



Co-opetition between the cricket franchises in South Africa

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Abstract

The study is related to the business of sport. The purpose of this study was to explore the business strategy of co-opetition within the cricket franchises in South Africa.

Brandenburger and Nalebuff (1996) defined co-opetition as the combination of forms of cooperation and competition between companies. Stein and Ginevicius (2010) recently conducted research related to co-opetition and believed that the most successful contribution so far has been the book “Co-opetition” by Brandenburger and Nalebuff (1996). However, they also argued that the book has fundamental structural and methodological flaws.

There is limited research on co-opetition within a sports context. Future research could develop and conduct empirical studies related to the drivers, dynamics, and outcomes of co-opetition (Park, 2010). The research examined the conditions in which cricket franchises engage in co-opetition and how they achieve positive outcomes through co-opetition. The drivers and the players of co-opetition within the franchises were also investigated.

Qualitative research in the form of in-depth interviews with the CEOs of the cricket franchises were carried out. A “Co-opetition Ecosystem” model was derived from the interviews and literature.

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University.

I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Jameel Nazeer

Date

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Chapter 1

1.1 Problem Definition

The research attempts to understand how the cricket franchises in South Africa engage in co-opetition. Using literature and in-depth interviews, the study will attempt to formulate a Co-opetition Ecosystem model.

1.2 Introduction

This study is sports related and, it is important to note, takes place within a South African context. South Africa was isolated from international cricket from 1970 due to apartheid policies. After the ANC government gave every South African democratic freedom, President Nelson Mandela used sport in South Africa to unite the nation and break down racial barriers. The 1995 Rugby World Cup Final was used as this catalyst to build a rainbow nation and sport was seen as the new hope for providing opportunity. Immediately, new challenges were faced by most South African sporting unions and federations, as sport was to be used to redress the apartheid legacy.

Besides the quota system around transformation within the national cricket side, which was inherited by Hansie Cronje, former South African cricket captain, the agenda of the then United Cricket Board of South Africa (UCBSA) was to create a development programme to broaden the culture of the game and create opportunities for all communities. Twenty years after the

UCBSA was formed, most believed that their agenda was a failure, as expressed by Desai (2010) in his report on transformation of sport in South Africa.

“The storyline of South African cricket, like the broader narrative of the political debate of apartheid, often gets told in beguilingly simple terms. Mandela met De Klerk. Graeme Pollock met Basil D’Oliveira. Apartheid had been stumped. Past and present merged. The covers were pulled off to reveal a level playing field. Another ‘small’ miracle. Critical voices of dissent were drowned out by the over-arching language of nation building” (Desai, 2010, p. 176).

These are some the challenges and opportunities facing the future of cricket in South Africa, as many look to the domestic franchises to drive transformation and the development of cricket, ultimately increasing the popularity of the sport. The business strategy of co-opetition is evident between the cricket franchises in South Africa, as they attempt to face their current and future challenges.

1.3 Research Purpose

Cricket South Africa (CSA) is the controlling body of all activities of the game in South Africa, both amateur and professional, and for men and women. The vision of Cricket South Africa is to make South African cricket a truly national sport of winners.

This vision has two key elements to it:

1. Cricket has to be supported and played by the majority of South Africans for it to be a truly national sport.
2. To be a truly national sport of winners means that we have to build capacity at all levels, especially in the previously disadvantaged communities for historical reasons.

Capacity building remains the key to unlock South Africa's true cricketing potential, and this is the base of both amateur cricket initiatives and our high performance programmes. Transformation targets are set for all representative cricket, which are monitored on a match by match basis. With regards to competitiveness and revenue, the CSA stands to ensure the sustainability of cricket in South Africa through its ability to compete effectively in the entertainment and sport industry and to maintain and grow its market share (CSA website, 2011).

Each of the South African provinces is allocated a franchise. As in other cricketing nations, the provincial teams or domestic cricket franchises feed players into the national squad. This is also confirmed by the New Age website (2008), which expressed that cricket has come to regard domestic contests much as a large company does expenditure on research and development. It is evident when referencing the websites of the six franchises illustrated in Appendix 2 (Titans, Warriors, Dolphins, Lions, Cobras and Knights), that they are aligned to CSA's vision of increasing the cricket fan base in South Africa and broadening the base of the sport into previously disadvantaged areas, which is commonly referred to as cricket development or transformation.

Most believe that the domestic cricket franchises have not done enough to spread the interest of the sport amongst the rural and township areas. Cricketers are still predominantly bred within the 'elite' schools. Budget and resource constraints need to be overcome if the development of cricket is to be realised. The domestic franchises collaborate or cooperate to combat these challenges, while competing at the same time with each other. This business strategy is described as 'co-opetition'. Co-opetition, as in the title of this report, describes a business situation in which independent parties cooperate with one another and co-ordinate their activities, thereby collaborating to achieve mutual goals, but at the same time compete with each other as well as with other firms (Zineldin, 2004). This research is

related to the tensions or dynamics between collaboration and competition within cricket franchises in South Africa.

1.4 Research Scope

Desai (2010) reported that in 2008, a franchise committee led by Kader Asmal recommended that the local franchises be increased from six to ten in the 2009/2010 season, to include Border and Griqualand West. This would be a means to give more opportunity to black players in the Eastern Cape, as there is a long cricket tradition in that province. The CEO of CSA, Gerald Majola, decided after a two day board meeting that only the six franchises would remain. It was reported that a 'business first approach' would be adopted for cricket matters. Desai (2010) stated that clearly, commercial considerations held sway over the democratising of the game.

The stronger top-tier sides are required to create a competitive league to entertain and attract fans to view closely fought, entertaining matches. Desai (2010) mentioned that the expanded franchise system was seen to dilute the talent and weaken the standard of play.

In the 2004/2005 season, the SuperSport Series national cricket championship was subject to a complete review, which was designed to rebrand it and re-establish its popularity. The six new franchises were introduced with the aim of creating a stronger top-tier of sides.

1.5 Research Motivation

There has been very limited research on co-opetition in the context of sport, with Robert et al. (2009) investigating the behaviour of co-opetition within French professional football, which included player movements and the optimisation of crucial resources, including broadcasting rights.

As per the 2010 BMI Sport Info report on the SuperSport website (February 2011) on the popularity of franchise cricket brands in South Africa, the most popular franchise cricket team was the Highveld Lions. The Nashua Titans and the Chevrolet Warriors showed the highest increases in support over the past two years. The Nashua Dolphins move into second place ahead of the Nashua Mobile Cape Cobras. Overall, the identified number of specific team supporters increased by a healthy 6.3% since 2008 (SuperSport website, 2011).

Cricket South Africa CEO Gerald Majola applauded the six franchise teams for working hard to build their brands and admitted that competitions like the Airtel Champions League Twenty20 (CLT20) had demonstrated the importance of the South African franchise cricket teams growing their brands and competing with the best franchise cricket teams in the world. He also expressed that collaboration between CSA and the franchises was important, by allowing local players to compete with international superstars through

participation in the Indian Premier League and the CLT20 (SuperSport website, 2011).

Gauteng Cricket Board CEO Cassim Docrat believes that the Pro20 version of the game has certainly increased the interaction between the teams and the crowds which has given franchises a better opportunity to brand themselves (SuperSport website, 2011).

There is further evidence of cooperation and collaboration within cricket franchises through knowledge sharing, talent sharing and participation in a central revenue pool. The establishment of the Royal2020 franchise shows collaboration within the sport is not only within a South African context, but also international. Royals2020 is a dynamic partnership of leading cricket clubs around the world, which aims to create the 'World's First Global Sporting Franchise' (SuperSport website, 2011).

The founding teams will represent the major cricket playing countries of the world. India will be represented by the Rajasthan Royals – winners of the inaugural Indian Premier League in 2008, from England, the Hampshire Hawks become the Hampshire Royals. In the West Indies and in South Africa, negotiations are being finalised for Trinidad and Tobago, and the Cape Cobras to become Royals, respectively.

For players, there will be opportunities to increase their exposure and awareness within the IPL, and the Indian market more broadly. For younger players, there will be opportunities to play in overseas markets and further develop their games. For sponsors and partners, Royal2020 will create a truly global, but local, marketing platform and membership of the world's first global sporting franchise.

There is a business and academic need for the research on co-opetition. Lacombe (2010) explained that in uncertain times, an integrated approach to business strategy is important and businesses can yield a win-win outcome when firms cooperate. For instance, airline companies cooperate in sharing the airport construction costs; phone companies share the costs of establishing a (wireless or optical fibre) network; or firms form a consortium in the acquisition of another company. Rather than drawing a clear division between friend and foe, business strategy combines both competition and cooperation (Lacomba & Lagos, 2010).

Professor Wilding, a supply chain specialist at the Cranfield School of Management, acknowledged that in complex fields such as pharmaceuticals and electronics, individual companies often lack the knowledge, skills and resources required for rapid innovation. High-technology projects such as the Bluetooth wireless communications system were only possible because several companies were prepared to work together to solve development problems (The Financial Times, 2007).

Stein and Ginevicius (2010) recently conducted research related to co-opetition and stated that the most successful contribution so far has been the book “Co-opetition” by Nalebuff and Brandenburger (1996). However, they believed that the book has fundamental structural and methodological flaws. Stein and Ginevicius (2010) analysed business relationships in co-opetition to determine a co-opetitive approach to business. An extended industrial supply chain was introduced where individual customers and mass markets were on the one side, with actually participating and potential customers on the other. In current business literature, either competition or cooperation has been investigated in a one-sided way. The concurrency of both aspects has been mostly neglected. However, there is no generally accepted definition for co-opetition so far, and it is not clear yet what a co-opetition model may look like for a certain problem concerning business relationships (Stein & Ginevicius, 2010).

Brandenburger and Nalebuff (1996) adopted a broad view of co-opetition and defined it as relationships in a “value-net” in which two competitors can be complementors through their cooperation with a third firm. Co-opetition was viewed by them as the sum of many different relationships, with the cooperative and competitive parts being divided between different actors (Bengtsson et al., 2010).

Bengtsson and Kock (1999) suggested that scholars should more narrowly define co-opetition in order to deeply understand it and its implications. They had a focused definition of co-opetition, describing it as a simultaneous pursuit of collaboration and competition between a pair of firms.

Dagnino and Padula (2002) also made an important contribution in the focus on co-opetition, but did not show sufficiently the boundaries of co-opetition and the connection to game theory as the tool for the formalisation. Luo (2004; 2006) explored problems that are associated with co-opetition such as multinational enterprise and agreements under incomplete information (Bakshi & Kleindorfer 2008).

