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**TRIADS OF INTERORGANISATIONAL CONFLICT:
INVESTIGATING ASYMMETRIES, DISPUTES, AND TENSIONS**

By KIEU LI HAO, EDSON

SINGAPORE MANAGEMENT UNIVERSITY

2021

Triads of Interorganisational Conflict:
Investigating Asymmetries, Disputes, and Tensions

By

EDSON KIEU

Submitted to Lee Kong Chian School of Business in partial fulfilment of the requirements for
the Degree of Doctor of Philosophy in Business (Strategic Management and Organisation)

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2021

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I hereby declare that this Ph.D. dissertation is my original work

and has been written by me in its entirety.

I have duly acknowledged all the sources of information

which have been used in this dissertation.

This Ph.D. dissertation has also not been submitted

for any degree in any university previously.

A handwritten signature in black ink, appearing to read 'Edson Kieu', is positioned above a horizontal line.

Edson Kieu

15 June 2021

**TRIADS OF INTERORGANISATIONAL CONFLICT:
INVESTIGATING ASYMMETRIES, DISPUTES, AND TENSIONS**

EDSON KIEU

ABSTRACT

Interorganisational relations are critical resources that are enablers for organisations to achieve competitive advantage. Collaborative ties provide organisations access to new markets, distribution channels, information, and present opportunities to develop or enhance capabilities and competencies. However, interorganisational ties are dynamic and susceptible to relational tensions among collaborative, coordinative, and competitive elements. As such, primarily focusing on collaborative elements between organisations presents an incomplete representation. Social relations involve elements of collaboration and conflict that are not antithetical but dialectical determinants of one another. Despite these conjectures of dialectical tensions, the nature of interorganisational conflict remains elusive. Hence, this dissertation is devoted to: (i) explicating the conceptual underpinnings of interorganisational conflict, (ii) exploring conflict as an experience that develops organisations' abilities to address interorganisational ties and brokerage and, (iii) examining the asymmetric role of conflict as opportunities for learning and strategic actions.

In chapter two, the dissertation discusses various conceptualisations of interorganisational conflict and highlights conflict as a distinct construct involving relational tensions between interacting organisations. I present an exploratory framework to capture prior perspectives of interorganisational conflict and claim that redefining conceptualisations of interorganisational conflict will present new opportunities for management research. The following chapters in the dissertation highlight that our theoretical understanding of interorganisational relations and beyond can be extended by inculcating the antecedents,

processes, and outcomes of interorganisational conflict as part of future research considerations.

Chapter three focuses on firm-level triadic ego-network structures by examining firms' ability to reside in brokerage positions based on their prior experiences with collaboration and conflict. The chapter develops on the basis that the dualistic experience of collaboration and conflict has implications for a firm's ability to span structural holes. Empirical results indicate that ambidextrous experiences related to collaborative and conflictual experiences positively and significantly affect firms' ability to reside in brokerage positions. However, such effects were found to be contingent on the levels of environmental volatility. It was found that environmental volatility reduced the learning effects of prior experiences on brokerage. This suggests that firm learning and the development of capabilities based on prior experiences are contingent on the magnitude of environmental shifts.

Chapter four focuses specifically on the role of conflictual ties on a firm's ability and strategic positioning to bridge structural holes with the goal of explicating a firm's role as an initiator or target of conflictual ties. The paper posits that the directionality of conflict impacts a firm's strategic choices to reside in brokerage positions. The results highlight a significant increase in the likelihood that both targets and initiators of conflict span structural holes. However, when firm performance was considered as a trigger for firm motivation and risk predilection to broker, the effects of directed conflictual ties on brokerage formation were diminished. The results indicate that firm learning is contingent on event-specific determinants as well as firm-related aspirations of motivation and risk partiality.

Empirical chapters three and four are anchored by a 10-year longitudinal sample of contract litigation on breach of contracts supplemented by alliance and joint venture activities of publicly traded firms in the United States of America between 2009 to 2018.

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DEDICATION

To past, present, and future scholars

CHAPTER 1

General Introduction

Our understanding of interorganizational relationships becomes more important today than at any other point in history with an increasing prevalence of interorganisational strategic alliances and joint ventures (Beamish and Delios, 1997; Hagedoorn and Schakenraad 1993; Harbison and Pekar 1998; Pekar and Allio 1994). Such relationships are formed between organisations to obtain resources with external parties such as industry partners, suppliers, or other stakeholders that extend beyond the focal organisation's boundaries. Resultingly, single enterprises with hierarchical structures have declined as organisations opt to gain critical resources and increased levels of flexibility via transactive and collaborative interorganisational relations (Gulati 1995a).

Interorganisational ties present many benefits as it creates flows of information and resources that can shape organisational behaviour and outcomes. The extent to which organisations are embedded within a web of interrelations plays an influential role in the organisation's performance. Interorganisational relations serve as a resource that facilitates alliance formation across firms by providing information that reduces uncertainties and circumvents the risks related to opportunistic behaviours. Connections accumulated over time open avenues for information gathering, which are vital prerequisites for forming new alliances with suitable and reliable partners (Gulati 1995a; Kogut et al. 1992; Powell et al. 1996). As such, interorganisational ties and the surrounding network play a critical role (i) in the reduction of environmental uncertainty that plagues the establishment of new interorganisational

relations and (ii) creates critical opportunities for organisations to learn and gain knowledge, experience, information, and resources through interfirm interactions.

However, numerous questions remain regarding pertinent antecedents of network structures. Prior explanations highlight characteristics of structural rigidity where past and present ties act as predictors of future ones (Gulati and Gargiulo 1999; Walker et al. 1997). Resultingly, the process where interorganisational ties are established, extended, and renewed becomes dialectical determinants of future network structures (Granovetter 1985; Uzzi 1996). This process is related to two aspects that constraints or restricts actors' access to new ties. First, referrals obtained through intermediaries increase the likelihood that organisations connect to form direct relations based on close proximity and access to information (Gulati and Gargiulo 1999; Shane and Cable 2002). Secondly, pre-existing direct relations act as enablers for a preference for certain partners and repeated transactions (Uzzi et al. 2009).

While the structural view seems to constrain, actors nevertheless possess certain abilities to leverage on a variety of opportunities to reside in favourable positions that facilitate a variety of positive outcomes (Stevenson and Greenberg 2000; Zaheer and Soda 2009). One of the ways organisations can navigate constraints and reap positive outcomes is through brokerage by acting as bridges across structural holes. Within triadic relations, actors can manipulate their surrounding network structures and proactively achieve beneficial outcomes by bridging between two disconnected alters. This dissertation argues that the antecedents to brokerage positions require organisations to possess the ability to address tensions surrounding interorganisational ties as a prerequisite to navigate network structures.

Interorganisational tensions stem from a variety of ways, each with its own distinguishing factors. Specifically, this dissertation focuses on interorganisational conflict, conceptualised as an outcome of tensions and instability perpetuated opposing interests,

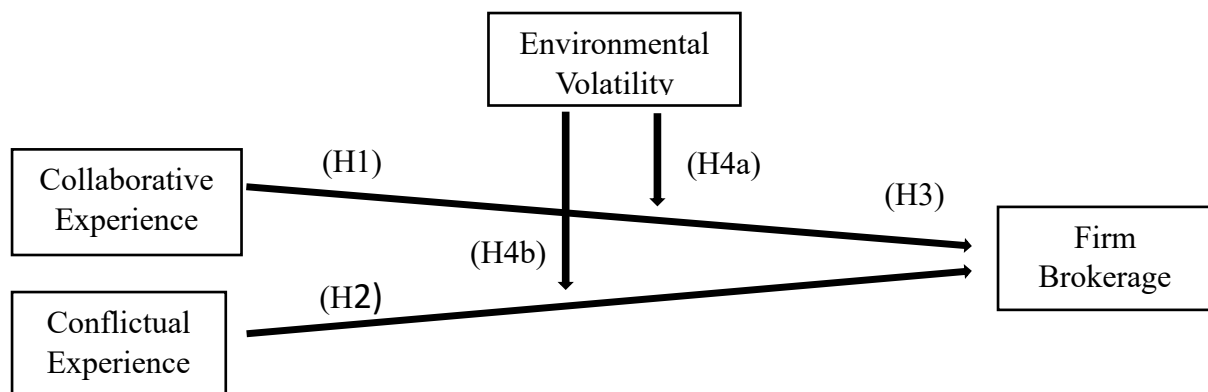
motives, events, and situations (Bacharach and Lawler 1981; Commons 1934; Kochan and Verma, 1982; Walton and McKersie 1965). I argue that organisational learning, gained from prior experiences creates an imprint on organisations that shapes future ties. As such, the history of organisations and their experiences with interorganisational collaboration and conflict defines an organisation's relational outcomes in the future.

