenges of the region.

## Exploring Collaborative Success in Agriculture

Before delving into the intricate landscape of agricultural partnerships, it's vital to grasp the fundamental concept itself. At its core, a partnership is an arrangement where entities, often referred to as business partners, come together to collaborate with the aim of advancing mutual interests (Grundey & Daugélaité, 2009). However, partnerships are not one-size-fits-all; they take myriad shapes and follow diverse strategic angles.

Our central hypothesis in this report revolves around the notion that collaboration between primary companies, those dealing in high-demand physical products, and secondary companies, specializing in low-demand or low willingness-to-pay services (such as soil testing or insurance), can pave the way for testing innovative models. These models, we believe, have the potential to deliver a win-win scenario, benefiting both organizations and, crucially, the farmers they serve.

This report delves into the world of strategic partnerships in agriculture. We will explore different types of strategic partnerships as outlined by scholars and introduce potential frameworks for analyzing these partnerships' potential and strengths. We will also examine the behavioral gaps identified throughout our research and provide practical use-cases to illustrate how these partnerships can be applied in real-world scenarios.

Through this report, we seek to address the following research questions:

1. What are strategic alliances and co-opetition?
2. What are the advantages and disadvantages of strategic alliances and co-opetition?

3. What types of strategic alliances and co-opetition currently exist in agriculture?
4. What behavioral mechanisms play a role in defining the success of a strategic alliance and co-opetition?
5. What mechanisms contribute to achieving success in such alliances?
6. What is the potential for co-opetition in agriculture in East Africa?

Our primary goal is twofold. First, we aim to thoroughly examine the current landscape of collaborations within East Africa's agriculture sector. Second, we seek to enhance the understanding of co-opetition, a unique form of strategic partnership, through a comprehensive review of the existing literature. Through these efforts, we aim to provide valuable insights, frameworks, and strategies that can promote growth, efficiency, and sustainability in the agriculture industry.

In the following sections, we will embark on this informative journey, gradually unveiling the diverse world of strategic partnerships in agriculture and their significant implications for East Africa.



# Methodology

Our Approach

# Methodology

At Busara, we undertake research projects following a well defined schema that follows a 5-stage process:

Align  Understand  Design  Asses  Share

In the **Understand** phase of this project we needed to understand the “what is” in the gamification space within East Africa. To understand the context of gamification in this region, we first conducted a review of the existing body of literature.

## Methods

This report deployed a theoretical literature review approach with the primary goal of evaluating the existing theories, and conceptual frameworks in the co-opetition and partnerships field. The co-opetition concept is a fairly new phenomenon that only gained traction among management scholars in the last two decades. The end goal of this report is to create a conceptual framework for evaluating partnerships in the Agri-business space within East Africa. To achieve this, we first identified key themes we needed to explore: the definition of co-opetition, existing theories and conceptual frameworks, pros and cons of co-opetition, types of partnerships, and the typical process of formation of a partnership.

Aside from scoping the existing literature, we also explored a few case studies in agriculture in Europe as well as in East Africa to contextualize the concepts in literature into the real agribusiness space.

## Limitations

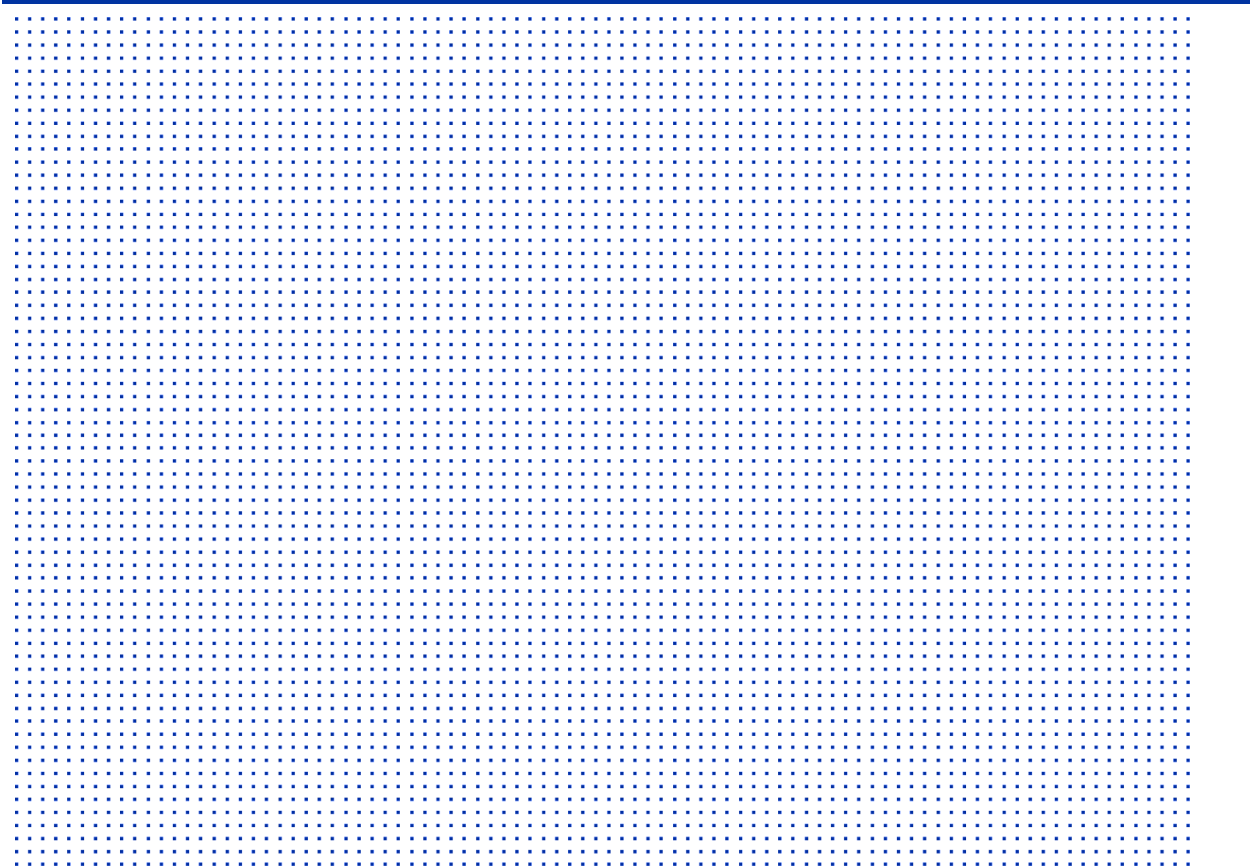
Co-opetition is a fairly new concept and literature related to co-opetition, especially in the agriculture space in East Africa is limited. There is very scant literature on in-depth case studies on co-opetition in East Africa and the few partnerships highlighted in the report have only high-level information that is available from company websites generally describing the key motive of the partnership. This information, unfortunately, offers little to no detail of the operations and whether the partnership is successful or not.

In light of these limitations, it is important to note that the frameworks developed in this report are high level and lack grounding in the East African context. Hence, we propose using Phase II of this project to gather in-depth insights, through KIIs and case-study analysis, to better build upon the existing literature.

## Inclusion/Exclusion Criteria

We searched for journals, and peer reviewed articles around the aforementioned themes with key words such as “co-opetition”, “conceptual frameworks”, “partnerships”, and “agriculture”. We searched for papers from major literature repositories such as Google Scholar, JSTOR, Google Scholar, SciHub, Science Direct, Ebscohost, etc. We explored 59 papers that included the key words and were published at least since the inception of the co-opetition concept - 1995.

We effectively looked into the abstracts, and discussion sections of each paper and narrowed down on papers that focused on co-opetition - rather than other types of partnerships, case studies, and conceptual frameworks in co-opetition.



# Literature Review

# What is a Partnership?



## Definitions

### *Strategic Alliances*

Strategic alliances, as defined by Iřoraitė (2009), encompass a collaborative framework where partners actively share knowledge, expertise, and resources. These partnerships serve to mitigate risks and reduce costs in various facets of business operations, including supplier relationships and the exploration of novel products and technologies. While the term "strategic alliance" is often used interchangeably with "joint venture," our exploration in the following sections will unveil the nuanced differences between these concepts. Notably, a strategic alliance can encompass a spectrum of relationships, some of which involve elements of competition. In addition to joint ventures, outsourcing agreements, product licensing, and cooperative research<sup>1</sup> represent distinct collaborative models with their own unique characteristics and applications within different business contexts (Iřoraitė, 2009; Cornell Law School, n.d.; Chamber of Commerce of Metropolitan Montreal, n.d.; McCarthy & Anagnostou, 2004).

### *Types of Strategic Alliances*

The primary goal of any business is to make profit and improve the shareholder value. Businesses can achieve these core objectives by not only increasing their market share but by also leveraging the unique strengths of their competitors (or other actors) in their markets or ecosystems. This is known as a partnership. Often, the common goal in such a partnership is to exchange value through three main models - cooperation, collaboration, and co-opetition. Vetriko (2019) summarizes these models in figure (1).