Gnyawali and Park (2009) considered co-opetition a win-win strategy, where firms struggle with a dilemma between the need to work together in order to create value and the temptation to be opportunistic in order to appropriate a greater share of the created value. Co-opetitive relationships thus involve high degree of inter-dependence with each other and are full of conflict, yet the potential for payoff is high. Therefore, it is important to examine the conditions in which firms engage in co-opetition, how co-opetition evolves, and how firms can achieve positive outcomes through co-opetition (Lavie, 2007; Gnyawali & Park, 2009; Ritala & Hurmelinna-Laukkanen, 2009). Future research could develop and conduct empirical studies related to the drivers, dynamics and outcomes of co-opetition (Park, 2010).

The Financial Times (2007) articulated that “collaborative ecology” can yield many benefits, but companies need to put aside the idea that there is “one best way” to collaborate, and instead look for the specific solution for each need, developing a collaborative arrangement that suits all concerned. Whether this is a handshake over lunch or a formal joint venture, will depend on the “collaborative ecology”. Wilding called this form of partnership “co-opetition”.

Wilding explained that beer makers Heineken and Guinness, despite competing in a fierce sector, jointly build breweries in developing countries to avoid the burden of shouldering the massive cost on their own. In cases of collaboration between competitors, each party needs to ensure that proprietary knowledge is respected and that both partners are rewarded fairly (The Financial Times, 2007).

1.6 Research Objectives

There is a business and academic need for the research on co-opetition. Lacombe (2010) explained that in uncertain times an integrated approach to business strategy is important and businesses can yield a win-win outcome when firms cooperate. The objective of the study is to understand how the cricket franchises in South Africa engage in co-opetition, in order to derive a Co-opetition Ecosystem Model which will include the factors that contribute to

co-opetition. It is essential for the franchises to collaborate so that they can grow the game of cricket in South Africa. By growing the game, the franchises are growing their market share within the sports industry of South Africa.

1.7 Research Aim

The aim of the research is to gain a better understanding of the drivers to co-opetition between the franchises, as well as the positive outcomes of co-opetition. In addition, the research aims to empower all sports rightsholders in South Africa with the knowledge of the strategy of co-opetition within the sports industry.

Chapter 2

2.1 Introduction

This chapter presents a summary and review of past research related to co-opetition. The literature review provides a theoretical framework of the game theory and a model, which is an adaptation of Michael Porter's five forces, created by Brandenburger and Nabeluff (1996).

2.2 Co-opetition

Brandenburger and Nalebuff (1996) defined co-opetition as the combination of forms of cooperation and competition between companies. When the elements of cooperation and competition are visible together, the relationship between the competitors is called co-opetition (Bengtsson & Kock, 2000). Co-opetition is the condition in which the determinants to compete and to cooperate co-exist. Cooperation between organisations covers all strategic decisions adopted by two or more independent organisations among which there is no relationship of subordination. The most original idea derived from the theoretical framework of co-opetition is that competition and cooperation can be useful to obtain greater advantages for every firm involved in inter-organisational relationships (Bengtsson & Koch, 2000; Luo, 2005).

Co-opetition is considered to be an effective way of handling cooperation and competition among firms, since both types of relationships can produce

positive effects. Cooperative relationships have mainly been considered to be a means of creating a “bigger business pie”, while competition has been seen as a means of “dividing it up” (Brandenburger & Nalebuff, 1996).

The game of co-opetition is complicated as frequently the short-term perspective of a consortium is at conflict with its long-term perspective. Cost sharers or co-operators in creating a market today, must frequently compete for market share tomorrow (Lacomba & Lagos, 2010).

Co-opetition is evident across industries as the slowing down of the economy creates highly competitive markets. Organisations look at cutting costs to obtain operational efficiencies, by cooperating with competitors. Jorde and Teece (1990) argued that cooperation among competitors is essential if innovating firms are to compete in today’s global markets. Cooperation between organisations, for profit or not, has been growing and gaining importance in strategic terms. Joint action is a form of intelligent action to attain strategic objectives. Companies that establish cooperative unions manage to achieve mutual gains and competitive advantages. In this way, the success of the cooperation lies in the balance between competition and cooperation (Porter & Linde, 1995).

For Rodrigues *et al.* (2009), a strategic alliance includes not only the formation of agreements for the sharing of resources, investigation and

technology, but also the formation of strategic agreements that allow cooperation and competition simultaneously.

Organisations need to create and develop processes to enable co-opetition to enhance long term relationships, retention and loyalty. Co-opetition is a relationship based on a value net of involved actors – suppliers, distributors, subcontractors, ‘complementors’ and competitors – who collectively add value to one another’s organisations (Zineldin, 2004). On what concern the players, one can refer to the adaptation of Michael Porter’s five forces created by Brandenburger and Nabeluff (1997), to quote the four key roles that relate to the main actors: customers, suppliers, complementors, and competitors, as illustrated in Appendix 3 (Bonazzi, Hussami, & Beinz, 2010).

Barretta (2008), confirmed that senior managers from different firms are used to balance cooperation and competition, known as the “coordinator system”. A “coordinator system” (or “intermediate actor”) is needed in order to plan, coordinate, monitor and appraise inter-organisational relationships (Bengtsson & Koch, 2000; Luo, 2005). The co-opetitive relationship is managed informally by social events and interaction, and formally using incentive systems.

Co-opetition can deliver synergy if carefully planned, managed and controlled, and preconditions for achieving this outcome are examined. Equally, weak management of a relationship can produce the opposite effect

(Zineldin, 2004). Luo (2007) addressed collective action, risk sharing and strategic flexibility of co-opetition in global competition. Global executives should also develop a corporate culture that fosters a yin-yang philosophy. This philosophy, which is deeply rooted in East Asian cultures, aligns with the spirit of co-opetition (Luo, 2007). Simultaneous consideration of both sides of the problem should be considered.

Choi (2010) spoke about collective horizontal co-opetition, where all or most major competitors in an industry cooperate to achieve a common goal while competing, and believed that strategic common goals, greater expected collective benefits, safeguards against knowledge transfer, intra-industry complementarities and strong ties in cooperative networks, can facilitate formation of this type of collective horizontal co-opetition.

Bengtsson and Kock (2000) cited the cases of Trellex and Skega, two Swedish world leaders in protective lining products for the mining industry. Trellex and Skega transformed their business strategy and no longer compete on product development - they now co-operate in the development of material and in basic research.

Co-opetition also exists between global brands, allowing companies like Apple and Nike to benefit from co-opetitive corporation agreements. An example is the co-branded product created through the co-opetitive alliance,

the 'Nike+iPod Sport Kit', which included a sensor and a receiver for the iPod Nano. The joint communication efforts and the exchange of specific means and resources, namely technology, innovation and marketing, contributed to increased individual brand values through the supply and transmission of a greater benefit to users of the co-branded product: 'Nike+iPod Sport Kit'.

Zhang et al. (2011) explained how Yahoo partnered with Microsoft's Bing in 2010 to use its search engine. These successful co-opetition cases resulted in a win-win situation for both partners. Synergies were leveraged, with each firm gaining quicker entry into markets and developing new competencies.

Zineldin (2004) stated that the main advantages of co-opetition include the pooling of competencies, knowledge sharing, the increased incentive to take risks and be proactive in product development, and the prospect of healthy competition on a level playing field.

Zineldin (2004) mentioned the strategic co-operation between Apple, IBM and Motorola as the supplier of Apple's computer chips; a collaboration that would have been unthinkable ten years ago. Orrefors Kosta Boda, a Swedish glass and crystal manufacturer and its Danish competitor, Royal Copenhagen, are another example. Luo (2007) mentioned that Royal Philips Electronics of the Netherlands cooperates with its long time semiconductor and electronics rival, Toshiba, by way of an R&D consortium for developing new chips, a co-

marketing programme for DVDs, and a technical assistance programme to enhance the Linux open-source computer operating system.

While Lamming (1993) highlighted the benefits of co-opetition, partnership in supply chain relationships is clearly a very powerful strategy. It encourages a joint approach to problems and can lead to reductions in costs and improvements in quality. There are some disadvantages which are important to take note of, however. Close relationships can sometimes become 'black-holes', as mutual expectations increase and thus demands on each other's resources increases. In these cases a relationship can be an economic burden without it being noticed it (Hakansson & Snehota, 1995). Long-term business relationships do not come free of problems. When IKEA's sales volume reduced recently, many of its strategic partners in Sweden and Denmark were bankrupted (Billing, 1996). The alliance between KLM and Northwest Airlines did not live up to expectations and was deemed a failure. KLM had invested \$400 billion in the relationship and the result was large losses for both partners (Alexander & Payne, 1993).

The risks associated with co-opetitive failure include the following:

- The hidden costs of the implementation of co-opetition; technological, operational, administrative and cultural alignment must be taken into account.
- Time and competencies also need to be allocated to the co-opetitive strategy.

- There is an element of loss of control when resources are shared between companies.
- Inefficiency and lack of productivity of a co-opetitor within a co-opetitive alliance can result in the failure of other firms within the co-opetitive alliance.

Foreign exchange specialist Bidvest Bank launched a rebranded, updated web-based corporate foreign payment service it described as "the future of global online payments" (Business Day, 2011). Bidvest Bank Global Payments Online worked in collaboration with Travelex, the global foreign exchange specialists, yet both foreign exchange specialists still compete in the same market.

The co-opetitive relationship between IBM and Microsoft was scrutinised by the Financial Times (2005). The one-time alliance had turned sour by the 1990s, when Microsoft and IBM became enemies in operating systems. Today, IBM is the principal big-company sponsor of the open-source software movement that continues to dog the Microsoft monopoly, yet IBM and Microsoft collaborate on some key web standards. These co-opetitive arrangements can be difficult. A non-disclosure agreement is used to prevent sharing of the competitor's intellectual property amongst co-workers. It is also reported that fellow co-workers are separated from each other in the work environment to mitigate the risk of leaked intellectual property (Financial Times, 2005).

This type of vigilance could have been practiced by Apple towards Samsung. According to various reports, Apple is suing Samsung over their Galaxy smart phones and tablets for alleged patent infringement. The lawsuit is the latest chapter of a co-opetition arrangement that appears to be collapsing (ZDNet website, 2011). There is an evident breakdown between the customer and supplier. Apple is a large Samsung customer and some reports indicate that it is the largest. On one hand Apple is suing Samsung for patent infringement, but on the other, Apple is dependent on Samsung for supply of parts.

Antitrust concerns have also surfaced between Google and Yahoo. The New York Times (2008) reported that Google allowed Yahoo to use its more sophisticated advertising technology to deliver adverts next to some Yahoo search results. By some estimates this could bring Yahoo \$1 billion a year in added cash. Yahoo, the No. 2 company in search ads, handed over some of its business to Google, the dominant company in that market. Eric E. Schmidt, Google's chief executive, structured a deal to address antitrust concerns (New York Times, 2008).

2.3 Game Theory

Game Theory is a set of concepts aimed at decision making in situations of competition and conflict, as well as of cooperation and interdependence under specified rules. Game theory employs games of strategy but not of chance. A strategic game represents a situation where two or more

participants are faced with choices of action, by which each may gain or lose, depending on what others choose to do or not do. The final outcome of a game, therefore, is determined jointly by the strategies chosen by all participants.