To do so, chapter 2 proposes to review interorganisational conflict as a vital academic endeavour because it has potentially significant interorganisational consequences. In addition, conflictual relations will enable an exploration of a relatively less developed dimension of network relations that have been predominantly focused on tie formation, constraints, decay, or redundancy. As such, chapter 2 is devoted to interorganisational conflict, examined from numerous standpoints, namely: (i) antecedents leading up to conflicts such as tensions and instabilities between organisations (ii) as a processual manifestation of the interaction between individuals, organisations, or the external environment, and (iii) as an outcome consequential for future interorganisational relations and performance.

Chapters 3 and 4 focus on the triadic ego-network structure by explicating the mechanisms related to the antecedents of brokerage with the focal level of analysis on firms. Within a triad, firms that span structural holes have advantageous access to resources and information beyond what is derived from dyadic ties. While these interfirm partnerships allow interacting firms to achieve positive outcomes, interfirm ties are not precluded from ambiguities and disagreements with partners (Burt 1992; Nahapiet and Ghoshal 1998). Interfirm collaboration is dynamic and tangles between elements of collaboration and competition that lead to disagreements, disputes, and conflict once relational rules fail (Molnar and Rogers 1979).

Specifically, chapter 3 argues that both cooperative and conflictual ties are essential mechanisms of consideration. It is suggested that a firm's ability to broker depends on a firm's ambidextrous abilities to cooperate, foster trust, and deal with competitive dynamics that may translate to interorganisational conflict (refer to Figure 1). The results support this prediction and highlight that firms' past experiences with both alliances and litigations allow the firm to manage the tenability of its ties and contribute to aspects of alliance management capabilities. As an implication, the superior ability to manage collaborative and competitive tensions that exist in interfirm relations, firms are better position to reside in brokerage roles. However, while past experiences enhance a firm's ability to act as brokers, the effects were found to be undermined by high levels of environmental volatility. Hence, this suggests that firm learning is contingent on event-specific issues and the wider environmental shifts.

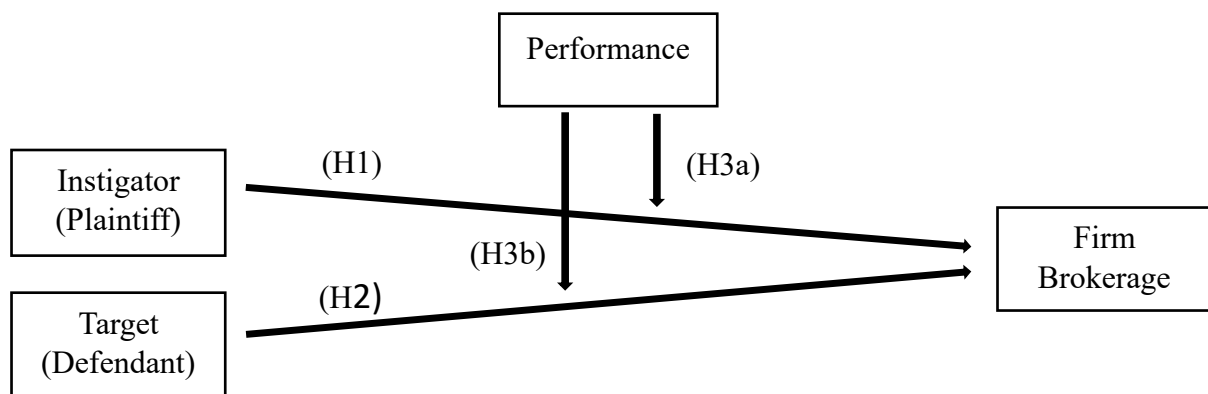
Figure 1: Hypothesised relationships in chapter 3



As a continuation of chapter 3, chapter 4 focuses on conflictual ties and explores the directionality of conflict as mechanisms related to brokerage formation (see Figure 2). This chapter argues that the motivation to engage in conflictual relations differs from distinct positions in a conflict, affecting organisational learning and experiences. It is suggested that initiators of conflict will develop different capabilities as compared to the targets. Thus, the

directionality of conflict is vital as initiators and targets of conflict are expected to have divergent experiences. Additionally, this chapter explores conflictual ties between dyads with concerns related to firm performance that is a strategic motivator to span structural holes. The findings suggest strong relationships of conflictual experience as both initiators and targets of conflict on a firm's ability to broker. However, strategic arguments related to motivation and risk predilection did not find any support.

Figure 2: Hypothesised relationships in chapter 4



The dissertation makes several main contributions. First, the dissertation provides an extensive overview of existing research on conflict, its key discussions, and definitions. Second, the paper explores antecedents of brokerage by examining ego-level learning, motivation, risk predilection in relation to the external environment, and relative performance. This dissertation focuses on interorganisational conflict to address research gaps in the existing literature by discussing an area that has been relatively neglected in interorganisaional network research that has been predominantly focused on interorganisational collaboration. Therefore, the subsequent chapters emphasize and highlight the vast potential interorganisational conflict for future research.

CHAPTER 2

A Tale of Relational Tensions and Instabilities:

A Literature Review and Exploratory Framework on Interorganisational Conflict

Abstract

Despite extensive knowledge of interorganisational ties, the field of management does not have an extensive framework that explores predictions related to the antecedents, outcomes, or processes of interorganisational conflict. Examining conflictual ties is critical as it can have tremendous implications on organisations' ability to gain access to necessary resources and better performance obtained through various interorganisational collaborative mechanisms. Through a systematic review of the literature, this paper examines interorganisational conflict as a distinct construct that involves relational tensions that potentially disrupt or impede the attainment of expectations and goals between interacting organisations. The paper addresses critical issues of conflict in three main parts. First, I explore existing conceptualisations of interorganisational conflict will be explored. Second, I examine how interorganisational conflict may present new opportunities for management research. Lastly, four facets of interorganisational conflict are highlighted as an exploratory framework to capture perspectives of interorganisational conflict. The review suggests that major theoretical streams in management can extend the theoretical understanding of interorganisational processes by examining the antecedents, outcomes, and processes of interorganisational conflict.

1. Introduction

Conflict is a fundamental component that underpins interactions between social entities. Yet, the nature of conflict has been an elusive and complex concept to grapple with. Conflict as a topic has been a subject of extensive research across many fields, from political sciences, economics, sociology, and business. Regardless of academic fields, Georg Simmel's 1950 seminal work on *The Sociology of Conflict*, asserted how conflict is inseparable from social interactions. Simmel defined conflict as a "resolution of the tension between the contraries". Simmel highlights that conflict should be associated as a 'cure' as opposed to the general inclination to interpret conflict as pathological for social interactions (Simmel 1950: 490). To delve deeper into the nature of conflict, this paper focuses on interorganisational or interfirm conflict in the business or corporate context to explain social relations that transpire between and within organisations.

Prior research focusing on organisational contexts examined conflict as a process of reoccurring overt behaviours that arise due to incompatible goals and interests (Alter 1990; Deutch 1973; Schmidt and Kochan 1972; 1977; Thomas 1992). Research motivated from this line of work began by examining how coordination and conflict as a polarizing continuum (Alter 1990; Gillespie and Mileti 1979) and explored how improved coordination and cooperation can be induced to avoid conflict (Dewitt 1977). While coordination-cooperation issues continue to be crucial antecedents to conflict, some have cautioned viewing conflict as antithetical to coordination (Alter 1990). For example, Distefano (1984) suggests that coordination and cooperation are not mutually exclusive. Recent developments concur with this theoretical trajectory, highlighting that a focus on collaboration presents an incomplete representation of social relations because collaborative and conflictual relations co-determine one another (Sytych and Tatarynowicz 2014).

This review primarily focuses on the organisational level of analysis because the nature of ties, exchanges, and governance structures are distinctively different. Despite focusing on organisational levels of analysis, this review is not agnostic to cross-level influences. Cross-level influences relate to the impact of individual decision-makers' behaviour or perception within the organisation that manifests to organisational-level processes and outcomes. The interactions are evident with numerous studies that examined interorganisational conflict through the lens of individual organisational decision-makers or informants (eg. Alter 1990; Ander and Jap 2005; Assel 1969; Lumineau and Quélin 2011; Malhotra and Lumineau 2011; Molnar and Rogers 1979; Priest and Klein 1984). As it is evident that these processes are interrelated, conflict that stems from individual perceptions and behaviour will be discussed as an integral aspect of interorganisational conflict.

Presently, conflict has been discussed in conjunction with other relational concepts such as disputes, rivalry, transgressions, violations, or opportunism. As such, this paper presents an extensive review to bring about conceptual clarity on interorganisational conflict as a distinct construct. Attention to conflictual ties is an essential touchpoint for the vibrant development of numerous theoretical streams in management. By conceptualizing conflict and examining research from the focal context, we will be able to: (i) illuminate the dynamism of relational ties by looking beyond the formation of interorganisational relations, (ii) highlight the possible mechanisms of conflict and its mitigating factors, and (iii) address post-conflictual consequences. The linkage between interorganisational relationships and conflict presents a hinterland for theoretical exploration. Many theoretical streams have limited insights on the function, mechanisms, and manifestations of interorganisational conflict.

