Paying it Forward?: The Impact of Identity on Co-opetition in the Craft Beer Industry (Summary)

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Principal Topic
Over the past decade, the concept of co-opetition, or simultaneous competition and cooperation between firms, has increasingly received scholarly attention. We address three important gaps in the literature on co-opetition in this study. First, current understanding of co-opetition is restricted to the innovation context. We examine co-opetition across all business processes, from raw material to sale of the finished product. Second, prior studies assume mutually-beneficial transactions between firms (Bengtsson & Kock, 2000). This has resulted in a lack of insight into collaborative actions where one firm benefits disproportionately over another. Third, research has explored co-opetition as a single, collaborative event, whereas we examine co-opetition as a set of on-going actions and interactions. Therefore, this study looks beyond innovation and mutually-beneficial contexts to examine what drives entrepreneurs' decisions to engage in co-opetition?

Methods and Key Propositions

Given the relative paucity of research examining the factors driving co-opetitive actions (Hoffmann et al., 2014), we used an inductive, qualitative approach to study entrepreneurs in the craft beer industry across 2 countries (United States and Belgium) and 3 distinct US regions (rural, mid-sized market, and major metropolitan area). Specifically, we conducted semi-structured interviews and verbal protocols with approximately 30 founders and owners of craft breweries. We then employed content analysis techniques to analyze the interviews.

Results and Implications

By drawing on identity theory to explain entrepreneurs' competitive and cooperative actions, we make three important contributions. First, we find that a shared collective identity fosters a pay it forward mentality in which established craft brewery owners help others because they too once benefited from cooperation. Second, we counter-intuitively find that craft brewery owners believe that a rising tide lifts all boats, and accordingly, they believe the growth and legitimacy of their industry will benefit from additional high-quality competitors. Finally, we extend recent efforts to understand the inter-relationship between entrepreneurs' social and role identities (Mathias & Williams, 2014; Powell & Baker, 2014). We find that the way entrepreneurs collaborate changes over time as dynamics within the social group evolve. Together, we further our understanding for how identity impacts co-opetition.

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