In Game Theory, the Nash equilibrium (named after John Forbes Nash who proposed it) is a solution concept of a game involving two or more players, in which each player is assumed to know the equilibrium strategies of the other players, and no player has anything to gain by changing only his or her own strategy unilaterally. If each player has chosen a strategy and no player can benefit by changing his or her strategy while the other players keep their strategy unchanged, then the current set of strategy choices and the corresponding payoffs constitute Nash equilibrium.

Game Theory is commonly related to research within co-opetition. In the alliance literature, scholars have relied on two different theoretical perspectives to frame the tension between co-operation and competition, Game Theory and the dialectical process theory (Faems & Janssens, 2010).

Game Theory is defined as “the analysis of rational behavior in situations involving interdependence of outcomes” (Camerer, 1991, page). As alliances give rise to interdependent outcomes, scholars have started applying game theoretic principles to this phenomenon (Phelan, Arend & Seale, 2005).

The prisoner's dilemma game has been used to analyse the likelihood of competitive or co-operative behaviour in alliance settings. The payoff structure of the traditional prisoner's dilemma game is such that unilateral defection by one party pays more than mutual cooperation, which in turns pays more than mutual defection, with unilateral cooperation paying the least. In such a prisoner's dilemma setting, the dominant strategy is to defect, which paradoxically brings a lower payoff than if both partners cooperate (Faems & Janssens, 2010). Arend (2005) and Parkhe (1993) have argued that many alliances conform to the payoff structure of a prisoner's dilemma game. In addition, they argue that this payoff structure might explain why alliance partners often end up competing with each other and destroying the alliance, whereas both partners would be much better off if they achieved mutual cooperation (Zeng, 2003).

Game theory can be used as mathematical instrument, e.g. by the implementation of negotiation theory or allocation rules, in order to depict or analyse the business relationships inside of supply chains, among individual agents or towards mass markets. Due to the fact that game theory also assumes the ambivalence of competition and cooperation, it can be applied in co-opetition related problems (Stein & Ginevicius, 2010).

Enriching the competitor's shareowners, ostensibly, has been contrary to the core notions to Darwinian, eat-what-you-kill, free market capitalism. With

competitor collaboration there is the shift of the business paradigm from rivalry, in which competitors' mindsets may be characterised as engaging in a contest, to a different type of game in which resulting 'value' from different combinations and permutations is evaluated and then pursued (Vogel, 2010). Brandenburger and Nabeluff (1996) stated that the advent of Game Theory in the 1960s served as a metric for co-opetition. According to Brandenburger and Nabeluff (1997), a co-opetition game can be defined by means of five components, i.e. players, added values, rules, tactics and scope.

Renna (2009) proposed a cooperative approach among plants that operate in the same network. The proposed research develops a distributed approach for a network of independent enterprises, which is able to facilitate the capacity process by using a multi agent architecture and a cooperative protocol. The game theoretic model can be a valid alternative to the classical negotiation approach, considering that the collaborative platform frequently needs negotiations among the participants (Renna, 2009).

Using Game Theory, Rodrigues et al. (2009) demonstrated how co-branding, based on the co-opetition strategy, can obtain benefits for both Nike and Apple. From the application of Game Theory, simulation of a game of strategic co-opetition provided results which confirmed that global brands obtain benefits, albeit not in equal measure, in terms of adding value to the brand image at a world level (Rodrigues & Souza, 2009).

The term commonly used to refer to co-opetition in business publications is alliances. There are examples of alliances formed between banks and also airlines to save costs by accessing the infrastructure of an alliance partner. The Business Day (2011) reported alliances between First Rand and the China Construction Company, Nedbank with Ecobank, and Standard Bank with the Industrial and Commercial Bank of China (ICBC). Standard Bank is currently talking about creating another alliance, this time with Russia's Sberbank. This idea emerged when Standard Bank announced the long-expected disposal of its interest in Russian investment bank, Troika Dialog. Both sides have promised to work towards an alliance. The idea is that Standard Bank and Sberbank can exploit the "Africa-Russia axis" in a similar fashion to Standard Bank's coalition with ICBC that straddles China and Africa. Standard Bank's Sberbank alliance is apparently being formed to govern issues of "mutual benefit" and will not have compulsory elements (Business Day, 2011).

Even though Apple obtained a greater increase in brand value than Nike, when both global brands were analysed, there were increased sales, increased market share and greater international recognition of the brand. The joint communication efforts and the exchange of specific means and resources, namely technology, innovation and marketing, contributed to increased individual brand values through the supply and transmission of a greater benefit to users of the co-branded product, the Nike+iPod Sport Kit.

After Amazon.com developed an innovative IT-enabled supply chain, Borders sought to leverage it instead of trying to match it as they would have had more difficulty in achieving similar efficiencies with their smaller consumer base. The Borders Group partnered with Amazon.com under a long-term contract in 2001. Under the agreement, Amazon.com provided the design and underlying technology to its rival bookseller's web site, took over their customer service and order fulfillment, and was compensated by sharing a portion of the sales from Borders.com. Toys 'R' Us and Target also formed a similar form of collaboration with Amazon.com in 2000 and 2001, respectively (Zhang, 2011).

Due to the economic downturn, the underlying business model of most sectors, including the mail industry, had to transform towards innovation, reduce costs and improve services. Smith and Vogel (2010) examined how the United States Postal Service (USPS) outsourced transportation and processing of mail to United Parcel Services (UPS) and other USPS competitors. USPS commits mail, including competitive packages, to UPS for domestic and international line-haul transportation, to complete the bilateral offerings. The world's largest postal delivery company has partnered with the world's largest package delivery company. These bilateral offerings do not affect either party's ability or motivation to remain aggressively competitive in the package delivery market (Vogel, 2010).

Lacombe (2010) related to the respective market, which firms attempt to capture as “the pie”. He stated that through cooperation, firms can benefit from a larger pie which is developed in two stages; a creation stage and a future division stage. When it comes to cricket, the prisoner’s dilemma game can be the basis of co-opetition between the cricket franchises, as they cooperate responsibly to create a larger stake or ‘pie’ within the sports industry. Lacombe (2010) stated that the pie creation stage involves a repeated prisoner’s dilemma game of ambiguous time horizon, while the pie-division stage is a dictator game. The two stages are linked by the fact that a pie is created and made bigger through cooperation in the first stage, and the shares of the pie are allocated in the second stage by the most successful player in the prisoner’s dilemma game. The prisoner’s dilemma game represents situations where the trade-off between competition and cooperation are present since individuals may be partly motivated to cooperate to increase the total payoff, and partly motivated to compete to receive a greater share of the total payoff (Lacomba & Lagos, 2010).

2.4 Co-opetition in sport

As there is limited research of co-opetition in sport, the success story of the Indian Premier League (IPL) encouraged the researcher to look at the co-competitive factors that could possibly be accounted for in the phenomenal growth of the brand. This success can be represented by the fact that the

players' average annual salaries are the second highest in the world, after the National Basketball Association (NBA) (Mitra, 2010).

The conventional limited 50-over game was innovated through the game's time-span being made shorter and closer to that of other popular team sports, the use of cheerleaders, and the scheduling of games during evening hours when more people are able to come to the stadium. These features have helped to create a lively form of the game which would be attractive to spectators at the ground and viewers on television.

Evidence of co-opetition associated research in cricket franchises include the research related to the success factors of the IPL by (Mitra, 2010). Mitra (2010) concluded that cricket's popularity as a game and superstar presence alone could not guarantee the success of a league if it were not based on strong foundations. He added that the IPL's structure and policies are sound, which enables it to succeed over and above the general basic requirements, such as cricket's popularity and superstar influence (Mitra, 2010).

The introduction of a salary cap enabled the creation of a competitively balanced league and ensured an even balance amongst teams, but also resulted in an equitable distribution of superstars, which contributed to the strong excitement factor because of the unpredictability that such an evenly balanced league presents. This has helped to maintain fan interest amongst all the franchises (Mitra, 2010).

Mitra also made reference to Quirk and Fort's theory that if franchises become too strong, they will lead to reduced interest amongst weaker franchises and subsequently amongst stronger franchises as well.

The IPL is a 'closed' league, is evenly balanced and assures its members of permanent league status and enhances its financial prospects by encouraging owners to invest in the team. Szymanski's theory on leagues was that when the prospect of relegation exists in leagues, it puts off team owners from financially investing in these leagues (Mitra, 2010). These structures and policies can be seen as a way the cricket franchises co-operate, while competing for the coveted IPL title.

Co-opetition also exists within the French football clubs. Robert et al. (2009) spoke of co-opetition as an alternative to the two main paradigms of strategic management, competition and cooperation, in their study on the possibilities for Small and Medium Enterprises (SMEs) to cooperate and compete simultaneously in light of the existing literature on the new forms of rivalry and cooperation. They analysed the existence of co-opetition within French professional football, which is characterised by a high number of SMEs. Robert et al. (2009) revealed the existence of co-opetition within the sector and observed that some clubs mix strategies of cooperation and competition simultaneously, and that the clubs' leaders within the professional governing

bodies can optimise crucial resources such as broadcasting rights. They also discussed the existence of a relationship between the behaviour of co-competition of some clubs regarding player movements and their economic on-field competitive behaviour (the link between budget and sports classification), as well as their financial success (Robert M. L., 2009).

Brehm (2008) mentioned co-competition when he investigated the potential of marketing the German Football Bundesliga in China. “Although each European football league will try to improve its individual appearance in China, they have to bear in mind the principle of co-competition: If they want to beat other forms of sport and succeed in China in the long run they have to cooperate in terms of joint concerns while competing among each other. The objective is to improve the image and publicity of football in general which means football in China on the grass roots to keep the leading position in China” (Brehm, 2008).

2.5 Conclusion

Research and past literature indicates that the franchises must engage in co-competition to grow the cricket market in South Africa. The franchises may compete and collaborate on certain aspects to achieve collective benefits. Collaborative and competitive structures may also exist. The franchises may engage in Game Theory to obtain mutual benefits.

The themes obtained in the literature review are as follows:

1. Compete and collaborate
2. Structures and policies
3. Drivers for co-opetition
4. Benefit mutually

Chapter 3

It is imperative to explore the benefits of cooperating in an environment where competition is limited to the finite players included in the industry, in order to gain maximum advantage. Therefore the research questions are aimed at gaining an understanding of who these players are, what the governance around co-opetition is, where do they compete and what the benefits and drivers surrounding co-opetition in the cricket franchising industry are.

1. Who are the players in co-opetition?
2. How is co-opetition governed?
3. What aspects do the South African Cricket Franchises compete and collaborate?
4. What are the drivers for co-opetition between the South African Cricket Franchises?
5. What are the benefits of co-opetition?