2. Review Methodology

I implemented a three-step process to identify articles that investigated interorganisational conflict. First, I searched Web of Science for papers that included “interorganisational conflict”. The search targeted papers tagged under broad topics of Economics and Business. 13 additional sociological journals were searched because these were not context- or topic-specific journals. These sociological journals include Social Networks, Social Forces, American sociological review, American Journal of Sociology, Annual Review of Sociology, Contemporary Sociology, The Sociological Review, The Sociological Quarterly, Sociological Theory, Journal of Sociology, Sociological Perspectives, The British Journal of Sociology, and Sociological Methodology.

This search specification generated 1094 papers that included some duplicated results. Next, the articles and abstracts were examined. This process systematically excluded papers that: (i) did not examine interorganisational-level conflict or (ii) belong to irrelevant contexts such as literature related to conflict resolution, work-family conflict, political violence, and war. The process of examining the abstracts led to a total of 49 relevant papers. Lastly, the papers identified by Web of Science acted as a springboard and basis to examine forward and backward citations of key papers. This step yielded an addition of 63 papers, bringing the papers examined to a total of 112. Notably, the review is not restricted to the boundaries of these identified papers of interests, but they form the foundation of developing a framework on interorganisational conflict.

This paper will proceed and address key issues of conflict in three main parts. First, I review interorganisational conflict into three main pillars: (i) antecedents to conflict, (ii) conflict as a process, and (iii) consequences of conflict. Studies on conflict can elucidate the extent to which firms are embedded within their web of interrelations, bringing about a deeper

understanding of the relational impact on an organisation's performance. Next, I will exemplify how interorganisational conflict may present new opportunities for major management theories. In the last segment, I examine four main facets of interorganisational conflict that lay the foundations for future research directions. These four facets include: (i) agency and structure, (ii) consensus and dissension, (iii) social transformation, (iv) interrelations between the social and perceptual.

3. Conceptualizing Interorganisational Conflict

3.1 Defining Interorganisational Conflict

Despite a plethora of recent developments on interorganisational relations, there is still room for developing a common consensus defining, conceptualizing, and theorizing about interorganisational conflict. Oliveira and Lumineau (2019: 232) examined a broad conceptualisation of the dark side of interorganisational relationships and defined it as “the set of generally damaging aspects of IORs; these aspects can be voluntary or involuntary and are generally driven by competence or integrity issues”. This conceptualisation goes beyond conflict to include issues such as disagreements, opportunism, deceitful and unethical practices.

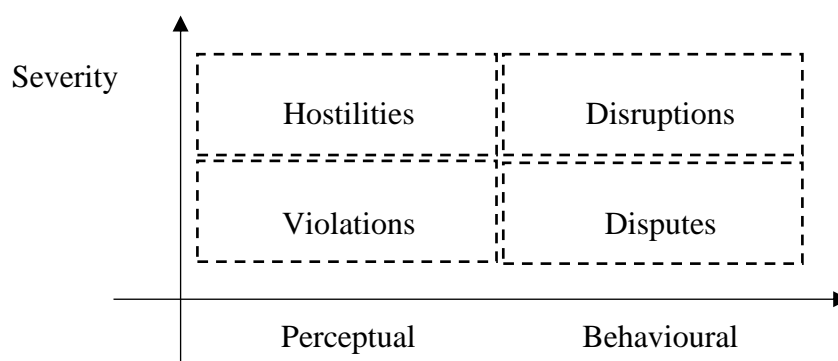
In this paper, I focus on interorganisational conflict instead of a broader conceptualisation of the dark side of interorganisational relations. The proposed definition of interorganisational conflict is an intentional or unintentional process of cooperation-coordination dysfunctions that impede the attainment of expectations and goals. However, there are two noteworthy characteristics of this definition. First, this definition does not distinguish between hostilities, disputes, violations, and/or aspects of disruptive acts. These events will be considered as organisational devices that are subsumed under this conceptualisation of conflict. Second, I contend that conflictual ties and conflictual relations are not synonymous. I will discuss both issues in the sub-sections below.

3.2 Interorganisational Conflict as a Distinct Construct

Interorganisational relations involve avoidance of hostilities and disputes as much as building positive exchanges with alliance partners. The attainment of alliance goals requires intricate interlaces between appropriate: (i) partner selection (complementarity, compatibility, commitment), (ii) alliance governance (equity, contractual, relational) and, alliance management (coordination mechanisms, trust, conflict resolutions) (Kale and Singh 2009). Additionally, interorganisational relations are rarely symbiotic, and organisations are loosely connected via various contractual or equity arrangements (Kale and Singh 2009; Yoshino and Rangan 1995). The multitude of potential hazards combined with loose connections presents fertile grounds for interorganisational tensions.

Surfaced tensions that fail to be amicably resolved leads to conflict and preceding actions between partners. Figure 3 conceptualises four facets of conflictual devices based on two dimensions: the severity of valence and related outcomes of perceptions and behavioural outcomes. The potential manifestations and reactions to conflict are retaliatory responses to injustices (Goh et al. 2014; Miller 2001).

Figure 3: Four facets of conflictual devices



As seen in Figure 3, the four facets present a conceptual delineation between severity across levels of perception and behaviour. Violations are hostilities identified to be mainly perceptual in nature, while behavioural relates to disputes and disruptions.

3.2.1 The Perceptual

This involves cognition or affect and is particularly relevant for individuals that make decisions across organisational boundaries. Miscommunication or misinterpretation and affect relationships as it alters perceptions, cognition, and affect of organisational decision-makers. Early research on conflict suggested that perceptual biases and negative images impacted intergroup conflict, with a specific focus on differences rather than similarities (Coser 1956; Forsyth 1990). The cognition of decision-makers can also be affected by attention-focus mechanisms (Darley and Gross 1983; Howard and Rothbart 1980; Labianca, et al. 1998). Ongoing tensions and instabilities of interorganisational relations may be given more attention and, therefore, influence decision-makers' cognitive and affective responses.

On the other hand, hostilities may accentuate problems related to organisational collaboration such as competing interests, incompatible goals, disagreements in the allocation of resources, informational dissemination, and opportunistic behaviours. While perceptions are not directly responsible for interorganisational conflict, it directs how conflict manifests between organisations and influences conflict resolution strategies. Hostilities and violations here are differentiated by the degree of negativity.

3.2.2 The Behavioural

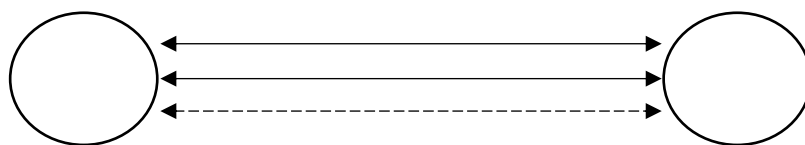
Behavioural manifestations of conflict are overt, observable, and actionable. Behavioural conflict may appear in forms of conflictual devices such as disputes and disruptions. Prior research examining disputes explored governance and enforcement through contracts and trust, which are mechanisms that facilitate control and coordination (Lumineau and Malhotra 2011; Malhotra and Lumineau 2011). Contracts are formal devices that act as primary means to engage relevant parties in the event of a conflict. Legal systems are used to enforce contracts (Cao and Lumineau 2015; Lumineau et al. 2015; Zhou and Poppo 2010). Yet,

activating formal and overt mechanisms such as the legalisation of conflict will impose constraints on future collaborations (Sytych and Tatarynowicz 2014). The legalisation of conflict shifts could lead to costly protracted litigations that have far-reaching consequences for future collaboration.

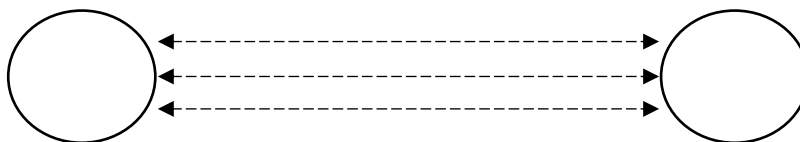
3.3 Distinguishing Between Conflictual Ties and Negative Relations

Multiplex relations enable us to distinguish between conflictual ties or negative relations. Multiplicity recognises that actors are connected in a variety of ways and a multitude of ties. For instance, organisations can be connected via multiple unrelated contractual agreements or alliances. A tie is based on a single strand of interaction, while relations refer to the overall relationship. As such, the distinguishing factor between conflictual ties and negative relations is primarily anchored on the multiplexity of ties. I argue that a conflictual tie in isolation may not necessarily lead to negative relations unless the impact of conflict and tie dissolutions changes the overall valence of existing multiplex ties (Figure 4).

Figure 4: Conflictual tie versus negative relations



A conflictual tie across multiplex relations in a dyad



A conflictual relation across multiplex relations in a dyad

*Note: ——— represents collaborative tie and - - - - - represents conflictual tie.

This conceptualisation highlights that pre-existing ties are necessary antecedents for conflictual ties to occur. This suggests that conflict can only occur between connected parties because an interorganisational tie relates to (i) existing ties based on mutual goals and (ii) conflict as an outcome of surfaced tensions. As such, based on this definition, disconnected parties are not susceptible to conflict. Due to this assumption, we can conceptualize conflictual ties, and negative relations are mutual and symmetrical. For clarity, the rest of the paper will differentiate both conflictual ties (single tie) and negative relations (overall negative relations).