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<sup>1</sup> Definitions of those different models can be found in the appendix, [table 1](#)

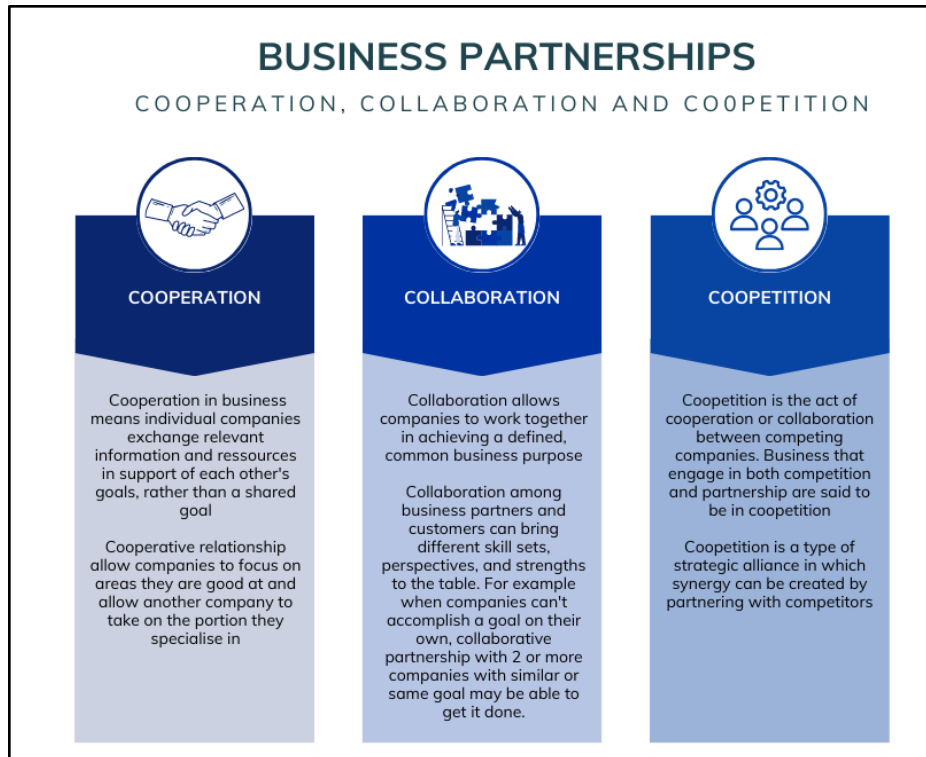


Figure 1: Types of Strategic Partnerships (Vetriko, 2019)

**Cooperation** - This model is commonplace amongst businesses exchanging relevant information in a bid to achieve their respective individual goals, rather than a shared goal. In a cooperative relationship, partners measure their success at an individual level rather than shared goals. One such example would be the partnership between the Kenya Tea Development Agency (KTDA) and Unilever Kenya: These two entities operate in the tea industry, but in different capacities. KTDA represents smallholder tea farmers, while Unilever Kenya is involved in tea processing and marketing. They've formed a partnership where Unilever sources tea directly from KTDA, ensuring a transparent and fair value chain. Although they have different goals, the partnership benefits both parties: KTDA farmers gain access to a reliable market, and Unilever secures a consistent supply of high-quality tea leaves.

**Collaboration** - In this model, partners combine efforts and resources to achieve a common goal. Under collaboration relationships, success is measured based on the common goal(s) of the partners, rather than by each partner's individual goal(s). While the collaboration and cooperation model have similarities, they have distinctive differences. For example, incubator farms embody collaborative alliances, where farmers collaborate in order to access knowledge on best farming practices, free land, infrastructure, and farming equipment - all often provided by an umbrella non-profit organization. The incubator farms help farmers offset barriers to starting an agri-business. Similarly, the Food and Agriculture Organization of the United Nations (FAO) and the Forum for Agricultural Research in Africa (FARA) have been collaborating for over 20 years, recently formalizing a five-year partnership agreement to facilitate greater collaboration for improved production and productivity in Africa. This strategic and sustainable partnership aims to address complex challenges in food security and agriculture through joint efforts, aligning

actions with regional priorities and achieving tangible results on the ground, thus exemplifying the power of collaborative alliances in the agricultural sector (FAO, 2023).

**Co-opetition** - Simply put, co-opetition is a partnership between business competitors. Parties in this model exchange value and compete simultaneously. The businesses involved in a co-opetitive relationship seek to increase the overall value for their clients and stakeholders, which could not have been achieved by themselves. The parties collaborate and cooperate along various levels of the value chain, including distribution and marketing, innovation, and sharing costs and risks (Vetriko, 2019). For example, in Kenya, APA insurance partners with Pula - an insurtech, and Apollo agriculture - an agri-input and financing organization, to offer agriculture insurance to small holder farmers. Here each partner is cooperating by offering a service they have specialization in. APA has the legal capacity and technical knowhow of underwriting an insurance risk, Pula has expertise in structuring the insurance deal for smallholder farmers in groups, and Apollo offers credit financing to farm inputs such as fertilizer and seed companies. Hence when the three work together, insurance is bundled as a service when the farmer buys the insured seeds. In this example, success is measured at an individual partner level.

## Understanding Co-opetition

### *Diverse Dimensions of Typology*

The concept of co-opetition is fairly recent. While its earlier mentions can be traced back to the 20th century, it is only in the nineties that scholars started to look at it from a more academic perspective. During early studies on co-opetition, researchers usually placed these relationships into simple categories. Researchers reported co-opetition as horizontal interactions between similar entities, often using basic analysis. However, this approach didn't capture the complexities and contradictions in co-opetition (Chiambaretto & Dumez, 2016; Czakon & Rogalski, 2014).

Different ways to categorize co-opetition have since emerged, however they often lack cohesive alignment. For example, Bengtsson & Kock (2000) identified three main types of co-opetition:

- **Cooperative Dominant:** Where cooperation among the parties is more important.
- **Equal Relationship:** Where cooperation and competition among the parties are balanced.
- **Competitive Dominant:** Where competition plays a bigger role than cooperation in the partnership.

Another way to categorize co-opetition is by focusing on how much cooperation is happening. Luo (2004) and others describe these different types of alliances as below:

- **The Alienator:** Less competition and cooperation.
- **The Co-opetitor:** Some compromise and more competition.
- **The Contender:** More competition and less cooperation.
- **The Partner:** More cooperation and less competition.

Further different ideas about typologies have also come up. Dagnino and Padula (2002) talk about the number of firms involved. They make a distinction between “dyadic co-opetitive” relations and “networks”. This distinction is based on the number of organizations involved - whether 2 or more. They further break those nodes into two sub-categories: (1) *simple*, where firms cooperate along one level of the value chain or (2) *complex*, where firms operate at different levels of the value chain. Such categorisation allows us to understand better the dynamics between the organizations, but also the challenges they are most likely to face. On the other hand, Rusko (2011) looks at how the organizations are set up or the types of groups involved: competitors, suppliers, customers and complementors. According to him, there are different levels for evaluations, each with their own managerial implications - whether it is at the policy level (i.e. the significance of government support), industry (i.e. timing and placement of co-opetitive actions within an industry sector), or firm-level (i.e. the ability to adapt to the changing environments. It is important to note that despite the existence of more typologies, listing them all here would not add clarity to the discussion.

### *Emergence of Cohesive Frameworks*

Currently, there's a movement to synthesize diverse co-opetition typologies into more comprehensive frameworks. These frameworks aim to bridge the gaps and create a unified perspective on co-opetition. While not exhaustive, they strive to encompass the various dimensions we have explored earlier.

For instance, Luo (2007) introduces categories based on the degree of cooperation and competition. He advocates for a balanced approach to co-opetition, drawing inspiration from East Asian philosophies, particularly the 'yin-yang philosophy.' In this context, the 'yin-yang philosophy' symbolizes the harmonious and collaborative ingroup relationships prevalent in East Asian cultures. This stands in contrast to Western cultures, which tend to lean more toward individualism. Luo's argument underscores the importance of considering both sides of the problem simultaneously, acknowledging the influence of organizational cultures and values on collaboration dynamics. In a similar vein, Baumard (2008) discusses the learning processes within co-opetition (refer to Appendix, [Table 3](#)). He shares 4 types, ranging from transparent reciprocal learning - with for example “tit-for-tat” strategies, and commensalism, where one of the parties benefits while the other is unaffected- to more open, adversarial learning - i.e. where receiving learning depends on how much learning you give.

As explored so far, navigating such a landscape of co-opetition reveals its multifaceted nature, where researchers have sought to categorize these complex relationships in various ways. Initially, simplistic categories were employed to grasp the concept, but they often fell short of capturing its true intricacies. However, as time has progressed, scholars have introduced different typologies, each shedding light on specific aspects of co-opetition. As we dive deeper into the dimensions and intricacies of co-opetition, one central question arises: *What are the benefits of engaging in such complex and dynamic relationships?* To answer this question, we must delve into the advantages that strategic alliances and co-opetition can offer to organizations across diverse industries. These benefits encompass not only economic gains but also the strategic resilience and competitive advantages that arise from collaborative endeavors.

# Advantages of Strategic Alliances?

So why should organizations engage in strategic alliances? The benefits of strategic alliances are vast (Meyer 1998) and industry leaders have long understood the value of forming such partnerships. A notable example is the Microsoft-Intel alliance, where their combined expertise in software and hardware propelled them into a significant industry presence for over two decades. As we proceed, let us uncover the practical advantages that arise when competitors come together in collaboration.

**Enhance Competitive Positioning and Market Entry:** Strategic alliances are a dynamic tool for fortifying competitive positioning while simultaneously enabling market expansion. By uniting the strengths of multiple partners, businesses can forge a more commanding presence in the market landscape. This merging of resources, expertise, and market reach can manifest in various ways, including joint marketing endeavors, the bundling of complementary products or services, or collaborative production initiatives (Masrurul, 2012). Strategic alliances can further act as formidable barriers to entry for both new and existing competitors. Partnerships that govern pivotal resources or distribution channels deter new entrants, constraining competitive threats (Bain and Company, 2018). Simultaneously, strategic alliances offer a cost-effective pathway to penetrate new markets. Market entry can be fraught with challenges and substantial expenses. However, by harnessing the capabilities of established partners equipped with contextual insights and well-established distribution channels, businesses can effectively circumvent these barriers, expediting their expansion efforts (Varadarajan et al., 1995).

**Harness Complementary Skills and Access Cutting-Edge Technologies:** Strategic alliances serve as a conduit for businesses to harness unique skills, talents, and capabilities offered by their partners. By leveraging these complementary skills, partners can effectively bridge gaps within a company's workforce, opening doors to otherwise elusive opportunities. For instance, tech-based companies can engage in partnerships to extract niche knowledge (such as data) from each other, eliminating the need for substantial investments in Research & Development (R&D) (Gnyawali & Park, 2009). Furthermore, in today's rapidly evolving business landscape, access to cutting-edge technology is an essential asset, thus, strategic alliances can foster the sharing of proprietary technologies, research, and development efforts among partners. This collaboration accelerates innovation and enriches product offerings, whilst keeping businesses competitive (Bain and Company, 2018; Gnyawali & Park, 2011).