Chapter 4

4.1 Research Motivation

By its very nature, the research required a qualitative and exploratory approach in order to gain a rich understanding of what benefits were to be achieved (Blumberg, Cooper, & Schneider, 2008). The research was restricted to key decision makers in the South African cricket franchises that engage in a business strategy. It was necessary to engage decision makers as insights were required from these individuals on how the respective South African cricket franchises cooperate and compete simultaneously.

A search on academic databases yielded few results depicting academic work on the subject of co-opetition, and even fewer within the context of sport. Therefore this research aimed to provide a greater understanding of an important concept that requires exploratory work in the South African context. Qualitative research was necessary to engage the management structures of the six cricket franchises and gain a rich understanding of their views on how to benefit from collaborating with the aim of competing to enhance the competitive advantage to be gained from the sport.

An exploratory study of this nature is not an objective process that can easily be captured by means of an impersonal questionnaire (Clark, 2006). However the researcher thrived on the interaction achieved from the interview process and preferred to engage with the management structures within the six cricket

franchises that engage in co-opetition. The semi-structured interview process assisted in guiding the interviewees with probing questions to clarify any ambiguity that may result from the answers provided.

Engaging in multiple interviews also resulted in clarity of understanding of the key concepts identified and provided deep insights and understanding. Furthermore, they allowed the researcher to enhance the interview experience for subsequent interviewees.

4.2 Research Process

The qualitative research approach was used by the researcher by means of in-depth interviews. The interviews were constructed by means of the use of semi-structured questions that were asked face-to-face where possible, so that the researcher could understand how the South African cricket franchises compete and cooperate. Where these face-to-face interviews were not possible, telephonic interviews were conducted. Of the six interviews, three were telephonic and three were face-to-face. The telephonic interviews presented certain disadvantages since the researcher was not able to view the reactions of the interviewee in order to be able to assess the answers or clarify any ambiguity the interviewee may have experienced. These questions were derived from existing reports and research around the topics. The research process was, as a result, more flexible and open.

The Chief Executive Officers (CEOs) in each of the six cricket franchises were interviewed using the questionnaire prepared from themes identified in the literature review. Additional questions were asked in order to probe further where no answers were provided or more comprehensive understanding was required. The questions were derived using the literature review as a base for formulating the questions.

4.3 Population and Sampling

The researcher conducted interviews with the CEOs of the six South African cricket franchises. The research topic is related to the business of sport, and the researcher selected the sport of cricket within the South African context. The research is aimed at all sports rightsholders in South Africa.

4.4 Unit of Analysis

In view of the scope of research and the objectives defined, the unit of analysis was the perceptions, decisions or practices of the management structures involved in competition and collaboration between the six South African cricket franchises.

4.5 Sampling Method and Size

The sample was a non-probability convenience judgement sample based on the researcher's contacts within the South African cricket franchises, as well as the researcher contacting the franchises directly to set up interviews.

Judgement sampling is a type of convenience sampling and assures representations of all groups (Blumberg, Cooper, & Schneider, 2008). The saturation sampling method (the point in data collection when new data no longer brings additional insights to the research questions) was be conducted by the researcher.

4.6 Data Collection

Data was gathered through semi–structured interviews with the CEOs of the cricket franchises. These were recorded with the permission of the individuals using a voice recorder, and further to this, minutes were taken.

The researcher adopted a successfully used methodology from previous research reports in order to conduct qualitative interviews as per below:

- Conducted interviews (face-to-face or telephonic)
- Recorded interviews (subject to respondents' agreement) or made notes of key points
- Reflected on non verbal reactions and recorded them
- Found common themes and meaning in the data when reflecting on interviews
- Repeated the process and constantly gathered information and built on themes
- Organised the data into themes and points of view from each discussion
- Looked for key issues and commonalities that emerged.

The researcher ensured that an iterative process was followed that eliminated questions that did not contribute to the research objective, by conducting a pilot study with colleagues and experts in research to test the effectiveness and appropriateness of the questionnaire being used as a data collection tool (Blumberg, Cooper, & Schneider, 2008). The process was iterative to ensure efficacy and quality of results.

4.7 Data Analysis

The data analysis took the form of constant comparative where the new set of data was compared to the previous set. Thereafter content analysis was done on the data to find themes related to the research questions. The recordings were transcribed and notes were referred to for the researcher to identify how South African cricket franchises compete and collaborate. A coding procedure was defined as a result to place certain words under themes to answer the research questions (Blumberg, Cooper, & Schneider, 2008).

The process for general analysis involved seven phases, which included organising the data, immersion in the data, generating categories and themes, coding the data, providing an interpretation through analytic memos, searching for alternative understandings and writing the report (King, 2010). This was then reviewed and updated based on whether the research objective was achieved with the questionnaire. Coding allowed the researcher to interact with the data and derive meaning through questioning

and making comparisons (Blumberg, Cooper, & Schneider, 2008). The data analysis took the form of constant comparative, where the new set of data was compared to the previous set (King, 2010). This allowed for the identification of similarities and differences in responses from the respondents across organisations.

The recordings and transcribed notes were referred to for the researcher to identify and confirm the practice of co-opetition between the cricket franchises in South Africa. Content analysis was done for each research question for further confirmation. A coding procedure was defined as a result to place certain words under themes (Blumberg, Cooper, & Schneider, 2008).

In order to protect the confidentiality of the cricket franchises and interview participants, the cricket franchise and respondent names were not mentioned explicitly in the research results and research results will be aggregated per research question.

4.8 Data Validity and Reliability

Qualitative research must convince the reader that it makes sense. A common interview guide was used to ensure consistency in the questions asked. The assured anonymity of the participants in the results and the very nature of the roles of the participants ensured rich accurate data to be gathered and represented.

4.9 Research Limitations

Face-to-face interviews can result in respondents answering in a manner that the interviewer wants to hear, which can result in the incorrect interpretation of data. A standard interview guide was used with the anonymity of the respondents ensured so that responses provided were truthful and correctly represented. The questions were open ended so as not to lead the respondents into providing answers that the researcher desired to hear.

Conclusions based on qualitative research are subject to interpreter bias, therefore the conclusions reached here cannot be used in other companies without further analysis in terms of the context of those industries within which the company operates (Blumberg, Cooper, & Schneider, 2008). The researcher stated the biases as a limitation to create awareness for the reader. A semi-structured interview was carried out in order to guide the respondent. Future research can be done using the information gained from this research in order to quantify the outcome of this research.

Chapter 5

5.1 Objectives

The objective of this chapter is to present the insightful results that were gained from a combination of face-to-face and telephonic interviews. The qualitative research conducted was to examine how the CEOs of the South African cricket franchises co-opete. The results are presented per question and have been guided by Game Theory, and the research questions related to the co-competition between the cricket franchises in South Africa. Analysis of these responses is then completed in Chapter 6.

5.2 Research Sample

The CEOs of the South African cricket franchises shared the certainty that a research interview related to the co-competition between the franchises should only be participated in by them. Email responses from the Marketing and Facility managers of the respective franchises also indicated that their responses would not differ from their CEOs.

The researcher reviewed the responses from the interviews and arranged the discussion findings into six co-competition associated areas of interest below.

5.3 The co-opetition players

The responsibilities of the franchise CEOs include the franchise and their respective Unions. The research was focussed on the co-opetition factors within the franchise which “is purely the professional team” (interviewee 3) and “excludes amateur cricket, development structures and the management of the stadiums” (interviewee 1); which is the responsibility of the respective franchise Cricket Unions. “The stadium facilities are borrowed by the franchises” (interviewee 4) from the respective Unions.

The franchises “operate in a system that is centralised, there is high level of coordination in how we work” (interviewee 2). “The franchises are coordinated” (interviewee 4) “and directed by CSA, with a national sponsorship secured by the offices of CSA” (interviewee 5). There is a sense that “CSA is the head office, and we (the franchises) are the regional offices” (interviewee 1).

“Within the six franchises there are friendships, networks and loyalties” (interviewee 2) individually or organisationally. “Many of us have been in the job for some time, and we have become very good friends with each other” (interviewee 1). The inter-relationships between the franchises and their respective CEOs can be a driver to co-opetition. “I have a fantastic relationship with all franchises and their CEOs” (interviewee 6), “Generally we have good relationships across the board” (interviewee 5).

The franchises find collaboration and a “closer relationship to a neighbouring franchise on their doorstep and it really depends on who the franchise CEO is, and how strong those relationships are” (interviewee 5). There is “an open channel of communication” (interviewee 5) between some CEOs.

Taking into consideration the development of a pipeline of black players into consideration, some CEOs prefer the franchises that are “very strong on transformative core values” (interviewee 2), and are close to franchises that “similarly value past history and non-racial struggles” (interviewee 2).

The number of players involved in co-opetition and their size can influence collaboration. “Generally we get on very well as there are only six franchises, in between that you may have individual and cultural preferences” (interviewee 2). “Sometimes the bigger provinces swallow up the smaller provinces” (interviewee 2) within the collaborative forums.

“It’s natural for us to cooperate with the people we are friendlier with” (interviewee 1). Most franchises feel they “work well with certain CEOs” (interviewee 4) and request cooperation from a franchise “depending on the subject matter or area”, and “will seek assistance from the respective CEO or affiliate that has the capability” (interviewee 1).

Some franchises collaborate more with each other because of a common sponsor. “SuperSport plays an active role” (interviewee 3) in arranging collaborative forums for the the franchises which they sponsor; the Dolphins, Cobras and Titans.

“The franchise professional cricket players are registered to SACA (South African Cricket Players’ Association), which serves as collaborative body to the players offering life skills programmes” (interviewee 5) for life after cricket. The High Performance System headed up by former South African player and coach, Corrie van Zyl, is used to create a pipeline of players for the national team and can be seen as a structure used for creating collaboration amongst the franchises’ professional players and coaching staff. “This is collaboration at player level, to identify the best players in each of the provinces, to develop them at camps” (interviewee 3). The franchises release players to CSA cooperatively “for the greater good of South African Cricket” (interviewee 3). “There is regular collaboration with the High Performance Centre, the Elite squads” (interviewee 5) and the respective franchise coaches.

It is common amongst the franchises that competition is predominantly on the field, and that cooperation is evident as they share the same goals. “The administration and CEOs are collaborative in nature; the coaches are competitive by definition. The coaches also cooperate with each other, but

not in terms of team information, but rather to serve CSA, as we are part of one national system” (interviewee 1).

5.4 Governance in Co-opetition

CSA’s governance has an overarching collaboration with all the franchises. “CSA controls the governance” (interviewee 1) by “developing playing competition rules which governs how the franchises compete” (interviewee 3). The franchises are not independent, as they “are very restricted to try for further income opportunities” (interviewee 2), from “any extra matches or products [which] need approval from CSA first” (interviewee 2).