Interorganisational conflict is complex and can be examined from varying standpoints: (i) antecedents or prior events leading up to conflicts such as tensions and instabilities between organisations (ii) as a processual manifestation of the interaction between people, organisations, or institutional environments, and (iii) as an implicating factor consequential for future interorganisational relations and performance. In the next section, I will explore 3 pillars of interorganisational conflict.

4. Three Pillars of Interorganisational Conflict

4.1 Pillar 1 - Antecedents of Conflict

Pillar 1 refers to antecedents, prior events and/or conditions that lead to conflict. Four main organizing typologies of conflict between tensions have been discussed in existing literature, each with its own distinguishing factors based on different causal tensions and instabilities. Conflict is seen as an outcome of tensions and instability perpetuated by interorganisational relationships and has been linked to opposing interests and motives related to events and situations (Bacharach and Lawler 1981; Commons 1934; Kochan and Verma, 1982; Walton and McKersie 1965).

4.1.1 Frictional Conflict

Frictional conflict is defined as a minor conflict that does not change the organisational structure. Organisational structure refers to the pattern of relations, resource allocation, and the respective functional responsibilities. Structural features inhibit coordination when conflict is present when: (i) jurisdictional boundaries are ambiguous, (ii) greater perception for the conflict of interests, (iii) feeling of dependency on others, and (iv) greater physical obstacles to communication (Walton et al. 1969). The main driving force behind frictional conflict is the tensions between communication and coordination which are closely related to interorganisational interdependencies.

Frictional conflict is affected by the nature of categorical pooled, sequential, and reciprocal interdependencies. Reciprocal interdependency has the highest potential for conflict, followed by sequential and pool interdependencies (Kumar and Dissel 1996). Empirical papers that examined problems related to coordination explored partner-specific characteristics and partnership interactions. Mohr and Spekman (1994) studied how partnership attributes, communication behaviour, and conflict resolution techniques are related to partnership success, reducing interorganisational coordination problems. Conflicts can be based on matters like overgrazing, fouling or contamination, poaching and stealing.

4.1.2 Structural Conflict

Molnar and Rogers (1979) define structural conflict as an occurrence over the basic identities and responsibilities of interorganisational relationships. Structural conflict reflects the inability to establish or maintain certain basic and foundational rules or principles that govern the relationship. Walton (1972) describes structural conflict as a form of a dispute over basic identities and multiple public images claimed by interacting organisations. The dispute presides over an understanding and structure of responsibilities in organisational relationships.

As such, structural conflict derives primarily from external constraints that shape the purpose and behaviour between actors. Conflictual relations strained over structural conflict breeds additional conflict over substantive matters that may be linked to larger issues (Goldman 1966). These protracted conflicts happen due to contrasting organisational structures, functions, and boundaries that cannot be reconciled or sustained (Molnar and Rogers 1979).

Assael (1969) highlights that structural conflict serves to alert parties that there is a need for further clarification in the roles and distribution of efforts. The foundational tensions from structural conflict are related to long/short-term orientations between actors. Empirical work suggests that the environment has pertinent implications on how organisations develop goals, reward structures, time orientations, and structural formality (Sebring 1977). As such, differences in the environment will bring about different trajectories and the development of structural characteristics, management, and staff orientation (Sebring 1977). Consequently, attempts to establish effective organisational exchanges relate to the need to understand the environmental characteristics and constraints to overcome the impact of their respective environments when organisations interact.

4.1.3 Strategic Conflict

Strategic conflict refers to types of conflict that are unintended results from competition and, to a certain extent, poor coordination. The quality of coordination is determined by both formal and informal organisational structures. As such, strategic conflict occurs when there is a deliberate attempt to create opportunities for the reallocation of authority, resources, and functional responsibilities (Assael 1969; Lammers 1969). Instigators of conflict are motivated by competitive behaviours such as promotion-of-interests, seizure-of-power, and secession.

The nature of interest-seeking behaviours also relates to underlying organisational structures. Organisational structures impact different motivations, with promotion-of-interests

more likely to occur in utilitarian organisations, seizure-of-power in normative organisations, and secession in coercive organisations (Lammers 1969). Tactics and actions available for instigators could involve threats of violence, persuasions, work stoppages, and other means to derive rewards (Lammers 1969). Strategic conflict creating a power imbalance has the means to bring about constructive changes after a balance of power is achieved (Assael 1969).

Papers that address strategic conflict explored interorganisational rivalry and transaction cost economics. Parkhe (1993) highlights that interorganisational cooperation that possesses traits related to poor certainty, longevity, stability, and performance are more likely to experience opportunistic behaviours. On the flip side, forward-looking organizations and promote greater reciprocal cooperation are similarly tied to high behavioural transparency, long time horizons, and frequent interactions.

Strategic conflicts leading to alliance failures were found to be connected to rivalry and managerial complexities. These were moderated by various factors related to opportunistic hazards, trust, commitment, coordination difficulty, strategic and structural misfit, bureaucratic monitoring and agency costs, organisational rigidity, and adaptation to institutions (Heide et al. 2007; Moretti and Zirpoli 2016; Park and Ungson 2001). Based on these factors, the primary driving force behind strategic conflict is related to the tensions of competition and coordination.

4.1.4 Operating Conflict

Operating conflict refers to disagreements and disputes that occur when one organisation has a dispute over another's position at a point in time but fails to address the opposing party's control (Molnar and Rogers 1979; Walton 1972). Walton (1972) proposes that operating conflict ensues over pre-established sets of relationships and is particularly relevant to the coordination of interorganisational operating procedures and activities.

As such, attempts to manipulate control and position stem from disagreements over task expectations, role performance, and problem-solving in interorganisational relationships (Goldman 1966). Such tensions reflect the continual process of interactions and mutual adjustments between interacting organisations wherein perceived interests and ambiguity can lead to conflict over alliances and partnerships.

Operating conflict is most clearly seen from a study by Steema et al. (2008) that examined the role that parent-subsidiary conflict plays in the evolution of joint ventures. The paper found that merely an imbalance in power between the parental firms does not lead a joint venture to tip toward becoming a wholly-owned subsidiary. Only when this power imbalance is combined with the conflict between the parents that the likelihood increases the chance that the joint venture will become a wholly-owned subsidiary. Tensions arising from differing goals and expectations have been highlighted empirically and theoretically, where partnerships between direct competitors were more likely to fail because of conflict (Hennart and Larimo, 1998; Park and Ungson, 2001; Yan and Zeng, 1999). Hence, operating conflict relates to tensions revolving around the rigidity-flexibility of interorganisational relations.

Table 1 summarizes the distinguishing factors based on different causal tensions and instabilities.

Table 1: Types of conflict

Type of Conflict	Description	Continuum
Frictional Conflict	Refers to minor conflicts that do not change the organisational structure like the pattern of relations, the allocation of resources, and the respective functional responsibilities. Conflicts of this nature inhibit coordination due to ambiguity and dependencies.	Cooperation-Coordination

Structural Conflict	Refers to issues over the basic identities and responsibilities that define an interorganisational relationship. This suggests that relational ties may result in tensions that reside over the legitimate prerogatives and fundamental understanding of the boundaries of responsibilities and mutual orientation.	Long/Short-Term Orientations
Strategic Conflict	Refers to types of conflict that are unintended results from competition and cooperation. Motives may reside in competitive behaviours to bargain or gain at the expense of others.	Coordination-Competition
Operating Conflict	Refers to the level of disagreements and disputes that involves interorganisational relations that occur during problem-solving or issues with task expectations and role performance.	Rigidity-Flexibility

4.2 Pillar 2 - Conflict as a Process

Interorganisational conflict can also be conceptualized as an unfolding process anchored within the (i) perceptions of decision-makers, (ii) behaviours and tactics employed by actors, (ii) influencing factors of the institutional environment, and (iii) the structuring network patterns between alliance partners. Pillar 2 conceptually illuminates how conflict manifests across various multiple levels and boundaries.

4.2.1 The Perceptual

Perceptions involve dimensions related to cognition or affect. The perceptions of individuals are more pertinent for those involved with decision-making across organisational boundaries. Studies examining conflict revealed that decision-makers' cognition is impacted by the types of conflict and aspects of miscommunication and misinterpretations. Early research examined the repercussions of intergroup differences and their impact on perceptual biases and negative images on conflict (Coser 1956; Forsyth 1990).

Additionally, the cognition of decision-makers is affected by attention-focus mechanisms (Darley and Gross 1983; Howard and Rothbart 1980; Labianca et al. 1998). Attention-focus suggests that any ongoing tensions and instabilities of organisational relations may be given more attention, influencing decision-makers' cognitive and affective responses (Dawson et al. 2014; Li and Hambrick 2005). Hostile feelings may accentuate problems related to organisational collaboration such as competing interests, incompatible goals, disagreements in the allocation of resources, informational dissemination, and opportunistic behaviours. While perceptions are not directly responsible for interorganisational conflict, it may direct how conflict manifests between organisations and, therefore, influence conflict resolution strategies.