**Sharing Risks, Costs, and Achieving Economies of Scale:** In the domain of large-scale projects, such as pioneering research initiatives or ambitious infrastructure development, the financial stakes and associated risks can be overwhelming for a single entity to bear. Here, strategic alliances step in as a pragmatic solution. They empower partners to collectively shoulder the financial and risk burdens that loom over such endeavors, rendering them more financially viable and risk-resilient (Varadarajan et al., 1995). Moreover, these alliances create opportunities for substantial cost reductions. Through collective efforts, businesses can tap into economies of scale. Bulk purchasing, the sharing of production facilities, and coordinated logistics not only trim expenses but also boost operational efficiency (Bain and Company, 2018). Additionally, these partnerships serve as fertile ground for knowledge exchange and the dissemination of best practices, ultimately fostering greater cost-effectiveness and streamlined operations (Varadarajan et al., 1995).

**Accelerate Product Development and Innovation:** In today's competitive landscape, speed is often synonymous with success. Strategic alliances play a pivotal role in reducing product development cycle times and improving innovation. By leveraging pooled resources and expertise, partners streamline product development, manufacturing processes, and time-to-market (Bain and Company, 2018; Gnyawali & Park, 2009). Furthermore, as outlined above, alliances can act as a catalyst for collaborative research and development efforts, allowing partners to jointly shoulder the costs and risks associated with pioneering new products or technologies. This collaborative approach fosters faster innovation cycles and bolsters market presence for all partners involved in the alliance (Bain and Company, 2018).

**Improve Quality:** Through partnerships, businesses can also enhance the quality of their products and/or services. Shared expertise, best practices, and quality control measures can lead to improvements in product quality, customer satisfaction, and reputation (Bain and Company, 2018).

Hence, strategic alliances offer a wide array of advantages that empower businesses to strengthen their competitive position, expand into new markets, drive innovation, and achieve operational efficiencies. However, it is essential to approach alliances thoughtfully, with clear objectives and effective governance, to maximize the benefits while mitigating potential risks and challenges. The following sections will explore why a large proportion of strategic alliances fail.

# Barriers to Successful Alliances?

## Key Challenges

While strategic alliances hold the promise of numerous benefits, a significant number of alliances unfortunately end up failing to deliver on their intended objectives. According to a McKinsey and Company report (2019), nearly 50% of alliances fall short of achieving their expected outcomes. This raises the question: why do so many alliances struggle to succeed? In the following sections we will delve into some of the reasons behind these failures.

### *Short-term Gains*

One fundamental issue contributing to the failure of alliances is a short-sighted focus on immediate gains. Kaplan et al. (2010) offer a critical perspective on this, where they highlight that existing alliances are predominantly contractual agreements founded upon a mutual understanding of what each partner will *contribute* and the specific roles they will assume in day-to-day *operations*. However, the authors highlight that this is a common pitfall, as alliances that begin with an emphasis on contributions and operational metrics, rather than long term strategic objectives, end up falling through in the long run. In such partnerships, organizations may become preoccupied with individual short-term gains and lose sight of the overarching strategic vision that should guide and sustain the alliance.

### *Relational Value*

Another crucial factor that gets underestimated in the alliance equation is the significance of relational values. As noted by Child and Faulkner (1998), it is essential to pay attention to the “people aspect of alliance”. This involves fostering trust, developing positive chemistry between partners, and aligning on organizational cultures. Kok and Wildman (1998) reinforce this point, asserting that a lack of attention to issues like trust, personal chemistry and culture often leads to the dissolution of alliances. These relational factors appear intangible compared to concrete operational metrics, but they are undeniably central to achieving rewarding and successful alliances. Neglecting these elements can erode the foundation of cooperation, upon which alliances, even co-opetitive alliances, depend.

### *Communication & Transparency*

Effective communication is a linchpin for the success of any partnership, and strategic alliances are no exception. According to a McKinsey and Company report (2019) poor communication and lack of transparency can

lead to misunderstandings, misaligned expectations, and ultimately, the failure of the alliance. Partners must maintain open channels of communication at all levels, right from the executive leadership to the frontline employees.

Clear communication not only ensures that all organizations are on the same page regarding their roles and responsibilities but also facilitates the timely resolution of any emerging issues or disputes. It promotes transparency and trust, which we have seen are vital for sustaining the alliance in the long run.

### *Governance*

Without a good governance structure, the success of an alliance is not guaranteed (Mckinsey and Company, 2019). Without clear guidelines and decision-making processes, conflict resolution, staying on the intended course of action, and ensuring the execution of alliance activities can start to fall apart. Inadequate governance can lead to power struggles, disputes, and a lack of accountability, all of which can undermine the alliances' stability.

The lack of continuity of good leadership also acts as a pitfall for strategic alliances. Transitions from the early stages of the alliances, where the business case is negotiated and operational and structural components are finalized, to the actualisation of the alliance and implementation of activities without clear guidelines can lead to misunderstandings and inefficiencies (Chao et al., 2014).

### *Flexibility in Strategy*

The ability to adapt is a crucial aspect for any successful alliance. When market conditions, industry dynamics, or other external factors shift, the partners must be agile and responsive to ensure sustained viability of the alliance. An inability to identify and swiftly implement necessary changes can jeopardize the partnership and hinder its ability to thrive in a dynamic business environment. Successful strategic alliances require a willingness to revisit and adjust strategic objectives when needed. This might involve revising the initial goals of the alliance or pivoting to address emerging opportunities or threats (Mckinsey and Company, 2019).

## Common Misconceptions

Examining prevalent misconceptions related to strategic alliances offers insight into the intricate behavioral dynamics that influence business relationships. Many business articles delve into these misconceptions, particularly in the context of "strategic alliances." Nevin (2016) extensively explores the successes and failures of such alliances, notably in his work "The Strategic Alliance Handbook," where he delves into Common Success Factors (CSFs) for business alliances (cf. [Table 3](#) in the Appendix). This set of items - from "Alliance audit/health check" to "Collaboration Skills" - allow organizations to navigate some of the challenges and reduce the instances where misconceptions hinder the partnership's development. Interestingly, while certain myths may foster reluctance to engage in partnerships, others, often driven by unwarranted optimism, contribute to an unsettling reality: over 80% of alliances do not reach their intended goals<sup>2</sup> (Nevin, 2016).

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<sup>2</sup> Success is here defined as "all partners to the relationship agreed that the alliances delivered the expected or hoped for results, or better" (Nevin, 2016)

### *Myths Blocking Initiation of Partnership*

Several behavioral mechanisms contribute to a company's reluctance to engage in business partnerships, largely stemming from *loss aversion*. The propagation of myths that underscore the challenges of partnerships dampens the motivation to initiate collaboration.

On a more individual level, certain behaviors align with social norms. For instance, alliances are often perceived as less appealing business models, viewed as aspirations of those less commercially oriented (Nevin, 2014). Similarly, grounded in fundamental principles of human psychology, collaboration is seen as contrary to nature. This perception stems from the instinctive human drive to compete for finite resources (Nevin, 2014). From a business psychology standpoint, some perceive collaboration as solely valuable when tackling a specific problem (referred to as *functional fixedness*), or assume that products are best developed internally, with a focus on maintaining *perceived control* (Russ, 2015; Phillips, 2019).

### *Myths Leading Partnerships in the Wrong Direction*

Numerous authors have dedicated their attention to certain myths that foster *overconfidence*, potentially steering partnerships toward failure. Among these misconceptions, one particularly prominent notion is the belief that collaboration is straightforward – that possessing common sense and effective project management skills guarantees success (Russ, 2015; 5 Common Myths, 2020). However, collaboration demands more nuanced consideration, and this oversimplification can result in neglect within the partnership-building process. This aspect will be explored in more detail in the subsequent sections.

The idea that success is only about outcomes is influenced by something called "*outcome bias*". While outcomes undoubtedly serve as measurable success metrics, other critical factors should not be underestimated - such as change in norms or more attractivity for employees (Russ, 2015; Nevin, 2014). Similarly, the notion of *extrinsic motivation* - intended as a behavior driven by external factors, such as rewards or avoidance of negative outcomes - for partnership holds sway for some. For example organizations could partner together to avoid being left behind in terms of technology development, and not simply to increase their revenue. Linked to the preceding point, there exists a belief that monetary incentives alone can foster cooperation. Yet, insights from the Alliance Best Practice database<sup>3</sup> strongly indicate that commercial success is an effect, not the root cause, of strategic alliance achievements (Russ, 2015).

At the outset of a project, the misconception often arises that objectives must be completely aligned. While it's crucial to share a common mission and be transparent about individual objectives, complete mutuality is not an imperative. Another mechanism intertwined with *groupthink* involves the preconception of *dependency*, suggesting that effective leadership is all that partnerships require. Beyond being an oversimplification, this notion tends to create power imbalances within partnerships, ultimately hindering their progress (Russ, 2015).

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<sup>3</sup> Alliance Best Practice Ltd (ABP) is a UK-based consultancy specializing in strategic alliance research and benchmarking. Comprising a consortium of independent alliance experts, ABP focuses on various facets of strategic alliance formation and management. The consultancy's mission revolves around advancing awareness and implementation of established best practices in optimizing alliances. To accomplish this objective, ABP conducts extensive research and maintains a vast database with insights from leading partnering organizations, containing over 200,000 entries.

### *Myths Addressing Collaboration in General*

Apart from misconceptions that obstruct entry or lead to weak partnerships, there are additional misunderstandings about collaboration as a whole. These share similar behavioral mechanisms to those mentioned earlier and can also impact partnerships in various ways. For instance, one of these misconceptions suggests that only "smart" individuals can guide partnerships to success (5 Common Myths, 2020). However, the typical measure of "smart" often overlooks essential qualities like people skills, which are crucial for collaboration. Another myth revolves around the notion that collaboration naturally results in ownership. This, however, is more of a misconception rather than a guaranteed outcome (5 Common Myths, 2020). Indeed, personal commitment is necessary to maximize the likelihood of successful collaboration.