“The CEOs can make decisions on an operational level” (interviewee 3). Matters regarding “additional spend and policy related goes to the Board” (interviewee 3). The franchises “are companies with directors that have responsibilities in relation to existing laws, in terms of corporate governance” (interviewee 2) and “is a company governed by Articles of Association” (interviewee 6).

There are policies and contracts that can be used to govern the collaboration between the franchises. “There is a memorandum of agreement between SACA, CSA and the cricket franchises, which can be seen as a cooperative agreement. We also have a franchise participation agreement, which governs the relationship between CSA and the franchises” (interviewee 1).

The national sponsorship is secured by CSA; “The compliance factors are then filtered down to the franchises” (interviewee 5). The sponsorships are sold as properties. “In terms of sponsorship properties, there is the Proteas team, which can be sold separately as Proteas team T20, Test and One day, and the event and team properties are sold separately also for domestic and international cricket” (interviewee 5).

Player issues can be sensitive and the respective franchise CEOs collaborate in the best interest of the players. The South African Cricket Players Association, the franchises and CSA have a memorandum and a co-operative agreement with regards to the management of the players. “SACA and CSA have set rules and guidelines for movement of players, fees, salary caps and rules of engagement. CSA has preference to players for the Proteas” (interviewee 3). “SACA regulates the number of players you can contract, and regulates a minimum and a maximum salary” (interviewee 5).

5.5 Competition between the cricket franchises

The franchises compete against each other for players, trophies, bragging rights and sponsorship, which all can impact the market value of the franchise. “We compete more for prestige and bragging rights” (interviewee 3).

The franchises share the view that off the field they “are more partners than competitors” (interviewee 3) and “competing is on the field” (interviewee 3). Their respective coaching staff and the players can be seen as the primary structure for competition, by means of on the field match play and game tactics. “On the field we compete for trophies, off the field we compete for sound administration and corporate governance. We also compete for a vibrant pipe line structure, as that is the lifeline of the entity as a whole” (interviewee 5).

The franchises don’t compete for fan base, “as fans are loyal to their local franchises” (interviewee 2). “The fan bases differ [for] each franchise due to geographic location” (interviewee 3). They believe that the fans are home grown, and don’t see themselves as competing for fans from other provinces. Growth of the fan base seems a joint collaborative function for all the franchises and if their competitor franchise grows cricket in their respective province they “grow cricket in total” (interviewee 3). The same collaborative thinking is linked to the ticket sales, “We don’t compete for ticket sales; we only compete on the field for trophies” (interviewee 1).

Franchises “compete for sponsorship” (interviewee 1). “There is competition to get a good sponsorship deal” (interviewee 2), as some sponsorship deals can be much more lucrative. “The size of it (sponsorship deal) is important”

(interviewee 2) to make the franchise more competitive, as “there are limited income opportunities” (interviewee 2).

The franchises “compete mainly over player resources” (interviewee 2), and are under pressure “to assemble a competitive squad, normally at the start of every season” (interviewee 6) making them “very protective of their players” (interviewee 3). When the franchises were reduced to only six, they had to compete for players and “player mobility was beyond what had existed before” (interviewee 2).

Some franchise player pipelines are more under threat than others. “The CSA transformation policy which says four black players must be on the field at any time. Historically some of the franchises have produced very few black players” (interviewee 2). As a result, the franchises which can not develop enough black players look to buy, “almost like the poaching of young black talent that we brought through” (interviewee 2).

Come franchises “are renowned for producing and developing black cricketers” (interviewee 5), because demographically the inland teams don’t have the rich history of black cricketers” that the other franchises have. “We have had to work very hard since 1992 to ensure that we develop our own players of colour and are forced to buy black players to meet the transformation targets” (interviewee 5).

The players are approached through their agents, and the respective franchises “can do very little about it” (interviewee 2). Players are sometimes approached through their agents, “Technically we are supposed to inform each other if we have an interest, but in reality we have discovered franchises get players without informing you, this does disturb the pipeline of players” (interviewee 2). “We have produced half the black players for South Africa since 1991” (interviewee 2), these players are approached before they can be contracted locally, as competing franchises fill their transformation quota.

“Player issues are always sensitive. Players secure your position in competitions and also determine your market value” (interviewee 6). “Player movement causes tension between the CEOs” (interviewee 3).

“Players play franchises against each other to get the best deal” (interviewee 3) by approaching competitor franchises for better salary offers. These offers are used to improve their packages at their respective franchises, “trying to push themselves up to the (capped) maximum” (interviewee 3).

Most of the franchises believe that cooperation makes the franchises more competitive, and other franchises “sense it can take away a little bit of the competitive edge” (interviewee 5) in relation to a hypothetical scenario of a “single franchise winning all three domestic trophies, in all formats of the game, for five years running, the respective franchise would not be

guaranteed more money, as the grant from CSA is an equal right” (interviewee 5) and therefore the incentive to win trophies may be slightly deflated.

5.6 Collaboration between the cricket franchises

The franchises “capitalise on friendship to swop ideas informally” (interviewee 1), “by simply picking up the phone for guidance” from a franchise CEO “who may be a subject matter expert. The CEOs actively look to cooperate” (interviewee 3). “There is more collaboration on the non-playing side and on the playing side there is very little collaboration” (interviewee 4).

The collaborative approaches and ideas are generated by the South African franchises through addressing issues or areas of common interest with different level of co-operative structures in the form of forums and meetings.

“The highest level of co-operation is at the CSA Board” (interviewee 3), attended by the respective franchise Presidents “to discuss issues of mutual interest” (interviewee 3).

“The level below is the CEO’s forum” (interviewee 3), attended by the franchise CEOs, to “discuss franchise, as well as amateur matters” (interviewee 3) and “chaired by Gerald Majola” (interviewee 5). Once every quarter, the CEOs “meet with CSA to discuss issues of common interest”

(interviewee 1) and “to discuss the present and future state of cricket, and how cricket can improve” (interviewee 4).

At the next level are working groups” (interviewee 3), for the franchise CEOs to collaborate on matters of shared interest, currently “the location of a seventh franchise. One or two of the franchise CEOs are nominated on a working group to represent the other franchise CEOs” (interviewee 3). “We often meet in different forums as a group” (interviewee 2). The nominated CEOs on the working group “get input from the other CEOs and develop a recommendation which comes back to the CEOs forum for ramification, which is thereafter presented at the Board for approval” (interviewee 3).

In addition, once a year the franchises “attend a CSA strategic workshop which lasts for several days” (interviewee 2). “All managers attend to strategise, including the marketing and facilities managers of the various franchises” (interviewee 3). “The marketing teams (from each of the franchises) particularly share ideas because of common sponsorship” (interviewee 1) for the various competitions.

“Another level of cooperation is with SuperSport, as a common sponsor of three of the franchises” (interviewee 3), the Dolphins, Titans and Cobras. These three franchises will meet on occasion “through SuperSport, the three respective CEOs will get together to discuss issues of mutual concern”

(interviewee 3). SuperSport “plays an active role” (interviewee 3) in fostering collaboration between the three franchises of which they are the common shareholder. “Because of the common shareholder, the three franchises meet to share a common strategy” (interviewee 4) on areas of shared interest.

The franchises jointly collaborate to create a more competitive and attractive sport. “The cricket franchises collaborate because of the common goal of cricket” (interviewee 4). The franchise CEOs “do disagree sometimes, but in terms of the bigger picture we cooperate” (interviewee 5). A collective decision was taken to reduce the number of domestic competition teams, which in turn reduced the number of domestic professional players, with the best of breed competing on the field, raising the level of play on the field.

Player’s salaries are capped and the control over player’s salaries can be seen as a form of collaboration. This allows the franchises to retain players, and eliminates any particular franchise from monopolising the domestic competitions by buying the best players with attractive salaries, as seen in the English Soccer Premier League with teams like Manchester City and Chelsea. These teams are seen as buying success at the risk of creating an uncompetitive league and decreasing spectator value.

The Champions League Twenty20 is an international Twenty20 cricket competition between club teams from India, Australia, England, South Africa,

Sri Lanka, New Zealand and the West Indies. The competition was launched in 2008 as a response to the success of national Twenty20 domestic cricket leagues. The new tournament's \$2.5m winning prize was described as unprecedented in cricket.

An example of collective collaboration between the franchises is the sharing of the Champions League prize money. “The prize money for the winner is \$20 million, which is shared fifty-fifty with the players, something beyond anything in South Africa” (interviewee 2). The franchises use a “sharing model, that whichever two teams qualify, the prize money and the participation fee is shared amongst the others (franchises) at a lesser percentage” (interviewee 3). The non-qualifying franchises “are still benefiting from South Africa participating in the competition” (interviewee 3). Through collaboration “the franchises are now financially viable” (interviewee 3). “Nobody can afford to be isolated” (interviewee 6).

The South African cricket franchises have a common approach to strengthen their squads with international stars, contracted only for the lucrative Champions League. “Most of the franchises are trying to get players for the T20” (interviewee 4), which is incentivised by the prize money. It can also be perceived as some form of collaboration, to ensure that the South African franchises are able to give themselves the best opportunity to win the shared lucrative prize, the greater good of South African cricket.

Franchises can refuse to collaborate. “For example, a franchise can decline an offer to change match fixtures if it is not suitable” (interviewee 2). If franchises don’t cooperate, “the consequences may be that negativity can develop, but generally there is an understanding when to cooperate and [when to] compete” (interviewee 2).

Some franchise CEOs believe that more cooperation is possible to “organise individual matches outside of the formal competitions to create extra products for the fans” (interviewee 2). The franchises may also benefit from “better collaborative deals” (interviewee 3). The franchises can gain competitive prices by sharing suppliers for services centrally. These shared services can include “better deals collectively on flights, accommodation and care hire, as travel is our (the franchise’s) biggest expense” (interviewee 3).

Even though cricket development is not included under the ambit of the franchises, “further collaboration between the franchises is required to address cricket development” (interviewee 4). “The pipeline of players needs to be developed through strong cooperation, to achieve the desired results at franchise level” (interviewee 5). “The loan system and transfers of players” (interviewee 3) has room for more collaboration, as “the franchises are very protective of their players” (interviewee 3).

5.7 Drivers of co-opetition

Common goals shared by the franchises can be seen as a chief driver for co-opetition. “The broader picture” (interviewee 2) encourages the franchises to cooperate. The franchises recognise “the need to feed players to the Proteas” (interviewee 3). The franchise CEOs mutually understand that they “compete with rugby and soccer for television rights and sponsorship” (interviewee 1). “We all compete for the national cake of sponsorship monies and advertising spent in South Africa” (interviewee 6).

“The biggest area [in which] the cricket franchises compete with other codes is high performance talent. Rugby is a bigger brand, and the players get paid more” (interviewee 3). The lucrative Champions League now offers the opportunity for high performance talent “to earn more money than rugby players, also taking into account the high risk of injury in rugby” (interviewee 3). South African cricket is in desperate need of producing a World Cup trophy, unlike rugby which has won two World Cups. “Rugby is obviously sexier because they won a World Cup” (interviewee 3).