4.2.2. The Behavioural

Behavioural manifestations of conflicts are overt, observable, and actionable in nature which can occur at the interpersonal or interorganisational levels of analysis. Behavioural manifestations appear in forms of devices such as transgressions, disputes, strains, violations, and disruptive acts. These intentional or unintentional manifestations can be a response or a cause of conflict. Motivation and intention of conflict is a crucial aspect because this influences the trajectory of how points of contention will unfold (Lammers 1969).

Studies found that behaviours related to conflict revolve around unique situations where parties involved will alter their responses depending on situational factors (King and Miles 1990; Thomas 1992). Open behavioural disagreements between firms can hamper goal attainment (Kersi et al. 2013; Pondy 1967). Litigation between partners is viewed as a serious manifest conflict. Conflict from a behavioural perspective warrants attention to the implications of individual-level motivations and intentions, particularly when it does not align with interorganisational goals and the certain contingencies that could mitigate the onset of

conflict. As such, some contingencies that were highlighted to mitigate conflicts are relationship investments (Luo et al. 2009), dependence and trust (Nimalya et al. 1995), as well as expectations of future behaviour (Sullivan et al. 1981).

4.2.3 The Institutional

As highlighted earlier, the role of the institutional environment impacts and determines how actors' choices are shaped by the social context (Davis and North 1971; Oliver 1997). The institutional environment is crucial as individuals, organisations, and social systems operate in a network of interplaying pressures of norms, regulations, and culture. The role of institutions impacts interorganisational interdependencies among agents through high levels of uncertainty, unstable demand, knowledge, and technologies that are rapidly evolving (Moretti and Zirpoli 2016). When organisations reside in drastically different environments, the differences in organisational cultures and managerial practices will likely increase coordinating costs if firms are operating across institutional contexts.

While the institutional environment does not cause conflict per se, it restrains an actor's toolbox of actions thereby constraining reactionary measures. This will impact possible conflict trajectories as conflict mitigation and resolution strategies differ across institutional environments or practices across national, cultural, or industry boundaries (Bai et al. 2015; Zaheer et al. 1998). Arguably, conflictual occurrences may also be precursors to institutional changes if tensions are unresolved or imbalanced to the extent that these tensions become symptomatic and recurrent. Such tensions may highlight underlying inadequacies of current institutions, which may trigger responses or steps that seek to bring about institutional changes.

4.2.4 The Network

Similarly, networks may impact the manifestation for conflicts as it influences behaviour, future outcomes, or performance trajectories. Collaboration and conflict serve as building blocks to determine the strains or maintenance of relations (Heider 1946; Sytch and Tatarynowicz 2014; Willer 1987). Networks are collaborative and may discourage the development of conflict by mitigating collaborative tensions and instabilities (Sytch and Tatarynowicz 2014). An organisation's surrounding networks act as pathways for activating informal governance mechanisms to deal with interorganisational tensions (Larson 1992; Gulati 2007), shaping the diffusion of norms, knowledge, or other resources (Rogers 2003; Uzzi and Spiro 2005). Similarly, diffusion of information translates across direct and indirect ties that have the potential to impact perceptual biases and influence conflict.

Interactions are fundamental building blocks of networks, and relational transparency is argued to diminish tensions between partners. Tensions are reduced when partners increase the likelihood of greater communication and preventing misinterpretations (Molnar and Rogers 1979; Parkhe 1993). At the structural level, such tensions may be impacted by structural flexibility or rigidity. Flexibility indicates the ability to modify relational agreements, while rigidity is suggestive of greater control and, therefore, lesser room for mutual collaboration (Das and Teng 2000).

Furthermore, network failures are seen as an interplay of the network's static dimensions of opportunism and ignorance as well as dynamic dimensions of framing, mobilizing, and institutional effects (Moretti and Zirpoli 2016). Hence, networks play a vital role as mediators for conflictual relations, impacting the outcome and development of tensions as antecedents to conflictual relations.

4.3 Pillar 3 - Consequences of Conflict

Even in the aftermath of conflict, there are lasting implications for numerous interorganisational relationships. Some of these consequences are: (i) withdrawal or dissolutions of existing ties, (ii) impacting the ability to form future relationships or alliances, (iii) ability to obtain resources, and (iv) firm and network performance.

4.3.1 Withdrawal and Dissolutions

Conflict resulting in withdrawal or dissolutions may be related to the lack of ability to resolve the inherent tensions. Dissolutions or withdrawals from existing partnerships may indicate incompatibility between partners due to failures in resolving tensions between collaboration, coordination, or competition. Certain outcomes resulting from conflict, followed by dissolutions, include loss of reputation and the subsequent impact on the likelihood of future collaboration (Das and Teng 2000; Lane and Beamish 1990). Even arms-length transactional exchange relationships have been exemplified to be affected by broken promises (Tomlinson et al. 2004). With greater degrees of violation, the target of conflict is likely preoccupied with the aftermath that opportunities for future ties offer little consideration for reconciliation (Tomlinson et al. 2004). Given the experience with conflicts of unmet expectations that result in the termination of relations, this is likely to correspond to firms' ability to form future relations (Gulati 1995a; Gulati and Garguilo 1999; Shane and Cable 2002; Tomlinson et al. 2004; Zhelyazkov and Gulati 2016). Termination of relations disrupts the organisations' ability to attain critical resources and disrupts interorganisational goals.

4.3.2 Formation of Future Ties

The formation of ties is often associated with a firm's reputation. Hence, a credible reputation will earn an organisation's trust and support from its stakeholders (Van der Merwe and Puth 2014). Based on the definitions of reputation, it suggests that an organisation's

reputation is determined by the value and quality of its previous actions (Podolny and Philips 1996). Prior research tends to emphasize the potential benefits of a positive reputation and that the better it is, the greater benefits it accrues to the organisation (Deephouse 2000; Fombrun 1996). Conflicts that impact relations and bilateral ties send negative signals to potential partners.

Signals play a vital role in partner selection decisions and therefore have an influential impact on organisational networks. Pollock and Gulati (2007) explored how varying signals may enhance an entrepreneurial company's ability to form strategic alliances. Van der Merwe and Puth (2014) conceptualises trustworthiness on certain dimensions such as ability, benevolence, integrity, ethical behaviour, identifiability, transparency, and likability. Because conflict might influence these dimensions of trustworthiness and therefore organisational reputation, trust and subsequent formation of future ties are similarly affected.

4.3.3 Ability to Obtain Resources

As previous implications highlights, the consequences of conflict can impact an organisation's ability to obtain resources due to the loss of collaborative ties. The effects of withdrawals, dissolutions, and their influence on the formation of future ties will become an impediment to an organisation's ability to obtain and maintain critical resources. Gulati (2007) posits that a firm's network resource is heterogeneous and is dependent on: (i) the level of a firm's ties, (ii) the nature and types of the firm's ties, and (iii) the types of partners. Because conflict disrupts interorganisational ties and collaborations, firms' ability to obtain resources from their surrounding network is diminished. Hence, examining the outcomes of conflict in relation to an organisation's ability to obtain resources warrants attention to dyadic exchanges and the heterogeneous nature of an organisation's embeddedness.

4.3.4 Organisational and Network Performance

Implications of the above will influence the performance of the organisation and network performance. Obtaining resources and collaborations are crucial determinants for an organisation's competitive advantage. There may be additional constraints and barriers towards gaining needed resources from its networks when conflict is present. However, this may enable the organisation to partake in search and explorative behaviours seeking to improve long-run performance. Studies have made progress in examining the differential benefits firms receive from different types of alliances and how some of these can be influenced by the conditions provided by being a part of the alliance. This strand of research extends to provide linkages to firm performance regarding the frequency of past alliances and the firm's position in interorganisational networks (Ahuja 2000).

Numerous papers have also examined how network structure influences information and knowledge distribution, which can impact outcomes such as innovation, productivity, and performance (Granovetter 1973; Podolny 2001; Reagans and Zukerman 2001; Uzzi 1996; 1997). The underlying notion or central theme of these papers highlight that a diverse network provides access to novel information while a local network generally presents a greater likelihood of receiving redundant information. Access to novel information can increase absorptive capacity and strengthen informational benefits and vision advantages through diverse perspectives, ideas, and information (Burt 1992).

Table 2 summarily highlights three main pillars of interorganisational conflict that reiterate the discussion of conflict: (i) as an outcome of tensions, (ii) as a process, and (iii) the potential consequences on organisations and its relevant ties.

