Abstract

Conventionally the relationships between competitors in a market have been based on competition. Today the nature of competition has made it difficult for firms to work in isolation and they are compelled to work with one's competitors. The concept of cooperation amongst competitors is known as 'Coopetition'. Despite the recognition that firms do cooperate with competitors for better firm performance, there has been comparatively little attention paid to identifying what factors lead to a successful coopetitive relationship. Banks in the Sri Lankan banking industry work with their competitors for three major reasons: to survive in the industry, meet regulatory requirements and achieve stakeholder requirements.

Though Sri Lankan banks are operating under the same context and similar market conditions, there are varying levels of performance. Since many banks use coopetition as a strategy for better and stable performance, it is evident that some banks are capturing the benefits of coopetition compared to other banks. The problem is why such a variance arise and the research question is 'what are the factors affecting the success of coopetition in the Sri Lankan Banking Industry'. The research aims to fulfill two research objectives: to identify the specific factors that affect the success of coopetition in the Sri Lankan Banking Industry, and to assess role of size or power balance between the relationship of factors that affect a coopetitive relationship and its success. Out of the several factors that affect a coopetition relationship, attention was drawn towards four major factors that have been identified in several previous international studies on coopetition that are said to affect the success of coopetition. They were namely: Trust, Commitment, Mutual Benefit and Resource Compatibility.

The study was conducted in a predominantly qualitative manner by using a case study technique. A sample of three leading private commercial banks in Sri Lanka was selected. The study looked at the existing literature on the subject and came up with a study framework with the existing literature as its basis. Five propositions were formulated with the aid of the study framework. The empirical data was gathered through in-depth interviews with decision making managers of the three banks and through focused group discussions and secondary data sources. The results of the analysis found that the research findings were in line with the existing literature and past studies done on the same domain. It was proven that Trust, Commitment, Mutual Benefit and Resource Compatibility had a positive impact on the

success of a coopetition relationship. Further, it was concluded that Power balance positively moderates the relationship between Trust, Mutual Benefit, Resource Compatibility and the dependent variable success of coopetition.

The research highlights the practical implications of the study and this would aid many Banks who have been cautious to enter in to coopetitive agreements and who have been struggling to understand the factors that affect a successful coopetitive relationship. Through the findings, the practitioners are enabled to make more informed decisions regarding coopetition. More empirical work is needed in order to understand the holistic impact of personal relationships on the success of a coopetitive relationship and was found to be one of the most important factors in a context similar to Sri Lanka.