## Literature Review

# Existing Co-Opetitive Collaborations in Agriculture



## Case Studies

### *Co-opetition Case Studies Outside of East Africa.*

To reiterate, co-opetition is a fairly new concept, hence there are only a handful of existing in-depth case studies that have evaluated co-opetitive agreements in the real world, and even more so focusing on agriculture. In East Africa, there is a scarcity of literature examining case studies on co-opetition in agriculture. Borrowing from works in other contexts across Europe and South America, this section will provide a picture of some examples of co-opetition case studies and link such studies to existing partnerships in agriculture in East Africa.

#### A Case of Santo Fruto and La Naturelle - Brazil Organic Food Industry

Hidalgo et al. (2022) conducted a study in Brazil studying the intricacies of co-opetition in Brazil's organic food industry. This study is very relevant to this current study since Brazil is relatively more comparable to East Africa than a case study in Europe; Brazil is an emerging economy that presents similar contextual factors such as inefficient regulation, inadequate infrastructure, and strained government structures in the supply chains. Moreover, the study fills gaps in co-opetition literature by focusing on the value creating network and how firms cooperate to create value while simultaneously competing to maximize their share of the value that is co-created.

Santo Fruto manufactures organic home-made ice-creams, whereas La Naturelle is an organic fruits and vegetables producer as well as manufacturer of organic ice creams. The two companies cooperate to promote consumption of their organic produce whilst competing to have a share of the market. Santo Fruto and La Naturelle cooperate in trade fairs and negotiate deals to ensure they have minimal overlapping market products in the market, hence eliminating competition amongst themselves. While these efforts promote the growth of the organic ice cream industry, the firms have to compete in the market to capture the most market share of consumers willing to pay higher prices for the natural products. The natural ice cream industry represents a value net system involving various players: firms, producers, competitors, customers Boucken et al. (2015) define a value net system as a scenario in the market of a product whereby all the players are interdependent of each other. The system consists of customers, suppliers, substitutes, and complementary products; such that, all the value is created and utilized within the system - no value leakage. Aside from the cooperation between Santo Fruto and La Naturelle, the two firms cooperate with other players in the industry, in separate agreements. For instance, Santo Fruto competes with La Naturelle in the organic food products markets whilst still cooperating to foster for certification (EcoVida Badge - organic seal) of their products at the Ecological Producers cooperative. The organic seal enables the partners to create barriers of entry to new competitors hence securing a competitive advantage, as well as, increasing credibility of their produce to end consumers. Hence, in this case, the co-opetition was successful.

#### Sample Co-opetition Scenarios in the UK's Agri-food Supply Chain

Walley & Custance (2010) assess various case studies in the agri-food supply chain in the UK. Of the six case studies explored, some two notable co-opetition scenarios are of interest. First, the Farmers' market in the UK is a noble idea that has been in place since the 1990s and helped farmers maximize profit from their produce. A certified Farmers' market is regularly and independently inspected to meet the quality standards set by the National Farmers' Retail and Retail Market Association (FARMA). Furthermore, the produce sold in the market must have been grown locally (within a 30 mile radius) and up to 50 mile radius for products unavailable in the locality. The Farmers' Market presents a scenario where farmers are competing in production but cooperating in the distribution and sale of their produce. In the Second case, Management Development Services (MDS) operates in the UK and embodies member organizations that deal with fresh produce and horticultural products. The organizations partnered to address a gap in the skilled workforce, and hence MDS hires independent trainers to offer a post-graduate certificate in fresh produce management. The partnership embodies a co-opetition agreement where member partners of MDS compete with each other in the production and supply of horticultural products whilst cooperating to address skill gaps in the workforce.

Walley & Custance (2010) summarizes key lessons from the case studies. First, unlike what literature predominantly focuses on, the above cases have demonstrated that co-opetition can occur beyond (Research and Development (R&D) and exist high up in the value chain - for example, marketing. Second, co-opetition is often instigated and championed by a leader. The influence of the managers from the partners in a co-opetitive relationship cannot be understated. Hannachi & Coléno (2015) echoes this by advancing an argument in favor of the use of a third party or super broker to manage the co-opetitive agreement. Third parties will act as referees and hence be an independent guard of opportunistic tendencies that most often merit as the key downside of co-opetitive relationships. Third, most agricultural partnerships embody elements of co-opetition, but this does not necessarily make them co-opetitive agreements, but rather they could be merely transactional. For instance, when

farmers cooperate with contractors within a cooperative, it is nothing more than a transaction, unlike the case when farmers cooperate to market their products as in the case of Farmers' Market.

### *Co-opetition Case Studies in East Africa*

In East Africa, companies in the agriculture value chain, such as Ag-Tech companies, agri-input suppliers, and agriculture research consortiums, tend to initiate partnerships with other partners in and out of the agriculture space. These partnerships are initiated through arrangements that embody collaboration and cooperation. However, there is limited information available on co-opetitive partnerships. This section presents details of a few co-opetitive partnerships within East Africa, focusing on those where information is accessible.

#### Case 1: East Africa Potato Consortium

In March 2023, the Cooperative Bank, a Kenyan-based financier, initiated a partnership with major agri-input suppliers in the region aiming to support its major clients - farmer cooperatives. The partners include AGrico, Bayer East Africa, Simplifine Ltd., and Yara East Africa. The partnership was formalized by a Memorandum of Understanding (MoU) that will run for 2 years with the goal of increasing potato yields for the farmers by 14 tonnes/ha from the current 7-10 tonnes/ha (International Potato Center, 2023).

This partnership exemplifies the role of a third party in initiating co-opetition relationships. The cooperative bank in this case acts as a third party bringing together various partners in the potato value chain. The partners are co-creating value by increasing the productivity of potato farming which in return will create more market for each of the individual partners. The bank will have more credit-worthy clients, while the seed producers will have a ready market to sell their proven seeds.

#### Case 2: SunCulture and EDF

SunCulture, a prominent player in solar water pumps and irrigation solutions for smallholder farmers, showcases the essence of co-opetition in East Africa through its strategic partnership with the EDF Group. This alliance marks the convergence of SunCulture's expertise and EDF's vast experience as an electric utility giant. By joining forces, they aim to address the common challenge faced by smallholder farmers in accessing affordable irrigation solutions. EDF's investment not only injects financial support but also brings valuable insights and market knowledge, having already impacted 500,000 people with off-grid solutions in Africa (Deconinck, 2018). SunCulture's deep understanding of farmers' needs and EDF's expertise in off-grid technologies create a co-opetitive synergy that promises to revolutionize agriculture across the continent. This partnership exemplifies the cooperative and competitive dynamics within East Africa's agricultural landscape, positioning it as a promising case study in the realm of co-opetition-driven agricultural transformation.

#### Case 3: Producers Direct

Producers Direct is a 'by farmers for farmers' organization that supports smallholder farmers by creating opportunities for them to transform their farms into sustainable business. Despite being a cooperative, Producers Direct can be viewed as a model of co-opetition where farmers compete for the same resources but cooperate to achieve better prices for all.

In this case, delivery and design of activities are centered on farmer leadership and expertise, and farmers are able to leverage on investments via co-financing and payments from each other. Producers Direct has various implementing partners. Climate change, installs weather stations at a number of their key Centres of Excellence with the intention to help farmers access, work with and understand the data shared. Additionally CIAT provides data and information on climate trends in accessible and manageable formats to farmers and producer organizations. This co-opetition allows farmers the chance to make decisions that will allow profitability and improvement of their livelihoods..

#### Case 4: Pula and Partners

Pula, an insurance technology company, provides and distributes agricultural insurance solutions to smallholder farmers. They offer both crop and livestock insurance via their yield index insurance products to cover farmers' risk against climate change. Pula takes care of product design, farmer education, risk placement, claims assessment and payout. Pula's partners play a key role in business. They have onboarded private and public sector partners such as insurers, co-insurers, reinsurers and government agencies. This consortium of insurers assists in the underwriting of risk, while the reinsurer reinsured the risk and offers technical pricing support. This form of co-opetition has helped to build local capacity to serve its customer base. However, there is limited information available on this partnership, and more research will be required to understand the details of co-opetition.

## Limitations about Knowledge on Existing Partnerships

As this section has revealed, in the context of co-opetition, where theory should meet practice, a notable gap exists when it comes to the unique context of East African agri-businesses. While the theoretical foundation of co-opetition has seen substantial development, there remains a need for exploration and practical insights tailored to diverse socio-cultural and economic contexts.

The limitations surrounding the understanding of existing partnerships span multiple dimensions. Firstly, a significant portion of existing research retains a predominantly theoretical focus. This approach, while insightful in many respects, often falls short in addressing the practical challenges faced by organizations in real-world partnership scenarios. Moreover, it's important to recognize that much of the existing research has a Western-centric orientation. While some studies acknowledge the influence of East Asian cultural contexts on partnership dynamics (Luo, 2007), there's a glaring dearth of knowledge concerning the nuances specific to the East African context. Understanding how cultural factors impact co-opetition in this region remains largely uncharted territory.

Transparency and trust have consistently emerged as linchpins for the success of partnerships (Child and Faulkner, 1998). However, the critical question remains: What specific interventions facilitate the development of trust and transparency in the context of co-opetitive partnerships? While business psychology has explored these aspects in broader terms, their applicability within the intricacies of co-opetition, especially in East Africa, remains uncertain.

Additionally, a particularly intriguing phenomenon is the cycle of risk aversion that seems to perpetuate itself within organizations. It is a paradox where the less organizations know about partnerships, their success factors, and positive cases, the less inclined they are to engage in them (Nevin, 2014). This apprehension stems from a desire to minimize potential negative outcomes, which organizations perceive as higher when they lack a clear understanding of the partnership landscape. In essence, the less organizations comprehend about partnerships or

the more uncertainty they harbor regarding potential risks and rewards, the more likely they are to exhibit risk-averse behavior, avoiding entry into partnerships. This wariness stems from a perception that the unknown nature of partnerships poses a potential threat to their stability and resources.