Table 2: Conceptual summary of conflict

Pillar 1: Conflict as an Outcome of Tensions
<ul style="list-style-type: none"> ▪ Frictional Conflict (<i>Communication-Coordination</i>) ▪ Structural Conflict (<i>Long/Short-Term Orientations</i>) ▪ Strategic Conflict (<i>Competition-Cooperation</i>) ▪ Operating Conflict (<i>Rigidity-Flexibility</i>)
Pillar 2: Conflict as a Process
<ul style="list-style-type: none"> ▪ Perceptual (<i>Cognitive and emotional</i>) ▪ Behavioural (<i>Disputes, transgressions, violations, opportunism, and disruptions</i>) ▪ Institutional (<i>Institutional logics and changes</i>) ▪ Networks (<i>Formation, flows, and outcomes</i>)
Pillar 3: Consequences of Conflict
<ul style="list-style-type: none"> ▪ Withdrawal and dissolutions of existing ties ▪ Formation of future alliances ▪ Ability to acquire resources ▪ Performance outcomes

5. Potential Contributions of Interorganisational Conflict to Management Theory

The following section will explore five theoretical streams that are intricately linked to interorganisational relationships. The focal theoretical streams are: (i) the resource-based view, (ii) institutional theory, (iii) governance mechanisms (formal and informal), (iv) networks, and (v) signals and reputation. The purpose of this review is twofold. Firstly, this section illuminates the importance of interorganisational conflict in furthering future research trajectories. Second, it exemplifies how the notion of conflict across these theoretical streams has differing nuances in examining conflictual relations. Table 3 summarizes some examples of conflict and its potential impact on various theoretical streams:

Table 3: Limitations of theoretical streams without the inclusion of conflictual relations

Theoretical Stream	Literature Gaps	Potential Contributions
Transaction Cost Economics	How will opportunism that eventually translates to conflictual relations affect future relations? From the perspective of transaction cost economics, opportunism stems from poor coordination and cooperation due to rigidity-flexibility trade-offs of contractual governance.	Interorganisational conflict encompasses issues beyond opportunistic behaviours and manifests as mutually strained relations across multiple levels of relationships. Exploring conflict can illustrate the potential benefits of going beyond extended contracts and monitoring informal interorganisational arrangements without facing inherent rigidity-flexibility trade-offs.
Resourced-Based View	How will intentional and unintentional conflict impact the exchange and accumulation of resources via alliances? From the RBV perspective, potential points of conflict are: (i) competing interests, (ii) incompatible goals, (iii) disagreement on resource allocation, and (iv) opportunistic behaviours.	Conflictual relations will illuminate the limitations of a firm's ability to optimize economic choices beyond opportunities and threats. Examining tensions of collaborations may further our understanding of the process of how interorganisational exchanges are made viable and maintained over time.
Institutional Theory	How can institutional theory incorporate conflictual relations? From institutional theory, conflict may violate norms, values, incentives, culture, and	By examining conflict, we can examine its impact on firms' motivation and decision-making regarding three pillars of institutional theory: normative,

	<p>politics. Furthermore, conflict can illuminate the processes of institutional changes and tensions that resolves with fluxes and slags in norms and values.</p>	<p>regulatory, and cultural-cognitive aspects. Additionally, we can seek to develop a new understanding of institutions' stability and instability by incorporating institutional changes.</p>
Governance Mechanisms	<p>How will past and present conflict impact the choice and enforcement of both formal and informal governance mechanisms? Potential sources of conflict include the tensions between cooperation and opportunism.</p>	<p>Conflict may illuminate the boundary conditions of activating various governance forms with moderating factors such as trust and existing governance arrangements.</p>
Networks	<p>How will conflict shape behaviour and outcomes of organisations and impact relations of current and future ties? Potential points of conflict may result from contractual breaches, disputes, and transgressions.</p>	<p>Impacts on network structure and flows can be illuminated by examining conflictual relations to ascertain the tensions between dynamism and resilience.</p>
Signals and Reputation	<p>What are the consequences of conflict, and how will its signal impact the perceived reputation of firms? Potential points of conflict are varied and not specific to this theoretical stream.</p>	<p>An examination of conflict and its signals can help us understand how reputation may be influenced and its resultant implications, such as strains in selecting future collaborators.</p>

5.1 Transaction Cost Economics

According to transaction cost economics (TCE), there are two main causes of economic hazards: bounded rationality and opportunism with guile. TCE proposes that increases in asset specificity and behavioural uncertainty develop an inclination towards more complex and hierarchical governance structures. Transaction cost economics considers factors such as frequency, investment, idiosyncrasy, and uncertainty, which play a role in the differentiation of various forms of governance structures. The greater the uncertainty, idiosyncrasies, and frequency, the more imperative it is to vertically integrate to ensure continuity.

On the other extreme end, new relations can be developed for nonspecific transactions. Therefore, continuity has little value even when faced with uncertainty (Williamson 1979). Wathne and Heide (2000) examined four forms of opportunism: evasion, refusal to adapt, violation, and forced renegotiation. Each of these forms encompasses its own distinctive cost and revenue outcomes. Opportunistic behaviours are seen to influence governance structures across the forms of the contract-equity spectrum.

Due to the uncertainty and hazards of contracting, the broad literature on TCE regarding relationships examined ways to mitigate these problems. Extant literature suggests three main approaches to mitigate risks of opportunism: (i) use of formal contracts (Dixit 2003; Williamson 1985), (ii) utilizing hierarchy (Heide 1994; Williamson 1981;1985), and lastly, (iii) relational contracting (Carr and Pearson 1999; Heide and John 1992; Macneil 1980). More recent studies explore the effectiveness of network structures in mitigating opportunism. This relational governance is developed by socialisation by harmonizing interests, governs behaviour, and reduces opportunism (Chalos and O'Connor 2004; Lumineau and Quélin 2011; Wathne and Heide 2000).

Heide and John (1990) argue that TCE has been justly criticized for its assumptions related to opportunism. They assert that relational norms challenge this assumption and mitigate opportunistic behaviour. Opportunism is possible in any economic exchange relationship, and trust as a control mechanism has been found to can supplant or complement control mechanisms to assure mutually beneficial exchanges.

Empirical work pursuing this line of work reconciles divergent perspectives by considering (i) the effects of different forms of monitoring and (ii) the context in which monitoring takes place (Heide et al. 2007). Heide et al. (2007) examine whether monitoring a partner based on output or behaviour can lead to different consequences. Heide et al. (2007) highlight the possibility that monitoring is a formal governance device that possesses inherent limitations that depend in part on the strength of social contracts. Relatedly, empirical examinations of buyer-supplier partnerships argue that the contribution of relationship-specific investments was important for the success in buyer-supplier partnerships. Such alliances were mediated by reduced opportunism and reduced conflict through heightened commitment and knowledge sharing (Luo et al. 2009).

While opportunism explains reasons for different governance structures that structures interorganisational relations, attention to conflicts may highlight the limitations of neglecting relational dimensions as effective governance (see 4.4). There are indications that relational monitoring can both suppress and simultaneously promote opportunism. Prior research suggests some divergent effects where close collaborations create interorganisational dependencies and flexibilities rather than developing greater trust, creates opportunities for shirking and cheating to develop (Ander and Jap 2005; Kumar and Dissel 1996). The discrepant views between suppression and promotion of opportunism through relational norms through trust have not been reconciled.

5.2 Resource-Based View

The resource-based view (RBV) highlights that resource selection and accumulation are a function of (i) within-firm decisions which are guided by economic rationality, efficiency, effectiveness, profitability and, (ii) external strategic factors such as buyer-supplier power, competition, and market/product structures. Hence, the factors influence how resources are selected and allocated (Barney; 1986; 1991; Peteraf 1993; Priem and Butler 2001). Variations stem from factor market imperfections, barriers to acquisitions, imitation, and substitution of key inputs, which ultimately lead to long-run differences between firms and subsequently the ability to generate rents (Barney; 1986; 1991; Peteraf 1993). RBV suggests motivations based on optimizing available economic choices, shaped by the firm's economic contexts, such as opportunities and threats, as well as internal characteristics such as strengths and weaknesses.

RBV posits that valuable firm resources are valuable, rare, difficult to imitate, and hard to organise or exploit a resource of capability (Barney 1991; Peteraf 1993). Exchanges and the accumulation of essential resources become a strategic need for an organisation's competitive advantage. As such, strategic alliances, mergers, and acquisitions have been posited to be vital for organisations to obtain and retain critical resources. Resource choices are crucial to firms, and these valued resources highlight the importance of interorganisational relationships.

Forming alliances establishes new opportunities by drawing upon more than one firm's strengths for greater chances of success. From the resource-based perspective, the social capital gained from networks and strong ties can be seen to be akin to financial or technological capital. The formation of alliances predominantly involves prolonged contact between collaborators and the reliance on information between partners, which acts as a catalyst for future alliances. Such collaborations make potential partners aware of each other's existence, capabilities, and needs, satisfying local search for solutions and collaborative opportunities (Gulati 2007).

Interorganisational conflicts have been examined in the strategic alliance literature pursued across multiple fronts related to competing interests, incompatible goals, disagreements on resource allocation, and opportunistic behaviours (Cullen et al. 1995; Stopford and Wells 1972). Due to the potential lack of unity in each partner's objectives within an alliance, some degree of conflict and friction may be inevitable. Das and Teng (2000) highlight that interorganisational conflict may be segmented into interest and operational conflict that have detrimental implications for alliance performance.