The franchises “compete more for prestige and bragging rights, as the prize money (for local competitions) is not really significant” (interviewee 3). This can serve as a driver for co-opetition.

CSA is seen as a head office for the franchises. “Monthly Finance and Operations reports are sent to CSA” (interviewee 6). “We are faced with the same challenges and we meet regularly for discussions to deliver jointly to CSA” (interviewee 6). The franchises report monthly on financials and operations to CSA, and are governed by Participation and Hosting agreements. The franchises “share financials openly” (interviewee 3) with each other, and the franchises are also required to “produce the transformation figures for all the teams that take the field at the committee meetings” (interviewee 5).

In addition to reviewing monthly reports and monitoring the franchises, an impartial CSA drives co-opetition centrally, enforcing governance on the franchises and the players. “The players’ salaries are capped, which again keeps it like a centrally controlled competitive environment that does not allow for extreme imbalances in terms of resources and skills” (interviewee 2). “Information Technology is controlled centrally by CSA” (interviewee 1). The franchises are also comfortable that CSA controls and “generates the sponsorships” (interviewee 2) for all the competitions. The CEOs are directed by CSA as “there are very few opportunities for independent income generation” (interviewee 2).

Financially, the market values of the franchises are similar. The franchises “get the same amount of money from CSA” (interviewee 2). The franchises

don't believe their competitive edge is relinquished due to co-opetition as they "don't operate in a total free market" (interviewee 2). The franchises "don't compete like Pick n Pay, Shoprite and Wal-Mart" (interviewee 2).

The CEOs don't objectively compete against each other financially, because "the franchises are a non-profit organisation. Big bank balances are material" (interviewee 3). More important to the franchises is "the development structures, club structures and fan base" (interviewee 3) for the game of cricket. "It is an indictment on the system" (interviewee 3) if a franchise is financially well off but has poor structures; the franchise will be forced to recruit players from other provinces.

CSA provides a grant obtained from television rights, which is equally shared between the franchises. "Television rights are held centrally and sold by CSA, from which the franchises obtain their grants. CSA can be seen as a third party or an additional party in the franchise negotiations. CSA creates a platform for the franchises to work together" (interviewee 3). Added to the grant, each of the franchises obtains sponsorships, for which they compete. The grants from CSA can be seen as nurturing collaboration, motivating the franchises to drive CSA's objectives of growing the game of cricket.

The franchises unanimously agreed "to share the income gained from the Pro 20 Champions League, so that there is not a big gap" financially between the

franchises, “avoiding a massive gulf from being developed” (interviewee 2). “In addition to sharing fifty-fifty with the players”, the franchises have “a rule to share a certain percentage with the other five franchises, in that way it emphasises the collaborative nature of our existence, rather than a fight to the death” (interviewee 2).

The franchises don’t see the sharing of a portion of the Champions League Prize money as possible revenue lost. “There are six franchises, and every year two different South African teams qualify” (interviewee 2). It is a significant financial boost if a franchise does not qualify. The franchises that do qualify “keep more than the other (non-qualifying) franchises, so if you win more, you going to benefit more” (interviewee 2).

The franchises operate on similar budgets, with a “13 million rand grant from CSA”, “roughly 3 million rand from sponsorship naming rights”, “and a bit of it is prize money, and that’s why the Champions League has become so important” (interviewee 2). “As a franchise, we own the team, you get a grant from CSA, you get naming rights sponsorship, and there is very little else you can generate out of that business” (interviewee 2). “The franchises are very dependent on the team sponsorship and the sponsorship from CSA, which makes up the total budget” (interviewee 3). “Seeing that we are in the same income stream of CSA, issues affecting one, will affect the other” (interviewee 6).

The fact that there are only six franchises allows for more collaboration. CSA is also able to control and monitor the teams closely. The franchises are “not like American college basketball; with 160 teams in the various conferences eventually boiled down to four; or even the Super 15. We have six franchises, we tend to be quite close together, see each other regularly, play against each other regularly, so there is a kind of intimacy in these competitions, yet they are always very competitive” (interviewee 2).

5.8 Benefits of Co-opetition

All six franchises are aligned to the benefits of collaboration, with the aim of improving the game of cricket as a whole. “The sum of all the parts, make the bigger whole” (interviewee 1). The franchises “benefit equally” (interviewee 1) and gain “collectively by means of financial grants” (interviewee 5).

“Cricket is the fastest growing sport within South Africa, the second most popular in both black and white communities behind soccer, and is positioned well in the growing markets in South Africa. CSA’s income has grown from 170 million rand to 200 million rand a few years ago, to a billion rand this year. It has made dramatic growth as a sport in the last few years” (interviewee 2). This is due to the collaborative efforts in collectively introducing new competitions like “the T20, the different world championships,

and the IPL” (interviewee 2) which was hosted in South Africa. Some CEOs felt the T20 competition was “going to be a hit and miss, but instead it is Sportainment” (interviewee 5).

The strength of South Africa’s domestic game has been well illustrated by the performances of CSA’s representatives in the recently launched Champions’ League and also by the manner in which South African players remain heavily in demand - both for the Indian Premier League and the English County Championships.

The competitiveness of the franchise system is best illustrated by the manner in which the various titles have been spread around among the six squads.

It is particularly interesting that all six franchises have over the past three years qualified for the Champions’ League.

The franchise system was originally introduced for a period of three years but it has been so successful that it has become a permanent part of the domestic cricket scene.

The success of the franchise system has called for the assembly of a working group to discuss whether there is a need to increase the number of franchises over a period of time as has happened with the Indian Premier League.

5.9 Conclusion

The results of the findings were collated into Appendix 6, the “Co-opetition Ecosystem”. Strong ‘Governance’ merges the “Co-opetition Factors” (Appendix 5) and the “Co-opetition Players”(Appendix 4) to form the “Co-opetition Ecosystem” (Appendix 6).

The “Co-opetition Players” (Appendix 4) include CSA, the franchises, the Proteas, sponsors, SACA and the High Performance Centre. CSA plays a central governance role, setting out the goals and objectives for the players.

The “Co-opetition Factors” relate to how the franchises engage in collaboration and how they compete. The “Co-opetition Factors” also illustrate the drivers and benefits of co-opetition between the franchises.

The shared vision is a core driver for co-opetition between the franchises. The “core element of the CSA vision is excellence”, (www.cricketworld.com, 2009). Excellence in the current context of South African cricket relates to a “representative World Cup winning Proteas team” (interviewee 6).

The High Performance Centre collaborates with the players by “identifying and working with emerging talent coming through the franchise system and

acting as the link between the national coach and the franchise coaches” (www.crickeworld.com, 2009).

To win a World Cup, the franchises cooperate to attract the best high performance talent to the sport to feed into the Proteas team. By winning a World Cup, the sport would become “sexier” (interviewee 3), and could result in attracting more fans to the sport and improving grass root levels. The collaboration between franchises and the High Performance centre have produced players which are in demand internationally.

Collaboration between the players has improved the fastest growing sport in South Africa and made it more entertaining, by collectively deciding to introduce the T20 games. Collaborative decision-making between the franchises gave rise to a sharing model with regards to the T20 Champions League Prize money.

It is important that all the players in the co-opetition ecosystem are well governed to ensure the vision is realised. The foundation of co-opetition between the franchises is the centrally controlled governance. The franchises are monitored and controlled by CSA by means of reporting forums. Annual conferences held by CSA ensure that all management structures within the franchises share ideas to improve and grow the sport.

The franchises are in the same income stream as CSA, preventing a “fight to the death” (interviewee 2) between the franchises, but this also gives rise to common challenges. Equal grants from CSA eliminate the possibility of any franchises dominating financially. CSA caps the professional player’s salaries to reduce the movement of players between franchises.

CSA also governs the franchises in relation to transformation targets, “four black players on the field at any time” (interviewee 3), to create a ‘representative’ squad. Pipeline transformation figures are also presented to CSA by the franchises. Franchises may collaborate to share their pipeline of black players.

Player resources and pipelines is the main reason for competition between the franchises. The franchises compete to assemble a winning team on the field, for bragging rights and trophies. The competitiveness of the franchise system is best illustrated by the manner in which the various titles have been spread around among the six squads and also serves as a catalyst to South Africa’s fastest growing sport.

Chapter 6

There have been broad definitions by previous researchers of 'Co-opetition'. The definition that is closely related to the cricket franchises is by Brandenburger and Nalebuff (1996). The cricket franchises in South Africa relate to a "value-net" in which they compete and can be complemented through their cooperation with the governing body, Cricket South Africa (Brandenburger & Nalebuff, 1996). The franchises are complementary as they are reciprocal. A franchise cannot exist on its own, and is complemented by the remaining franchises to create the domestic competition. A player is your complement if customers value your product more when they have the other player's product than when they have your product alone (Brandenburger & Nalebuff, 1996, p 18.). The franchises do not strategise specifically for competition or collaboration, they "don't work against each other" (interviewee 2) and share the belief that "if you get your own house in order, the rest will follow" (interviewee 2).

Brandenburger and Nalebuff (date) demonstrated the business strategy co-opetition, which is informed by Game Theory. Brandenburger and Nalebuff (date) turned to Game Theory to bring cooperation and competition together so that there can be greater benefits for everyone. "Our mission is to make South African cricket bigger, which creates a sense of unity and understanding that there needs to be cooperation" (interviewee 1). Game

Theory is particularly effective when there are many interdependent factors and no decision can be made in isolation from a host of other decisions (Brandenburger & Nalebuff, 1996, p 7.) “Ideas are shared on the non-playing front” (interviewee 1), by “creating working groups, and serves as a mechanism for collaboration” (interviewee 3). The franchises cooperate at different levels with “well established structures that allow for collaborative decision making” (interviewee 3).

If all the franchises provide the necessary complements, the market presence of the sport of cricket within South Africa will have a further boost. It’s about finding ways to make the pie bigger, rather than fighting with competitors over a fixed pie (Brandenburger & Nalebuff, 1996, p 14.)

The entire sports industry in South Africa can be seen as a large pie and Lacombe (2010) stated that there are two stages in the creation of the pie. A pie is created and made bigger through cooperation in the first stage and the shares of the pie are allocated in the second stage by the most successful player in the prisoner’s dilemma game. At the first stage the franchises collaborate by means of knowledge sharing, talent sharing and participation in a central revenue pool, to gain as much of the ‘South African sports industry pie’ as possible. At the second stage, the franchises compete against each other for trophies to get as much of the ‘cricket industry pie’ as possible. The franchises use collaboration for the “bigger business pie”,

while competition has been seen as a means of “dividing it up” (Brandenburger & Nalebuff, 1996). Brandenburger and Nalebuff positioned out five elements of Game Theory – players, added values, rules, tactics and scope. They believed that most businesses succeed only if their competitors also succeed. “It is mutual success, rather than mutual destruction,” (Brandenburger & Nalebuff, 1996, p 4).