In essence, at the heart of opting for co-opetitive partnerships in the East African context is a complex interplay of knowledge, uncertainty, and risk that underscores the challenges of embracing co-opetition in this context.

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# Conceptual Frameworks on Co-Opetitive Relationships

Conceptual Frameworks

# Initiating the Partnership: A Step-by-Step Guide

The concept of collaborating with a competitor poses a significant challenge for many organizations. The barriers to initiating a partnership include the risk of knowledge-spilling or the loss of intellectual property rights, lack of principal market shareholding, organizational clashes in culture and miscommunication, inefficiencies, among others. However, when executed effectively, the benefits of engaging in a co-opetitive agreement can far outweigh the drawbacks. In light of this, we have developed a step-by-step guide to assist prospective organizations in optimizing the outcomes from their future partnerships. The following guide is informed by Brandenburger & Nalebuff (2021) study of co-opetition case studies in the American technology and hospitality industries, and their own rules for co-opetition.

## An Overview of the Guide:

- Step 1:** Decide whether to Cooperate with a Rival
- Step 2:** Evaluate the Competitive Advantages of the Partnership
- Step 3:** Communicate the Vision to Employees
- Step 4:** Ensure Compartmentalisation
- Step 5:** Establish a Clear Foundation with the Partners
- Step 6:** Structuring the Agreement
- Step 7:** Good Governance and Mutual Trust

### Step 1: Deciding Whether to Cooperate with a Rival

The first step before initiating a partnership involves a comprehensive evaluation of the co-opetition opportunity. This assessment is pivotal in determining what your company stands to gain from the cooperation and understanding the potential costs of not pursuing it. At this pivotal decision-making juncture, it is imperative to engage in meticulous contemplation of several crucial questions, such as:

- *Assessing Opportunity Cost:* What are the likely consequences (in terms of opportunity cost) if the parties opt not to cooperate?
- *Exploring Alternative Agreements:* What alternative agreements might the other party consider if your company rejects the proposal?

- *Considering Potential Competitors:* Who are the alternative partners that the other party might contemplate for a similar arrangement?
- *Contemplating the Status Quo:* Is there a substantial likelihood that the "status quo" will remain intact if your company chooses not to pursue the co-opetition arrangement? (Brandenburger & Nalebuff, 2021)

Drawing insights from real-world case studies is an invaluable practice during this decision-making phase. Brandenburger & Nalebuff (2021) provide illuminating examples that highlight the deliberate strategic considerations involved in initiating partnerships at this early stage. For example, examining the cooperation between Samsung and Apple in launching the iPhone X, the strategic partnership between DHL and UPS, and the interplay of FedEx, a close competitor of UPS, in the deal.

Building upon the lessons from these case studies, Brandenburger & Nalebuff (2021) emphasize that, among the multitude of factors that might drive a decision to cooperate, one should never underestimate the potential benefits, such as saving costs and the avoidance of duplicative efforts. This cost-effective approach is often a key driver in co-opetition decisions, as it aligns with the core principle of deriving shared value through collaboration.

By addressing these essential considerations and leveraging real-world insights, an organization can make well-informed decisions when entering the co-opetition landscape, maximizing the potential for mutual success.

## Step 2: Evaluate the Competitive Advantages of the Partnership

Having made the decision to proceed, the next critical step is to evaluate how the partnership may impact your organization's competitive advantage. This assessment is pivotal in understanding whether the cooperative arrangement aligns with your strategic objectives, vision and competitive positioning.

Once your organization has thoroughly assessed potential gains and opportunity costs and has opted to pursue a co-opetitive partnership, the subsequent focus should be on a meticulous examination of the potential risks inherent in the collaboration. It is vital to recognize that in this arena of cooperation, there exists a risk of inadvertently disclosing proprietary information. To comprehensively gauge the possible impact on your organization's competitive advantage, Brandenburger & Nalebuff (2021) recommend considering several categories:

### *Equal Intellectual Property:*

In scenarios where neither party possesses distinct intellectual property, but their combined capabilities have the potential to create significant value, the risk to either party is minimal. This ideal situation necessitates fewer risk protection measures, as both parties have the opportunity to generate more value collaboratively than they could independently.

### *Complementary Capabilities:*

When both companies bring "special intellectual property" to the table, the cooperative agreement presents an equal playing field. Here, the focus is on leveraging each party's unique strengths to outperform shared competitors. Notably, this arrangement can endure even if one party possesses a larger market share or relative advantage. For instance, in 2013, Ford and GM entered into a partnership to share transmission technologies. This made strategic sense as their capabilities were complementary: Ford excelled in 10-speed transmissions, while GM led in nine-speed. This collaboration not only resulted in cost savings but also freed up resources for both companies to focus on next-generation electric vehicles, providing them with a competitive edge over other automakers (Brandenburger & Nalebuff, 2021).

### *Asymmetric Competitive Advantage:*

In cases where one organization holds a considerably greater competitive advantage, entering into a co-opetitive relationship can enhance this advantage, even if the lesser party is willing to engage in the agreement. While this scenario may tend toward a potential monopoly as the dominant party reaps a majority of the benefits, it is essential to consider the motivation of the lesser party. If they perceive the opportunity as a means to enhance their reach or brand awareness, it can lead to a mutually beneficial arrangement. However, it is imperative to adhere to competition regulations to prevent the emergence of an unfair relationship or a monopoly. A notable example is often found in the e-commerce industry, where dominant platforms provide merchants with the opportunity to sell their products, such as Amazon's marketplace.

### *Sharing Proprietary Secrets:*

There are instances where one partner must share their "business secret" to access the other partner's market, even though such an arrangement carries inherent risks for both parties. An illustrative example is the proposed partnership between Google and Yahoo, where Yahoo sought to have its ads placed on Google, known for its exceptional ability to convert ads into clicks. In this scenario, Google had to consider the risk of Yahoo potentially replicating its recommendation algorithm and also the possibility of losing its customer base to Yahoo. Conversely, Yahoo faced the risk of becoming overly dependent on Google, risking a significant revenue reduction and potential closure in the event of a fallout. Ultimately, this proposed deal was rescinded by competition authorities due to Yahoo's weaker bargaining position and concerns about long-term competitiveness (Brandenburger & Nalebuff, 2021).

## Step 3: Communicate the Vision to Employees

Having established the objectives and advantages of initiating a co-opetitive partnership, it is now imperative to secure alignment and buy-in from your internal teams regarding the vision of co-opetition. Overcoming initial skepticism requires a clear communication of the potential benefits of the partnership, and dispelling any misconceptions that may exist. Senior managers assume a pivotal role in advocating for the idea of collaboration, and strategic approaches can be effectively employed to alleviate employee concerns. By doing so, Senior managers foster an environment conducive to effective knowledge sharing and prevent potential internal roadblocks. Their leadership is instrumental in steering teams away from a win/lose mindset towards a more cooperative perspective.

## Step 4: Ensure Compartmentalisation

Brandenburger & Nalebuff (2021) advocate the use of compartmentalization as a practical strategy when resistance to a co-opetition agreement arises due to historical rivalry. This approach involves segregating the business activities so that only specific employees in a given department work with the competitor. A notable example is Apple and Samsung, who have successfully cooperated and competed simultaneously by maintaining separate divisions. This strategy enables partnerships to flourish even in the presence of ongoing legal battles between other arms of the organization. By adopting these strategies, organizations can further create an atmosphere of trust, collaboration, and shared vision amongst employees across the organizations, ensuring that knowledge and resource sharing thrives, and the potential for partnership success is maximized.

## Step 5: Establish a Clear Foundation with the Partners

A solid foundation is essential for a successful co-opetition partnership. Ensure the following elements are in place:

- a) *Align on Mutual Goals/Outcomes*: Collaboratively define the objectives of the partnership to ensure that all parties are working toward a shared vision/objectives.
- b) *Transparency on Goals*: Transparency builds trust and collaboration. Ensure that all partners are fully aware of each other's goals and intentions.
- c) *Administrative Delegation & Clarity on Communication*: Clearly define roles and responsibilities within the partnership. Establish effective communication channels to keep everyone informed and engaged.
- d) *Operations*: Address operational logistics from the outset. This includes considerations like supply chain management, data sharing, and resource allocation.
- e) *Consensus on Prioritization*: Gain consensus on the prioritization of each expectation and goal. This helps prevent conflicts and ensures that everyone is aligned on what matters most.

## Step 6: Structuring the Agreement

With the groundwork laid and a comprehensive understanding of the cooperative landscape established between all parties entering the co-opetitive partnership, it's time to formalize the partnership agreement. This phase involves defining the scope, control, and administrative aspects of the collaboration. Additionally, it is essential to create contingency plans, ensure that the agreement is structured to prevent undue dependencies, and outline how costs and benefits will be shared, especially in scenarios of imbalanced trade.

In this process of structuring the agreement, there are varying levels of complexity that the agreement can entail:

- *Simplicity in Structure*: Some co-opetitive agreements may involve one party serving as a nonessential supplier or an arrangement focused solely on sharing costs, while excluding the sharing of intellectual property. Such agreements are relatively straightforward to manage and exit if necessary.
- *Complex Agreements*: In more intricate agreements, one party may need to cede control in certain aspects of the cooperation. For instance, companies might decide to collaborate on research and development (R&D) efforts but not on marketing and distribution. Alternatively, one party may assume a predominant role, while the other party signs a contingency agreement contingent on performance targets, margins, and production costs.