When competing interests occur, relevant partners' incentive and willingness to work together are reduced and, therefore, incrementally hard for partners to attain their alliance goals. Supporting this, empirical evidence found that alliances formed with direct competitors are more likely to fail (Park and Russo 1996), and correspondingly, the satisfaction derived from joint ventures is positively related to partners' goal overlaps (Hatfield and Pearce 1994). In contrast, competition and conflicting situations become a driving factor for poor cooperation and performance (Pearce 1997). Aspects of operational conflicts result from incompatible organisational culture and practices, reducing the effectiveness of the alliance (Olk 1997). This lack of compatibility results in allocating considerable time and energy towards conflict resolution, making alliances less competitive (Das and Teng 2000; Zaheer et al. 1998).

Temporal orientation deserves attention because of the tensions that arise when partners of alliance may have varied expectations on the timeline and that the relationship's duration is often ambiguous (Kogut 1991). The differences in viewing the relationship suggest that short-term orientation may view strategic alliances as transitional and demand quick and tangible results. Long-term orientations, on the other hand, embody patience and commitment to the relationship. According to Koot (1988), partners face a dilemma on exploiting or investing in their relationships. The choice of orientation is a crucial implication for organisational learning as interfirm learning requires trust, which is only attainable in the distant future, and firms must

balance the need for either short- or long-term orientations of partnerships (Das and Teng 2000).

Due to these tensions, a possible outcome of conflict could be a dissolution of an alliance between partners. Kogut (1989) contended that alliance dissolution reflects either a business failure or irreconcilable conflict amongst partners. As observed, dissolutions happen when alliances failed to be financially viable for one or more parties (Porter 1987). Outcomes from dissolutions include loss of reputation, political tensions, and the impact on the future desirability between partners (Das and Teng 2000; Lane and Beamish 1990) and may result in consequences leading to a detrimental impact on both direct and indirect ties (Zhelyazkov and Gulati 2016).

At the triadic levels, it is seen that positive referral flow between mutually trusted third parties. Similarly, when indirect ties become negative, the collaboration between both parties may be reduced when either party terminates their relationship with the shared partner (Gulati 1995a; Gulati and Garguilo 1999; Shane and Cable 2002; Zhelyazkov and Gulati 2016). Hence, the consequences of conflicts are closely intertwined with the formation of future collaboration and alliances, which could impact the organisation's performance and ability to obtain critical resources.

5.3 Institutional Theory

Organisations do not operate or function independently from social systems. Firms operate within a social framework with specific emphasis on how norms, values, and taken-for-granted assumptions drive acceptable or appropriate actions (Oliver 1997). The institutional environment's role plays a part because political, social, and legal rules, norms, and procedures establish the basis of production, exchange, and distribution (Davis and North 1971). Hence, this perspective posits that human or organisational behaviour motives do not

solely revolve around economic optimisation as what neoclassical models suggest, but rather, it is equally dependent on social justification and social obligation (Oliver 1997). The main motivation results in the need to comply with external social pressures where choices are normatively rational choices shaped by the social context.

Integrating RBV and institutional theory, Oliver (1997) suggests three aspects on firm's resource choices: (i) firms will be more likely to acquire valued resources when the acquired resources do not violate the firm's cultural norms and values; (ii) have resources have the political support of the top management team and, (iii) when the acquired resources sustain or increase the existing power of the firm's key decision-makers. However, the acquisition of resources is likewise dependent on trust, incentive systems, cultural and political support. This social dimension of institutional theory suggests the broad implication for considering the dualistic implications of both interpersonal and interorganisational conflict. Examining the dimension of conflict impacts motivation and choices that enable firms to sustain competitive advantage and maintain access to heterogeneous resources.

Institutionalized activities are the result of interrelated processes at the individual, organisational and interorganisational levels. The alleged isomorphism consequential from institutional climate dictates that individuals and organisations will be more likely to engage in actions that do not violate the industry's cultural norms and values. As such, conflict as a processual undertaking may manifest through formal and informal mechanisms utilizing contracts or relational norms (Borys and Jemison 1989; Lumineau and Oliveira 2017). Lumineau et al. (2015) argue that both individuals and organisations are likely to be influenced by formal and informal institutional mechanisms. Contracts anchor and defines the nature of interorganisational relations, unlike individual-level interactions. For organisations, enforcement via formal mechanisms will likely play a central role in addressing conflictual ties

utilizing legal systems for enforcement (Cao and Lumineau 2015; Lumineau et al. 2015; Zhou and Poppo 2010).

Apart from enforcement mechanisms, the institutional environment influences how individuals and organisations react to existing institutional norms and values. The interorganisational environment is likely influenced by formal and informal dimensions of institutional arrangements (Adair et al. 2004; Cao and Lumineau 2015; Zhou and Poppo 2010). Organisations generally face little resistance when adopting practices within the scope of recognised legitimacy. Organisations are needed to establish legitimacy consistent with wider social values built on normative, regulatory, and cultural-cognitive institutional dimensions (Scott 2001; Selznick 1957).

Despite the erroneous suggestion that institutions are static due to the rigidity of institutional environments, new practices emerge from time to time, which contravenes existing and accepted legitimate practices. These changes are based on conflict that reshapes and contravenes existing institutional norms and practices. Sanders and Tuschke (2007) examined changes in the adoption of institutionally contested organisational practices. Four types of processes were brought forth: (i) direct and indirect exposure to prestigious organisational environments, (ii) second-order learning with forms of contested change, (iii) isomorphic diffusion processes, and (iv) regulatory legitimisation (Sanders and Tuschke 2007).

Changes in institutions parallel Kuhn's (1962) "*The Structure of Scientific Revolutions*" that highlights how scientific revolutions are brought about by tensions and conflicts. Kuhn (1962) points out that the nomenclatures of normal science are developed through anomalies, crises, and revolutions. Normal science or other institutional norms function as a cumulative process of the past, present, and future with progressive shifts away from existing paradigms.

Tensions such as conflicts function as means to develop and adapt, enabling interacting systems of relations to flourish should not be ignored. Hence, understanding institutions or institutional changes requires deeper consideration regarding underlying tensions that bring about shifts in the ebbs and flows of interacting organisational systems. Conflict is a constant manifestation of tensions that brings about changes in institutions. Thus, there may be a tremendous contribution for future institutional scholars to examine aspects of conflicts that can help illuminate the processes of institutional changes.

5.4 Governance Mechanisms

Formal and informal governance mechanisms are closely intertwined. Uzzi (1997) highlights that differing ties such as arm's length ties or embedded ties relate to different governance structures. Three main components regulate the expectations and behaviours of exchange partners (Uzzi 1997). First, trust is developed when extra effort is voluntarily given and reciprocated. The difference between trust as developed by embedded ties and an arm's length transaction is the use of different governance structures. Trust is generally accepted as cognitively based heuristics, while arm's length transactions are contractual and calculative.

Second, fine-grained information transfer related to information exchange in embedded relationships was more proprietary and tacit than the price and quantity traded in arm-length's ties. Resultingly, long-run forecasts are improved as information exchanged is detailed and holistic. The transfer of asset-specific knowledge reduces information asymmetry between parties.

Finally, joint problem-solving arrangements typically consist of negotiation and mutual adjustment routines that flexibly resolve problems. The problem-solving mechanism enables actors to coordinate functions and work out problems consistently. Feedback and learning for embedded ties are explicit, reducing production errors through extensive engagement from

development cycles. A closer investigation of trust, information transfer, and problem-solving coordination at the interorganisational level may illuminate the antecedents and outcomes of conflict.

In terms of governance mechanisms and interorganisational relationships, much research focused on the drivers of collaborative efforts between organisations, such as the formation of strategic alliances (Ahuja 2000a; Gulati 1995a; Podony 1994; Shipilov and Li 2012; Sorenson and Stuart 2008; Trapido 2007). These papers focus on examining tie formation processes and the likelihood for repeated collaborations (Dyer and Singh 1998; Gulati 1995a). As opposed to arm's length ties, repeated collaboration develops embedded ties serving as a conduit for establishing trust, transferring fine-grained information, and as a platform for joint problem-solving arrangements (Uzzi 1997).

Varying types of alliances and collaborations require different levels of trust and cooperation (Joskow 1987). Some alliance-specific investments such as joint ventures will require greater levels of vertical integration and or higher levels of trust. Relatedly, the needed levels of trust and confidence may differ across embeddedness levels across all types of alliance structures (Osborn and Baughn 1990). Interorganisational embeddedness contributes to forming strategic alliances and would normally have higher demands than what contracts can accommodate. Hence, the levels of integration and extent of alliance structures can implicate the ability to freely exit existing relations. As such, the notion of interorganisational embeddedness is tantamount to barriers towards exiting alliances and collaborations.