6.1 The Players

The Value Net illustrated in Appendix 3 represents all the players and the interdependencies among them. Each of the franchises is represented by the Business in Appendix 3.

The franchises’ resources, such as the employees within the management structures, the stadium, training facilities and the professional team, flow from the Supplier to the Business or the respective franchise. The Supplier is in reference to the sponsors, CSA, shareholders, Unions, SACA and vendors for the respective franchises. Also on the vertical dimension in Appendix 3 is the Customer. The franchise’s Customer is the fan base of cricket.

On the horizontal dimension of Appendix 3, are the respective franchise’s Competitors and Complements. The respective franchise’s Complements are the remaining franchises, and the Competitors include other South African

codes of sport and the remaining franchises; after all, the franchises compete and complement each other. The franchises complement each other to grow the market share within the South African sports industry. The franchises are also competitors in dividing up the market share with the sport of cricket.

CSA can be seen as occupying more than one position in the Value Net. CSA can appear in the role of a customer, competitor, supplier or complement. The franchises report monthly on their financials to their customer, CSA. CSA can be seen as a supplier because the governing body provides grants to the franchises and can also be seen as a competitor because the grants are equal for all competing franchises. CSA also complements the respective franchises by chairing the CEO's forum. Through coordination and governance by CSA, "decisions are made collectively" (interviewee 2) between the franchises.

Bengtsson et al. (2010) referred to the different actors in co-opetition, with co-operative and competitive parts which are divided between different actors. The cricket franchises do not have separate structures or actors specifically for co-operation or competition. The administrative functions of the franchises, including the CEOs, are seen to play a more co-operative role, but also compete in the sense that some ideas of a respective franchise are not disclosed until implementation. The CEOs have disclosed in the interviews that they would not relinquish an advantage to their opponent

franchise regarding the match or game plan, as long as they felt they were within the governance of the sport. The coaching staff are more representative of competitive behaviour, especially on the field. But they too have a dual role, and co-operate in terms of developing previous disadvantaged players and feeding talent into the national squad.

The franchises promote a “collaborative ecology” which may yield many benefits by looking for the specific solution for each need and developing a collaborative arrangement that suits all concerned. The franchises are able to foster this “collaborative ecology” as they have the common goal to achieve CSA’s objectives. The collaborative arrangements that Wilding in The Financial Times (2007) referred to is the close relationship between the franchises and their respective CEOs. The franchise CEOs work closely together, helped by relationships which began as fellow cricket players or team mates to respecting each other as coaches or in cricket management structures over the years. “Many of us have been in the job for some time, and we have become very good friends with each other” (interviewee 1). The respective franchise CEOs can be seen as to balance cooperation and competition, known as the “coordinator system” (Barretta, 2008).

The franchises participate in a prisoner’s dilemma game which represents situations where the trade-off between competition and cooperation are present, since individuals may be partly motivated to co-operate to increase

the total payoff and partly motivated to compete to receive a greater share of the total payoff (Lacomba & Lagos, 2010). Individually the franchises often lack the knowledge, skills and resources required for rapid innovation and it is only possible because the franchises pool resources to work together to resolve common issues. “CSA has initiated committees to address the various functions; like marketing, facilities management and finance” (interviewee 4) acting as innovative forums.

The franchises share the approach to collaborate by means of knowledge sharing, talent sharing and pooling resources (Lacombe, 2010). Some resources may be limited because there are only six franchises; the pooling of resources is favoured by the franchises.

6.2 Added Value

It is hard to get more from a game than your added value; the size of the pie when you are in the game minus the size of the pie when you are out of the game, (Brandenburger & Nalebuff, 1996, p 45).

The franchises are no exception to Bradenburger and Nalebuff’s (date) concept of added value. The added value for the franchises is an entertaining and winning professional team on the field of play. The more competitive the franchises are, the greater the possibility of the rewards

associated with a winning team, in the form of trophies, prize money, better sponsorships and attracting more fans to the stadium. “Winning is reputation and credibility” (interviewee 5) to become an attractive franchise to sponsors. “Sponsors want to be associated with winning” (interviewee 4) and “nobody is going to sponsor a team that is bottom of the log” (interviewee 5).

6.3 Rules

Like added value, Bradenburger and Nalebuff (date) believed that rules are an important source of power in the game of co-opetition. “There is a memorandum of agreement between SACA, CSA and the cricket franchises, which can be seen as a co-operative agreement. We also have a franchise participation agreement, which governs the relationship between CSA and the franchises” (interviewee 1).

The franchises abide by the participation and hosting agreements controlled by Cricket South Africa. These strategic agreements allow for co-operation and competition simultaneously (Rodrigues, *et al.*, 2009).

The relationship of the cricket franchises in South Africa is a business-to-business relationship, and balance of power is not always certain. It is an interactive and mutually rewarding relationship where each franchise has the freedom of choice to accept or reject the terms of conditions for co-operation. Communication and ethics are important for a healthy long term relationship.

The franchise CEOs are well aware of the risks associated with co-opetitive failure. These are risks of the implementation and support of the co-opetitive strategy which include costs associated, sharing of competencies, allocation of resources and the inter-dependencies between the franchises. CSA and the franchises are closely aligned and brought closer due to common objectives, mitigating the risks of a co-opetitive strategy. CSA is the controlling and governing body ensuring that these risks do not result in issues. CSA is responsible for implementing changes to the domestic competitions to bring the franchises into line with the latest International Cricket Council (ICC) regulations.

6.4 Tactics

The tactics used by the franchises are to compete on the field of play, and to collaborate off the field administratively to gain more market share for the game of cricket. The business strategy of the cricket franchises confirms Zineldin's (2004) view, and can be described as parties that co-operate with one another and co-ordinate their activities, thereby collaborating to achieve mutual goals, but at the same time competing with each other as well, known as co-opetition. The franchises related to Gnyawali and Park (2009) consider co-opetition a win-win strategy and work together in order to create value. The cricket franchises co-opetitive relationships thus involve high degree of

inter-dependence on each other, with CSA managing any conflict by means of strict governance, because the potential for payoff may be high.

The franchise CEOs mutually understand that they “compete with rugby and soccer for television rights and sponsorship” (interviewee 1). “We all compete for the national cake of sponsorship monies and advertising spent in South Africa” (interviewee 6).

The franchises are cost sharers which create a market today and compete for market share tomorrow (Lacomba & Lagos, 2010). The franchises share a grant provided by CSA to compete in the South African sport market. Another way the franchises can be seen as cost sharers is by sharing the winnings for qualifying for the Champions League Twenty20.

6.5 Scope

The franchises’ scope is to meet CSA’s objectives, which is to grow the game of cricket, attract more previously disadvantaged players to the sport and feed players into the national squad to create a winning team.

With the franchises engaging in competitor collaboration, there is a shift in the business paradigm from rivalry to a different type of game, which results in the value of the greater good (Vogel, 2010). The cricket franchises are

competing to win trophies and not to monopolise or take over a particular industry. The franchises do not compete against each other for revenue, but rather need to jointly ensure the sustainability of cricket in South Africa through its ability to compete effectively in the entertainment and sport industry and to maintain and grow its market share. “The strength of our Domestic program provides the foundation of our national pride” (CSA website, 2011).

6.6 Conclusion

Strong ‘Governance’ merges the “Co-opetition Factors” (Appendix 5) and the “Co-opetition Players”(Appendix 4) to form the “Co-opetition Ecosystem” (Appendix 6). The “Co-opetition Ecosystem” and Brandenburger and Nalebuff’s five elements of Game Theory – players, added values, rules, tactics and scope - are both frameworks for co-opetition. The “Co-opetition Ecosystem” is in relation to the cricket franchises in South Africa.

Brandenburger and Nalebuff’s (date) “value net” can be represented by the “Co-opetition Players” (Appendix 4). Brandenburger and Nalebuff (1996) adopted a broad view of co-opetition and defined it as relationships in a “value-net” in which two competitors can be complementors through their co-operation with a third firm. Co-opetition is viewed by them as the sum of many different relationships and the co-operative and competitive parts are divided between different actors (Bengtsson et al., 2010). The “Co-opetition

Players” do not have specific roles for competition or collaboration. The franchises compete and collaborate with each other.

Added Values may be related to the reasons the franchises ‘Compete’ in the Co-opetition Ecosystem. The stronger franchise should win more trophies; obtain bragging rights and the best sponsorship. Due to the high collaboration within the franchises, the financial rewards are relative. There is a “sense it can take away a little bit of the competitive edge” (interviewee 5) in relation to a hypothetical scenario of a “single franchise winning all three domestic trophies, in all formats of the game, for five years running, the respective franchise would not be guaranteed more money, as the grant from CSA is an equal right” (interviewee 5) and therefore the incentive to win trophies may be slightly deflated.

The ‘Governance’ attribute in the Co-opetition Ecosystem directly relates to Brandenburger and Nalebuff’s (date) third element, ‘Rules’. Both relate to contracts, agreements and policies that control co-opetition.

Tactics and Scope relate to the reasons the franchises collaborate and compete in the Co-opetition Ecosystem. Brandenburger and Nalebuff’s (date) five elements of Game Theory excluded the ‘Co-opetition Drivers’ and the ‘Benefits’ that are listed in the “Co-opetition Factors” (Appendix 5). Stein and Ginevicius (2010) believed the book “Co-opetition” by Nalebuff and

Brandenburger (1996) to be a great contribution, however declared that it has fundamental structural and methodological flaws.

It is important to examine conditions in which firms engage in co-opetition, how co-opetition evolves, and how firms can achieve positive outcomes through co-opetition (Lavie, 2007; Gnyawali & Park, 2009; Ritala & Hurmelinna-Laukkanen, 2009). Future research could develop and conduct empirical studies related to the drivers, dynamics, and outcomes of co-opetition (Park, 2010).

Chapter 7

7.1 Introduction

This chapter contains a summary of the conclusions obtained and measured against the objectives of the research. This chapter also includes areas for future research and gives recommendations for co-opetition strategies for sports rightsholders in South Africa.

7.2 Main Findings

The franchises realise outsmarting, capturing and taking over the market share within the franchise system could destroy value for South African cricket. Through strategic partnerships with competitors, the franchises have succeeded only because their fellow franchises also succeeded.

All the players in the “Co-opetition Ecosystem” (Appendix 6) collaborate well with a common purpose. The co-opetition strategy execution is dependent on CSA’s governance. As the franchises are centrally controlled by CSA; they share a common vision and are faced with the same challenges. These are the drivers for collaboration for the franchises.

The franchises agree that most of the competition is for sponsorship, player resources, trophies and bragging rights, and look for more ways to collaborate by sharing ideas through forums.