Co-opetitive partners should ensure the following elements are thoughtfully considered in the agreement's structure to ensure sustainability of the partnership :

- Alignment on mutual goals and desired outcomes of the partnership.
- A commitment to transparent goal-setting, fostering trust and collaboration between partners.
- Clarity in administrative responsibilities and communication channels.
- Early planning for operational logistics to avoid potential bottlenecks.
- Consensus on the prioritization of each expectation and goal, ensuring alignment throughout the partnership.
- Addressing contingency plans to navigate antitrust concerns and modulating knowledge sharing

The parties involved in the contract must also establish precise mechanisms for sharing costs and profits. While co-opetitive agreements aim for mutually beneficial outcomes, achieving this equilibrium may be challenging when trade imbalances exist. For instance, consider the partnership between Delta Airlines and other American Airlines. Initially, an agreement was in place that allowed a partner with delayed flights to pay a reduced rate for a seat on another partner airline with available seats. However, in 2015, Delta Airlines opted out of this arrangement, citing unfair costs. Delta found that it only needed help from other airlines in about one seat for every five seats it provided to assist other partners. Therefore, it is imperative to design modalities to address trade imbalances effectively.

### Step 7: Good Governance & Mutual Trust

In addition to structuring the agreement, it is vital to emphasize good governance. Good governance and ensuring accountability form the linchpin for successful partnerships. Senior executives should be actively involved, and there should be a mutually agreed definition of "success" to guide the partnership's evaluation.

Furthermore, nurturing the relationship is essential. Encourage social connections to build connections and trust amongst team members; ensure open communication to prevent confusion, duplication of efforts, and delays; recognize each other's capabilities, cultures, and motivations to optimize task delegation. Additionally, it is important to invest in tools, processes, and personnel to facilitate the integration of different working styles, communication methods, and cultures. By focusing on these facets of nurturing a partnership, organizations can enhance the likelihood of success in their co-opetitive endeavors. Mirzabeiki et al. (2023) explore some of the key questions that might emerge in the process of exploring a potential co-opetition agreement, where the questions and potential solutions are summarized in [table 5](#) in the Appendix.

# Sustaining Collaboration: A Framework for Evaluation

## How can we assess existing partnerships?

In the domain of strategic partnerships, the need for a robust evaluation framework is clear. This requirement goes beyond the inception phase, extending its significance to the continuous evaluation that sustains collaborative endeavors. Strategic partnerships are sought after due to their multifaceted advantages, particularly in fostering business expansion and magnifying societal impact. These benefits emanate not solely from the exchange of resources and knowledge but also from the strategic resilience partnerships afford within the fiercely competitive landscape.

Nevertheless, impediments are inherent within the partnership environment, manifesting as challenges such as deficient communication and leadership vacuums. Addressing these hindrances asks the essential question: how can these obstacles be effectively surmounted? Extensive scholarly investigations delve into both optimal practices and barriers, shedding insights on the intricate dynamics that underscore prosperous partnerships. Concurrently, frameworks are conceived with the intention to amplify partnership outcomes, each touching upon distinct dimensions of the partnership phenomenon. However, these frameworks exhibit constraints, particularly when contextualized within the terrain of East African agri-business.

Our aspiration is to synthesize these existing methodologies, refining their applicability within the East African agri-business context, whilst simultaneously embracing a comprehensive approach. Through our exploration of prevailing frameworks, six foundational elements consistently emerge as pivotal contributors to partnership triumph:

- (1) Capacity for Learning and Adaptive Agility
- (2) Symbiotic Integration of Technology and Resource Exchange
- (3) Reciprocal Benefits and Alignment of Goals
- (4) Fostering Leadership, Ensuring Accountability, and Seamless Integration
- (5) Achievement of Strategic Alignment and Visionary Unity
- (6) Cultivation of Collaborative Synergy and Trust

These elements serve as the cornerstone upon which we intend to construct an encompassing framework for the evaluation of co-opetitive partnerships. These elements form the foundation for our comprehensive framework to evaluate co-opetitive partnerships. As we navigate the complexities of co-opetition within the realm of East African agri-business, our goal is not just to understand but to create a unified framework that drives partnerships toward lasting excellence.

### *(1) Capacity for Learning and Adaptive Agility*

When entering partnerships, a common challenge is dealing with information imbalance. Effective learning strategies play a crucial role in addressing this issue. Co-opetition, like other partnerships, presents an opportunity for mutual learning (Rijamampianina et al., 2005). However, this poses a unique challenge in co-opetitive settings: How can you balance the need for transparency with your partner while maintaining your organization's credibility? Striking this balance is essential for continued competition (Baumard, 2008).

Drawing from various literature, particularly Rijamampianina et al. (2005), a framework should focus on the prominence given to knowledge sharing within the partnership. It is also important to assess whether intra and inter-organizational learning align with the common vision. Is there a conducive learning culture that fosters the development of learning relationships? What learning approach is employed (e.g., "tit-for-tat," contingent altruism, obfuscation as causal ambiguity or antagonistic behavior, etc.)?

Crossan & Inkpen (1995) underscore the significance of sharing knowledge for alliance survival and how it can enhance motivation between partners, contributing to alliance success. Are there joint learning structures, strategies, and processes in place? Are there inter-organizational arrangements for sharing information, knowledge, skills, and competences? How will these learning elements be exchanged? What format will they take during transfer?

### *(2) Symbiotic Integration of Technology and Resource Exchange*

Relating to the aspect of learning and sharing knowledge, co-opetition offers another advantage: the opportunity to share technological capabilities. This is especially pertinent for Small and Medium Enterprises (SMEs) and can bolster technological innovation. SMEs can leverage co-opetitive relationships to access resources, compete with larger players, and enhance financial performance (Gnyawali & Park, 2009).

Gnyawali & Park (2009) identify three primary factors influencing co-opetition decisions:

- Partner selection is driven by technological capabilities, resources, and complementary strengths.
- Alliances facilitate access to tacit and complex resources.
- Goal congruence aligns strategic priorities for mutual benefits.

Hence, when considering co-opetitive partnerships, especially for SMEs, attention should be paid to the technological aspects of the organizations involved. For those contemplating co-opetition within an industry, questions arise: Is there a short product lifecycle for the targeted product? Is there technological convergence between the two organizations? Are R&D costs prohibitively high? These are some of the critical elements warranting consideration before embarking on such partnerships. However, once the partnership is underway, several key aspects should be examined.

From a benefits perspective, considerations include economies of scale achieved, reduction in uncertainty and risk, and the speed of product development. From a cost perspective, one should analyze emerging technological risks, challenges in managing the technology, and any loss of control over the partnership.

### *(3) Reciprocal Benefits and Alignment of Goals*

To establish an effective partnership framework, it's crucial to ensure mutual benefits and alignment of overarching objectives. Without these components, sustaining a partnership can be challenging, as there's a lack of incentive to maintain the relationship.

Authors have proposed various elements to facilitate this alignment. One such element is parallel investments (African Union Commission et al., 2017). While the private sector typically takes the lead in partnerships, third-party investments can play a vital role in developing a coordination platform. Such a platform helps in planning, tracking progress, and ensuring that perceived benefits and goals remain aligned over time. Gnyawali & Park (2009) emphasize this by highlighting goal congruence as a key driver of success, where strategic priorities align, leading to mutual benefits. The concept of mutual benefits is also emphasized by Rijamampianina & Carmichael (2005) when discussing motivation drivers. It's crucial that competitors understand the advantages of cooperation.

Within this framework, we should consider several critical questions: Are there specific investments allocated for the development and maintenance of a coordination platform? Have parallel investments been made? Have the partners clearly identified the mutual benefits of the partnership? Most importantly, are the overarching objectives of the partnership in sync?

It's noteworthy that alignment in goals and mutual benefits tends to work more smoothly when partners are of similar sizes. This consideration can help avoid issues related to unequal appropriation and potential legal complexities, especially when partnering with larger entities (Gnyawali & Park, 2009).

### *(4) Fostering Leadership, Ensuring Accountability, and Seamless Integration*

To enhance the alignment of our partnership evaluation framework, we should delve into key aspects that were particularly robust within the framework outlined by the African Union Commission (2017). One of these pivotal elements centers on leadership and accountability mechanisms. Success in the African agri-business sector often hinges on alignment with specific geographical zones, products, and market systems. This underscores the critical role of trust and transparency, allowing partners to openly share information, articulate challenges, and collaboratively devise solutions.

Within the context of mutual responsibility, accountability mechanisms can be fostered through formal performance follow-up systems. Partners can periodically assess the state of the partnership in a structured manner. Additionally, the report acknowledges the significance of the political context in Africa, which can pose challenges, particularly for high-impact value chains. Evaluations should consider whether formal linkages exist with national plans and the institutional architecture governing the agricultural sector.

It's worth noting that one element in the framework diverges from the consensus in the broader literature, possibly due to the Western-centric focus of other studies. This aspect pertains to the necessity of common objectives. While strict alignment of objectives may not always be required, it's essential to ensure that at least the overarching objectives align (Russ, 2015).

For smaller organizations, vulnerability often drives alliance formation, serving as a means to share resources and mitigate threats (Gnyawali & Park, 2009). Here, we should explore how organizations approached resource sharing and anticipated challenges stemming from this cooperation.

Regarding integration, Rijamampianina & Carmichael (2005) emphasize the importance of examining common practices when values clash. This evaluation can provide valuable insights into partnership dynamics and their sustainability.

#### *(5) Achievement of Strategic Alignment and Visionary Unity*

When evaluating the strength of partnerships, an essential dimension to scrutinize is the compatibility of organizational cultures. As discussed in previous sections, while complete alignment of cultures may not be a prerequisite at the partnership's inception, it warrants significant attention for long-term success. Luo (2007) underscores the importance of a harmonious cultural fit as a foundation for effective value-sharing within partnerships. This perspective encourages a yin-yang philosophy, emphasizing the simultaneous consideration of both partners' perspectives to foster rent-seeking behavior rather than polarizing differences. Chen (2002) aptly refers to this approach as the "middle way." Consequently, it becomes imperative to inquire whether mechanisms are in place to accommodate diverse cultural aspects when complete alignment is unattainable.

Within the context of strategic alignment and vision, Rijamampianina & Carmichael (2005) delve into the cultural facets of co-opetition. They acknowledge the existence of cross-cultural co-opetitive alliances and illuminate the challenges they pose due to issues such as cultural incompatibility and strategic conflicts. In the pursuit of strategic alignment and vision, it becomes crucial to examine whether, at a minimum, the core values of both organizations align. When assessing a partnership, it's imperative to scrutinize whether conflicting values exist and, if so, whether mechanisms are in place to reconcile them. Rijamampianina & Carmichael (2005) emphasize the benefits of cultivating a shared vision deeply rooted in strategic alignment as a driver of success. Consequently, it's essential to evaluate whether such alignment has been established and whether mechanisms exist to continually monitor its relevance and applicability. This assessment should also extend to the alignment of strategic intent and core competencies to ensure they are congruent and do not contradict each other.

#### *(6) Cultivation of Collaborative Synergy and Trust*

Collaborative energy and the cultivation of trust stand as paramount elements in the domain of co-opetition. These aspects are intricately interwoven with the previous discussed dimensions, such as learning strategies, accountability, and transparency. Without a foundation of trust and a culture of collaboration, the potential benefits of co-opetition cannot fully materialize.

Authors have highlighted various factors conducive to building and sustaining collaborative synergy and trust, along with the positive externalities of co-opetition that contribute to this goal. Notably, one of these effects, especially pertinent for SMEs, is the establishment of a collective voice and the reinforcement of norms (Gnyawali & Park, 2009). Consequently, one can perceive this as an outcome of a robust co-opetitive partnership: Has the partnership enabled organizations to establish and amplify their collective voice? Have other SMEs noticed a change due to this strengthening?

When delving into the realm of collaborative synergy and trust, it's imperative to consider the influence of cultural elements. For instance, Rijamampianina & Carmichael (2005) identify the interaction drivers as one of the

four factors of success in co-opetition. Therefore, pertinent questions arise: Do the participating organizations have mutual trust in each other? Does an environment of mutual understanding exist? Is there a strong commitment to one another? These questions gain heightened significance when cultural differences are at play.

Another aspect linked to cultural elements is the visible manifestations of collaboration (Rijamampianina & Carmichael, 2005). Hence, it becomes essential to assess whether the practices and behaviors of the partnering organizations align cohesively. From a practical standpoint, the African Union Commission (2017) recognizes the need for effective collaboration and coordination as a key success factor. However, it acknowledges the challenges inherent in achieving this. Consequently, evaluating the following elements becomes pivotal: Is there a shared commitment across sectors within the partnership? Can the coordination efforts across platforms be considered efficient and effective? Are any difficulties in coordination and resource limitations being addressed within these collaborative platforms? These questions illuminate the practical aspects of cultivating collaborative synergy and trust within the co-opetitive landscape.

Lastly, it's imperative that the partnership remains dynamic, a necessity particularly underscored for technology-focused organizations but applicable to partnerships across the board (McKinsey, 2019). Among the key considerations, partners should acknowledge that the nature of the alliance is not static; it is likely to evolve over time, potentially expanding its scope. Factors such as geographical expansions, regulatory shifts, and structural complexities may emerge. This prompts a crucial question: have both partners embraced this possibility and prepared to address its ramifications? In cases where partners harbor different visions for future growth, they should explore provisions that allow for adaptation while remaining aligned with their original goal – mutual long-term benefit. Partners should also factor in market shifts and how these could impact the interests and incentives of both sides. Have they devised mechanisms for potential restructuring or renegotiation to reconcile conflicting incentives? As emphasized earlier, fostering dynamic relationships is often facilitated through the existence of a platform, providing partners with an objective forum for communication, sharing challenges, and collaboratively developing solutions.

It is important to emphasize that this framework for assessing partnerships will be further developed in Phase II of this project. During the next Phase, we will concentrate on building a more comprehensive and concise scoring framework for existing partnerships. With these six essential elements forming the foundation of our comprehensive framework for evaluating co-opetitive partnerships, our exploration now leads us to the concept of an "Ideal Partnership." This next section will delve into the characteristics that define an ideal partnership and the key attributes necessary for partnership success.

## What is an Ideal Partnership?

At the core of a co-opetitive relationship is the tension arising between value creation (cooperation) and value appropriation (competition). Ideal partnerships tend to strike a balance between cooperation and competition. When rival organizations cooperate, they risk losing customer information and intellectual property that is differentiating them from the competition. An ideal partnership exemplifies a strong management commitment into the partnership, trust between partners, well laid out communication strategies, and excellent tension management (Chen & Liang, 2012; Virtanen & Kock, 2022). Characteristics of an ideal partnership are explored below.

### *Characteristics of an Ideal Partnership*

#### High goal congruence and estimated return on investment

An ideal partnership arises when there is a mutual agreement on the implicit and explicit goals of the partnership, and the expected outcome/gain (prospected return) is well estimated such that the partners consider it highly likely achievable, then the partnership will rarely have tension and the management commitment will be high. Virtanen & Kock (2022) emphasize that partners should regularly review the goals of the partnership and hence help set up structure, and reduce ambiguity that often leads to conflict. Furthermore, when the estimated prospective return is high, then the willingness of the management to commit resources into the partnership activity is high.

#### Moderate Market and Product Overlap

When partners deal in highly similar product lines and serve the same market, such a partnership is often conflicted by tension and opportunistic tendencies among partners. Virtanen & Kock (2022) suggest that an ideal partnership should involve partners with moderate market and product overlap. A common solution to the high market and product overlap problem is when cooperating partners agree on the products and markets that can compete and those where each partner has an exclusive jurisdiction. In summary, an ideal partnership occurs when the partners have complementary products and not overlapping products and markets.

#### Functional Separation of Partners' Activities

In an ideal partnership, partners cooperate on specific functions, such as R&D, and compete higher up in the value chain at the commercialization stage. When functions within a partner company are well-separated such that there is lower chances of unintended loss of information, then it lowers tension and prevents conflict that could threaten the survival of the partnership.

### *Qualities Of Most Successful Partnerships Or Co-Opetitive Agreements:*

#### Strong Management Commitment

The attitude, willingness, and motivation of the managers from the partner organizations in a co-opetitive agreement is critical in determining the success or failure of the partnership. Chen & Liang, 2012 explored various success factors in a co-opetition case study among two firms in China, and noted that management commitment tops the list of the factors that enable a successful partnership. Garri (2021) points out that in an ideal partnership, the managers should select partners who have a pre-established personal relationship and chemistry that will allow for easiness of communication and hence forming the foundation of trust. Chen & Liang (2012) further emphasized that in an ideal partnership, the relationship is institutionalized - that is, imputed into the culture and structure of the partner companies. In this way, knowledge sharing, organizational learning, and value co-creation activities are run seamlessly, hence setting up the partnership for success.

#### Healthy and Trusting Relationship

The partners ought to establish a co-opetitive mindset that is based on trust, openness, and genuine intentions of value co-creation. Chen & Liang (2012) propose that common goals, and knowledge and risk sharing

contribute to building trust. Hence, when trust is established there is ease of exchange of information. To circumvent the likelihood of tension developing out of suspected opportunistic tendencies from one of the partners, Garri (2021) insists on the need to have a pre-established schema on “what to share, with whom, when and under which conditions”. Further, to ensure continued trust, ideal partnerships should have control mechanisms in place to safeguard against the likelihood of key information leakages. This is achieved through functional differentiation, whereby, if organizations are cooperating on R&D, the information sharing should only span such activities and never include information from other departments of the organization. Also, to ensure a healthy relationship, the partners ought to ensure there is high absorptive capacity to maximize value creation from the information exchanged, whilst upholding a fair, balanced, and rational sharing of resources and capabilities (Garri, 2021).

#### Effective Communication

For a successful partnership, the partners ought to communicate the vision of the partnership across the organization effectively and regularly. All employees should know the clear set line of communication, aspects where the companies cooperate, and aspects where the companies compete. Second, there ought to be well laid out procedures of managing conflict. Furthermore, effective communication ensures employees understand the vision and the motivation behind the cooperative agreement, hence increasing chances of the organization’s absorptive capacity, and lessens occurrence of conflict. Garri (2021) insists on the key role managers play in predicting conflict and handling it before it escalates.

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# Conclusion & Next steps

# Conclusion



This report consolidates current literature on strategic partnerships and co-opetitive alliances. The primary objective of this desk review has been to construct frameworks based on established information in order to facilitate and assess successful agricultural partnerships in East Africa. One of the key takeaways from this report has been the limited availability of comprehensive information regarding existing co-opetitive partnerships in East Africa. Even when information is available, it is hard to identify the form and typologies of co-opetitive partnerships between organizations in agriculture, and challenges faced during the partnership process, especially in cases where the partnership is funded by an external organization. Therefore, caution should be exercised when interpreting existing case studies. This lack of information may further discourage future prospective partnerships, given the limited awareness on the advantages of such alliances.

As further evidenced through this report, contextual factors and cultural nuances significantly influence partnership dynamics, especially co-opetitive alliances. While extensive information exists on strategies tailored to Western and, to some extent, East Asian contexts, there is a noticeable scarcity of insights specific to the East African context, apart from political alliances. Although a few case studies on strategic alliances are available, comprehensive documentation on the structural aspects of such partnerships remains limited.

# Case Study Selection Criteria & Promising Case Studies

## Case Study Selection Criteria

To address the gaps identified in the existing literature, we propose a preliminary selection criteria for case studies. This criteria will enable us to gain deeper insights into the current landscape of strategic alliances and co-opetition in East Africa. To supplement our case-study selection process, we will conduct Key Informant Interviews (KIIs) with relevant stakeholders knowledgeable about co-opetitive partnerships in the East African context in Phase II. This combined approach will allow us to delve into the on-ground contextual realities of co-opetitive relationships. Through this empirical approach, our aim is to further refine and consolidate our selection criteria, ensuring that our chosen case studies align with the unique dynamics of co-opetition in East Africa.