The competition on the field and the effective collaboration by the franchises has made cricket the fastest growing sport in South Africa. The financial benefits are collective, due to equal grants from CSA and shared prize money from the Champions League competition.

The “Co-opetition Factors” (Appendix 5) clearly illustrates how positive outcomes can be achieved for the greater good of the sport, with the competing and collaboration of the franchises.

Some of the franchise CEOs believe that more collaboration is possible to create additional products for the fans and some suppliers can be shared centrally to gain further income. While Lamming (1993) highlighted the benefits of co-opetition, partnership in supply chain relationships is clearly a very powerful strategy. It encourages a joint approach to problems and can lead to reductions in costs and improvements in quality. Further collaboration between the franchises is also required to address cricket development, and the loan system and transfers of players has room for improvement.

7.3 Practical Implications

During trying economic times, businesses are all searching for new and effective ways to do more with less. There is a need to leverage resources

and exploit their expertise. In order to get all that one can from assets and relationships, a collaborative mentality must prevail.

Based on the literature and research findings, the “Co-opetition Ecosystem” was developed to help sports rightsholders understand and practice the business strategy of co-opetition. The “Co-opetition Ecosystem” is a contribution to the business of sports. Strong ‘Governance’ merges the “Co-opetition Factors” (Appendix 5) and the “Co-opetition Players” (Appendix 4) to form the “Co-opetition Ecosystem” (Appendix 6).

Sports rightsholders can use the “Co-opetition Ecosystem” as a model or framework to illustrate and communicate the players and factors related to their respective strategies. The “Co-opetition Factors” can clearly communicate the objectives of collaboration for the franchises and the “Co-opetition Players” illustrate how CSA centrally co-ordinates the collaboration. Sports rightsholders should openly strategise with their competitors, to obtain the greater benefits realised by the franchises in improving cricket’s market share in the South Africa’s sports industry.

The co-opetition strategy can gain new knowledge and exploit economies of scope for business operations, while organisational units cooperate with each other and learn from each other. At the same time, these units compete with each other in many aspects of their business operations because they are

compared on the basis of their ability to achieve their objectives. This strategy combines the advantages of both competition and co-operation to generate more profits and to change the nature of the business environment to their own favour.

To actively change the game of business, a strategic framework is needed within which to work, and the “Co-opetition Ecosystem” provides a framework which can change the way one plays to gain maximum benefit.

7.4 Future Research

The research was based only on the franchises which compete directly with each other. Interviews were only conducted with the CEOs of the franchises; further interviews could be conducted with the finance and marketing management structures.

In relation to the “Co-opetition Ecology”, further investigation is needed with the remaining players; High Performance Centre, Proteas, Sponsors and SACA, and how they engage, the reasons, drivers and the benefits.

With regards to cricket in South Africa, the respective cricket Unions were excluded from the research and may have a role in co-opetition.

There is room for further research on co-opetition in sport, as it is important to understand how suppliers, customers and sponsors in sport engage in co-opetition and how they are able to achieve positive outcomes.

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Appendix 1: Consent Form and Questionnaire

Personal Introduction – I am Jameel Nazeer undertaking research for the MBA for GIBS. The interviewee will be thanked for their time and participation and will be assured of anonymity.

Purpose of the study - The purpose of the study is to ascertain to what extent the six cricket franchises in South Africa compete and collaborate.

Research Process - Provide an indication of the methodology of a semi structured interview process and place the interviewee at ease as well as give an indication of how the results will be used.

Interview Process - Place the interviewee at ease by providing an overview of the interview process and assure the interviewee that their insights are required to add rigour to the research process.

Organisation: _____

Name: _____

Position: _____

The interviewee has been informed of the background to this research, understands the confidentiality of data provided and provides full consent to being interviewed (without any inducement by the interviewer).

Signature: _____

Questionnaire

Research Topic: Co-opetition between the cricket franchises in South Africa.

Please note that this is a broad questionnaire. The methodology is qualitative. Hence the researcher requires an opportunity for a discussion around the questionnaire.

1. How do the cricket franchises cooperate?
2. Are there structures or forums for cooperation?
3. Are there separate roles or bodies within the franchises to compete and to collaborate?
4. Is there a governing body controlling the collaboration between the franchises?
5. Are there any franchises that you prefer to co-operate with?
6. Are there any specific franchises that co-operate more with than the other franchises?
7. Do you prefer any further ways of co-operation between the franchises?
8. Do you feel that co-operation between the franchises makes your respective franchise more or less competitive?
9. What are the benefits of collaboration between the franchises? Are they collective? Or only to your respective franchise?
10. What are the issues with collaboration between the franchises?
11. Is there an instance where you declined to co-operate in order to remain more competitive?
12. Are there consequences for not collaborating with other franchises?

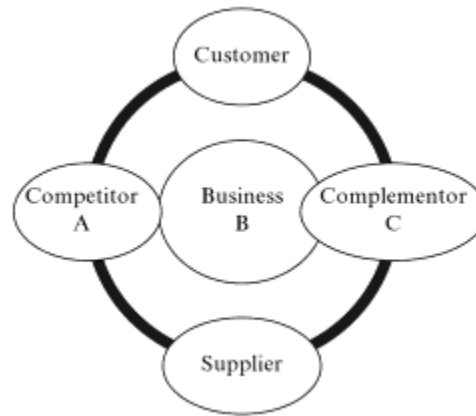
13. How do the cricket franchises compete?
14. Are there separate strategies for collaboration and competition?
15. Does the sport of cricket compete as a national sport, with the other codes of sport in South Africa? How?

Appendix 2: The six cricket franchises in South Africa

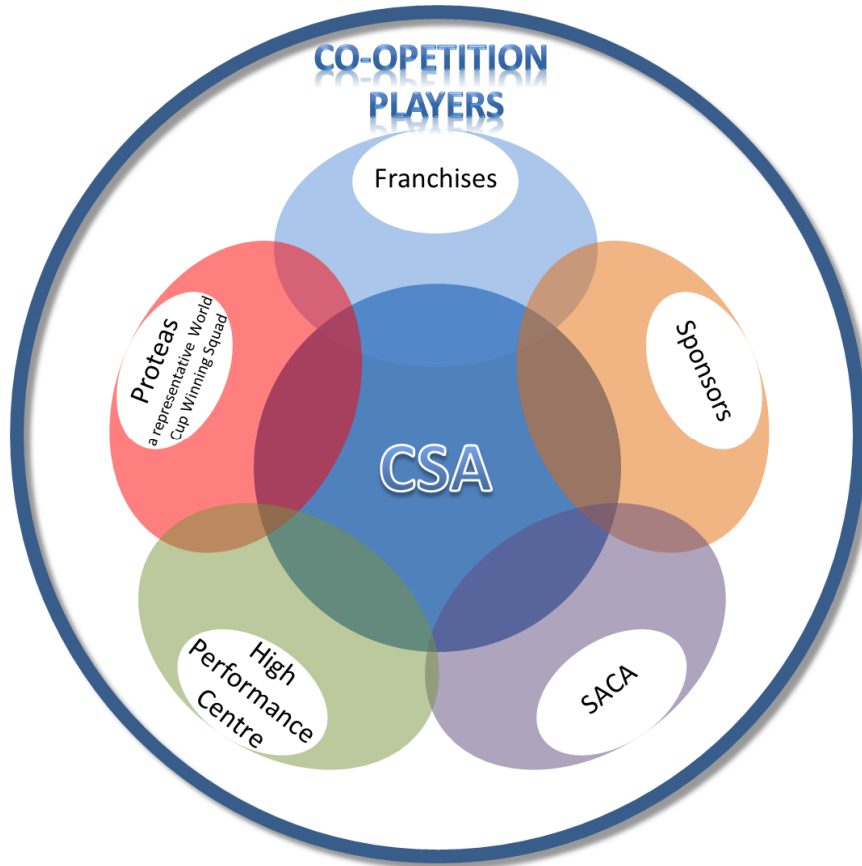
	bizhub Highveld Lions
	Chevrolet Warriors
	Chevrolet Knights
	Nashua Dolphins
	Nashua Titans
	Nashua Mobile Cape Cobras

Source: (<http://www.cricket.co.za>)

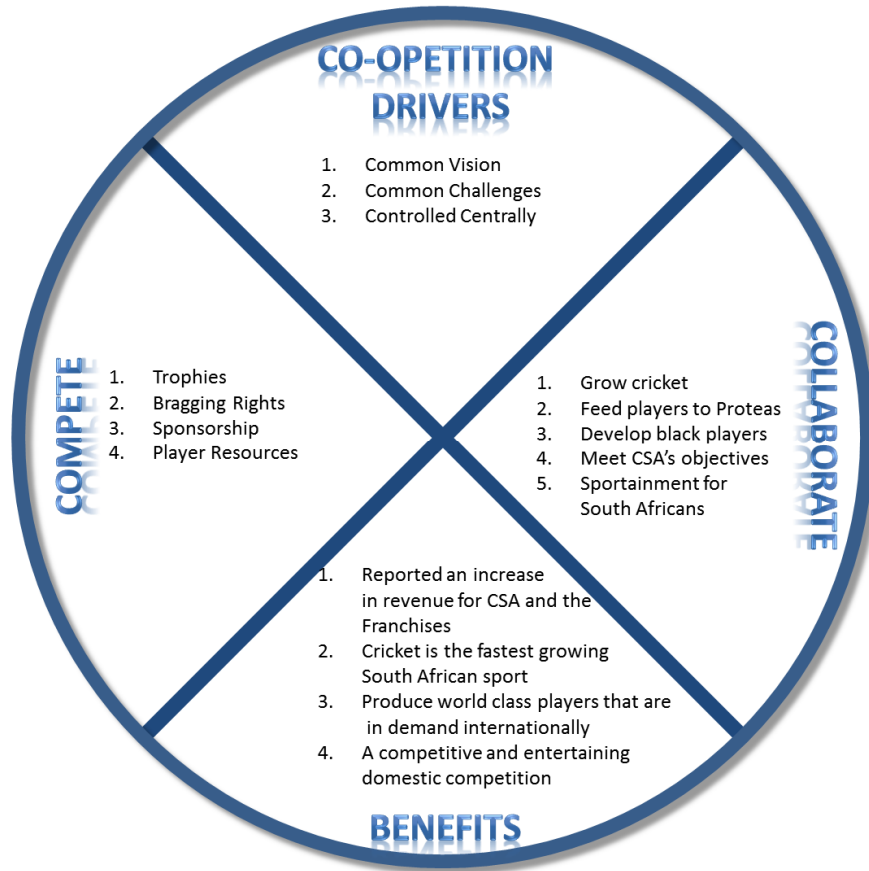
Appendix 3: An adaptation of Porter's five forces by Brandenburger and Nabeluff (date)



Appendix 4: Co-opetition players



Appendix 5: Co-opetition factors



Appendix 6: Co-opetition ecosystem