1. *Relevance to East African Context:*

- Does the partnership involve organizations with a presence in East Africa?
- Does the partnership actively engage in business activities within East Africa?

2. *Co-opetition Focus:*

- Is the partnership primarily between companies that compete in the same or different industries?
- Does the collaboration address specific challenges or opportunities within the agricultural value chain?
- Is there evidence of mutual competition and cooperation within the partnership?

3. *Business Model:*

- Are the organizations involved primarily for-profit entities?
- *Size:* Are the partnerships between two or more large/small scale organizations? <sup>4</sup>

4. *Longevity of Partnership:*

- Has the partnership been in operation for at least one year or more?
- Is there a track record of adaptability and resilience in the partnership over time?
- Have there been significant changes or developments within the partnership since its inception?

5. *Balanced Cooperation and Competition:*

- How do the organizations maintain a balance between cooperation and competition?

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<sup>4</sup> This will be important to understand how co-opetition operates at different levels of industry and market maturity

- Is there a platform or mechanism in place for discussing and resolving issues within the partnership?
6. *Clear Objectives:*
- Do the organizations have well-defined objectives for their co-opetition arrangement?
  - Are these objectives related to specific outcomes such as cost reduction, technology exchange, market expansion, or innovation?
  - Are the objectives aligned with the long-term goals of the organizations involved?
7. *Measurable Outcomes:*
- Can the case studies provide outcomes achieved through the co-opetitive partnership?
  - Are they interested in other benefits than monetary?
  - Are there clear metrics or benchmarks to evaluate the impact of the partnership?
  - Have the outcomes been assessed and documented over time?
8. *Innovation and Technology:*
- Does the partnership involve elements of innovation, technology transfer, or joint research and development?
  - How has technology and innovation played a role in the partnership's success?
  - Are there examples of novel approaches or solutions resulting from the partnership's collaboration?
9. *Leadership*
- *Are the organizations male or female headed organizations?*
  - *What is the gender distribution within the workforce and the leadership specifically?*
  - *Are the organizations founded in rural or urban contexts and where is their principal market share?*

## Promising Alliances for Case Study Analysis in Phase II

<b>East Africa Potato Consortium</b>	Kenyan-based financier initiating a partnership with major agro-input suppliers including AGrico, Bayer East Africa, Simplifine Ltd., and Yara East Africa.
<b>SunCulture and EDF</b>	SunCulture, an organization working on solar water pumps and irrigation solutions for smallholder farmers, and the EDF Group working on electric utility.
<b>Producers Direct</b>	A cooperative of farmers working towards increasing profitability.
<b>Pula and Partners</b>	A consortium of insurers for smallholder farmers.
<b>CropNuts and Yara Fertilizer</b>	Yara, a fertilizer organization, works to underwrite soil testing for farmers done by CropNuts.

**Bubayi and  
CropNuts**

Bubayi is a Kenyan-based regenerative farming and seed production organization working with CropNuts to promote soil health.



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# Appendix

# Appendix

Table 1. Definition of Other Partnership Models

<b>Joint Venture</b>	A joint venture refers to a collaboration involving two or more parties with the goal of creating a single business venture or project to generate profit. This partnership involves sharing the potential risks associated with the venture's development. (Cornell Law School, 2021)
<b>Outsourcing Agreements</b>	Outsourcing has emerged as a significant business strategy where a competitive edge can be achieved by having external suppliers produce products or services more efficiently and effectively. It entails a contract between one company and another, in which the former delegates a portion of its internal operations to the latter (McCarthy & Anagnostou, 2004)
<b>Product Licensing</b>	Licensing entails securing authorization from a company (the licensor) to produce and market one or multiple of its products within a specified geographic market. The entity obtaining these privileges (the licensee) typically consents to remit a royalty fee to the original proprietor. (Chamber of Commerce of Metropolitan Montreal, n.d.)
<b>Cooperative Research</b>	"Cooperative research and development" refers to collaborative research or research and development carried out jointly by a small business entity and a research institution, with a minimum of 40 percent of the work being undertaken by the small business concern and at least 30 percent conducted by the research institution (Cornell Law School, n.d.)

Table 2: Definition table of BeSci Mechanisms

Concept Name	Definition
<i>Loss aversion</i>	Loss aversion is a psychological concept that refers to the tendency of people to

	strongly prefer avoiding losses over acquiring equivalent gains. In other words, individuals tend to feel the pain of losing something more intensely than they feel the pleasure of gaining the same thing.
<i>Functional fixedness</i>	Functional fixedness is a cognitive bias that limits a person's ability to see new uses or functions for an object beyond its typical or traditional purpose. This bias occurs when an individual becomes "fixed" in their thinking and is unable to consider alternative ways to use an object or solve a problem because they are focused on its conventional use.
<i>Overconfidence</i>	Overconfidence is a cognitive bias or psychological phenomenon in which individuals overestimate their own abilities, knowledge, or the accuracy of their beliefs and predictions. It refers to a tendency for people to have more confidence in their judgments and abilities than is objectively warranted by their actual performance or the available evidence
<i>Outcome bias</i>	Outcome bias is a cognitive bias that involves evaluating a decision or action based on the outcome or result rather than the quality of the decision at the time it was made. In other words, people tend to judge the effectiveness or wisdom of a choice by considering the ultimate consequence, even if the decision was reasonable and well-informed when it was originally made.
<i>Groupthink</i>	Groupthink is a psychological phenomenon that occurs within a group of people when the desire for harmony or conformity within the group results in an irrational or dysfunctional decision-making outcome. It can lead to poor decisions because group members prioritize maintaining group cohesion and consensus over critical evaluation of alternatives and objective analysis.

Table 3: A Proposed Typology Of Learning Strategies (Baumard, 2008)

Generic Strategies	Competition	Cooperation	Co-Opetition
<p><b>RSTL</b>                      Reciprocal Symmetric                      Transparent Learning                      (both parties learn shared outputs)</p>	<p>Perfect competition and perfect information market competition (Clifton, 1977)</p>	<p>Mutual benevolence and early signaling create cooperative learning gains (Axelrod, 1984)</p>	<p>Tit-for-tat strategies (Axelrod, 1984) and commensalism (Astley &amp; Fombrun, 1983)</p>
<p><b>AOAL</b>                      Asymmetric Open                      Adverse Learning                      (Both parties need to openly learn in a mutually adverse situation)</p>	<p>Individual adaptation to maintain learning despite adversity (Skinner, 1968; Bence, 1986; Menec et al. 1995). Burden of antagonistic learning is beard by subject</p>	<p>Use of signaling to reduce uncertainty in adverse selection (Stigler, 1961; Akerlof, 1970; Spence, 1973) while balancing discretionary attention and conformity (Ocasio, 1997)</p>	<p>Contingent altruism when cooperation is expensive (Hammond &amp; Axelrod, 2006) and Lorenz (1966)'s redirected activity, e.g. "taking a hint" (Schelling, 1960)</p>
<p><b>NAOL</b>                      Non-Adverse Obfuscated Learning                      (One party is learning without disclosure with a non aggressive purpose)</p>	<p>Use of industry jargon to preserve discretion (Spender, 1989) and obfuscation for selective filtering of audiences (Linsley and al., 2007)</p>	<p>Cooperation without direct or readable reciprocity (Riolo et al. 2001). Obfuscation is used to prevent opportunistic behavior (Larsson et al., 1998)</p>	<p>Obfuscation is used to maintain causal ambiguity (Lippman and Rumeit, 1982) in sharing sensitive components of a cooperative system (e.g. olive tree growing; Foxhall, 2007)</p>
<p><b>COAL</b>                      Competitive Obfuscated Adverse Learning                      (One party engages in parasitic adverse non-disclosed learning)</p>	<p>Obfuscated learning has a purpose of cunning (Detienne and Vernant, 1991) or "parasitism" (Astley &amp; Fombrun, 1983)</p>	<p>Search for an "optimal obfuscation" (Kono, 2006) allowing cooperation without compromising strategic independence</p>	<p>Obfuscation is used to disguise antagonistic behavior within a cooperative ecosystem. Limit is tolerance to obfuscation.</p>

Table 4: Common Success Factor List (Nevin, 2016)

Commercial	Technical	Strategic	Cultural	Operational
Co1: Business Value Proposition	T11: Valuation of Assets	S20: Shared Objectives	CU31: Business-to-Business Trust	O39: Alliance Processes
Co2: Due Diligence	T12: Partner Company Market Position	S21: Relationship Scope	Cu32: Collaborative corporate mindset	Q40: Speed of progress so far
Co3: Optimum legal/business structure	T13: Host company market position	S22: Tactical and strategic risk	Cu33: Collaboration skills	O41: Distance from revenue
Co4: Alliance audit/healthcheck	T14: Market fit of proposed solution	S23: Risk sharing	Cu34: Dedicated alliance managers	O42: Formal joint business plan
Co5: Key metrics	T15: Product fit with partners' offerings	S24: Exit strategies	Cu35: Alliance center of excellence	O43: Communication
Co6: Alliance reward system	T16: Identified mutual needs in the relationship	S25: Senior executive support	Cu36: Joint decision making process	Q44: Quality review
Co7: Commercial cost	T17: Process for joint problem solving	S26: Business-to-business strategic alignment	Cu37: Other cultural issues	Q45: Memorandum of understanding and principles or alliance charter
Co8: Commercial benefits	T18: Shared control	S27: Fit with strategic business path	Cu38: Business-to-business cultural management	Q46: Relationship change management
Co9: Process for negotiation	T19: Partner accountability	S28: Multiple relationships with same partner(s)		Q47: Operational metrics
Co10: Expected cost/value ration		S29: Common strategic ground rules		Q48: Business- to-business operational alignment
		S30: Common vision		Q49: Exponential breakthroughs or innovation
				Q50: Internal alignment
				Q51: Relationship development plan
				Q52: Issue escalation

Table 5. Key Processes, Questions and Remedies when Approaching Co-opetition (Mirzabeiki et al., 2023)