Collaborations and cooperation are about mutual forbearance, which anchors interorganisational relationships. Mutual forbearance functions to provide advantages that is otherwise unavailable to a single firm. However, the recognition of cooperation does not imply that relationships between organisations are exempt from competition. Some scholars contend

that tensions between cooperation and competition are opposing forces. In contrast, others suggest that these forces are derivatives of different mechanisms. Forces of cooperation emphasize goodwill and common benefits, whereas competition subscribes to opportunistic behaviour and private benefits (Khanna et al. 1998; Koot 1988; Yoshino and Rangan 1995). The status quo can only be maintained if there is a balance between these tensions. With a lack of cooperative behaviour, opportunistic behaviour will become prevalent, and the alliance may fail. Hence, in this aspect, conflict is seen to be an outcome of maintaining and balancing interorganisational relationships.

Discussions about governance mechanisms are incomplete without exploring enforcement. Governance mechanisms and enforcement are fundamentally different at the interpersonal and interorganisational levels. Conflict at the interpersonal level can be enforced and resolved by a unitary actor, but this is not possible at the interorganisational level. The activation of formal and informal governance is expected to take precedence. In the absence of contracts, trust becomes a primary substitute against the risks of opportunism (Larson 1992). It is argued that relational resources play a vital role in determining how transactions across organisations occur and the choice of governance structures used (Gulati 2007).

Close bonds between organisations can be seen by recurrent interactions and prior ties that are fostered over time (Sabel 1993; Zaheer and Venkatraman 1995). Alliances and partnerships are mostly self-governed arrangements as conflicts are costly to handle and require third-party enforcement (Lumineau et al. 2015; Parkhe 1993). Beyond formal contracts, informal mechanisms such as trust come to the fore. Previous studies cite that trust between partners is critical for network exchanges, enhancing resource flows (Larson 1992; Lorenzoni and Lipparini 1999). When the element of trust exists in bilateral ties, the relevant parties will be more willing to engage in cooperative activities that breed further trust (Fukuyama 1995).

It is seen that in the absence of contracts, the notion of trust becomes a primary substitute against the risks of opportunism (Larson 1992). Similarly, trust is important at the interpersonal level, leading to effectiveness and efficiency (Atwater 1988; Bazerman 1994). On the flipside, violations of interpersonal trust can cause severe relationship damages (Slovic 1993). The perceptions of managers and decision-makers can address conflicts via formal or informal mechanisms. The decision to continue or terminate relations is consequential for organisations as it may mitigate or accentuate conflictual relations. Hence, examining interorganisational conflict warrants attention to dialectical influences of both interpersonal and interorganisational governance mechanisms.

5.5 Networks

Networks revolve around four interrelated ideas which have generated plenty of influential debates and ideas addressing: (i) the relations between actors, (ii) the recognition of the embeddedness of exchanges in social relations, (iii) belief in the structural patterning of social interactions and, (iv) the emphasis on the social utility of network connections (Kilduff and Brass 2010). Here, we address network-specific issues related to its formation, flows, and structure.

5.5.1 Network Formation

Research illuminating network ties' formation tends to fall into two general categories of explanations: first, opportunity-based antecedents, which suggest how dyadic relations are formed, and second, benefit-based antecedents of utility maximisation or discomfort minimisation that buttresses the formation of ties (Borgatti et al. 2009). Research highlights that social structures and their influences on shaping behaviour and outcomes of actors and organisations such as the diffusion of norms, knowledge, or other resources (Rogers 2003; Uzzi and Spiro 2005), how embeddedness of the focal individual or organisation within the network

structures are forged, renewed and extended (Granovetter 1985; Uzzi 1996) as well as the behaviour of individuals to form preferences certain partners to develop repeated relationships (Uzzi et al. 2009).

Network formations and engagement often accrue great advantages and benefits, but they also involve trade-offs as social network connections and facilitate and constrain outcomes (Burt 1992; Nahapiet and Ghoshal 1998). There has been increasing evidence of the downsides of collaboration that did not attain its objectives and were dissolved (Kale and Singh 2009). Some field studies have found certain mitigating factors related to acrimonious affairs that brought about strained relations, mutual frustration, and deep distrust amongst former collaborators, which subsequently led to dissolutions of ties. Withdrawals and dissolutions have been disruptive, and their consequences on future ties and network formation are potentially extensive. The disruptive consequences of dissolutions are pertinent in explicating network relations' dynamism as fraught with inconsistencies and tensions.

5.5.2 Network Diffusion and Flows

The social structural patterns and relations of exchanges shape information flow, providing opportunities and constraints, thereby determining which firms enter alliances and with whom they do so. Related literature has shown the consensus that prior collaborations develop governance structures based on trust. Therefore, firms will more likely select past partners for future collaborations (Dyer and Singh 1998, Gulati 1995a). Notwithstanding, indirect ties established via shared partners serve as conduits for referrals, increasing the likelihood that indirectly connected actors will form direct relations with one another because more information can be attained through intermediaries (Gulati and Garguilo 1999; Shane and Cable 2002). However, Zhelyazkov and Gulati (2016) highlight that these effects rely on the assumption that collaborations attain their goals which correspondingly strengthens the bonds

of collaborative parties. Empirical evidence concurs and shows that 50 percent of all strategic alliances dissolve before attaining their objectives.

The formation of network relations assumed that past collaborations will eventually bring about greater trust and familiarity, facilitating future exchanges (Gulati 1995b). Alliances form because networks present themselves as a resource by providing information that reduces uncertainties and alleviates risks of opportunism. Over a period, the relationships formed can provide rich information regarding new alliance opportunities with reliable partners (Grannovetter 1985; Gulati 1995b; Gulati and Singh 1999). However, in the event of conflictual relations, network spans and the diffusion of information targeted at identifying partnership opportunities will be diminished. This diminished ability constrains future opportunities and choices for collaborators brought about by increased barriers to informational flows and reduced network span.

5.5.3 Network Structure

Dualistic structures on collaboration and conflict are posited to be primary building blocks of social relations (Heider 1946; Sytch and Tatarynowicz 2014; Willer 1987). Some network research examines positive and negative ties by utilizing a structural balance theory to understand certain pressures that strain or maintain relationships (Doreian and Krackhardt 2001; Hummon and Doreian 2003). It is seen that network structures may impact the manifestation of conflict and its impact on interorganisational relationships. Sytch and Tatarynowicz (2014) discusses four aspects that conflict can impact collaborative relations in the following ways: (i) existing collaboration discourages the development of conflicts, (ii) the development from disputes to a conflict may be mitigated by collaborative overlays, (iii) existing conflictual relations may diminish likelihood for collaboration and (iv) activating overt

and formal mechanisms by the legalisation of conflict will impose constraints on future collaborations.

The structure of network relations also involves pressures between structural rigidity and flexibility. Researchers widely define the structure as the degree of connectedness between members in an ongoing relationship where the flexibility-rigidity spectrum is symptomatic of decision-making behaviours or core capabilities (Leonard-Barton 1992; Rosman et al. 1994; Sharfman and Dean 1997). Das and Teng (2000) adopt a structural concept that is used to describe organisations in two ways: (i) linkages between elements within the organisation and (ii) linkages with other organisations in relevant networks. Das and Teng (2000) highlight that rigidity versus flexibility concepts are more complicated for networks because contemporary organisational forms tend to transcend traditional organisational boundaries.

As such, organisational forms are loosely coupled systems that straddle between flexibilities and rigidities. Flexibility comes based on the degree to which partner firms can modify structural arrangements. In contrast, rigidity is the ability to exercise greater control. As with the previous contradiction between cooperation and competition, maintaining a balance is a prerequisite for an alliance.

5.6 Signalling Theory and Reputation

Building reputation is an essential endeavour for organisations. Reputation is defined as “a set of attributes ascribed to a firm, inferred from the firm’s past actions” (Weigelt and Camerer 1988: 443). This relates to the notion that reputation, as an attribute, is unobservable but is inferred from the firm’s past actions or achievements. Extant scholarship cites that trust between partners is critical for interfirm network exchanges, enhancing resource flows (Larson 1992; Lorenzoni and Lipparini 1999). When the element of trust exists in bilateral ties, the

relevant parties will be more willing to engage in cooperative activities that breed further trust (Fukuyama 1995).

Monitoring every exchange is unattainable, and therefore, some form of trust is a critical antecedent to interorganisational interactions (Das and Teng 1998). Hence, past actions or ties that establish trusting ties are crucial underpinnings for future collaborative behaviours. One may expect that conflictual relations will impact reputation as it is propagated and signalled through various mediums. Such signals affect the future ability to forge relationships with potential collaborators due to a negative reputation. The signals diffuse and carry along organisation's activities, achievements, and failures. Individual interpretations aggregate into collective judgements that develop into reputational orderings (DiMaggio and Powell 1983). Consistent with these views, prior studies show that withdrawal from ongoing collaboration sends opposing signals of attractiveness such as unreliability and undesirability (Zhelyazkov and Gulati 2016).

Reputation is primarily based on interpretation and perceptions, which are often complicated by uncertainty. While an actor or organisation may have some existing reputation, potential collaborators will nonetheless encounter some level of uncertainty (Podolny 2005). Causes for uncertainty include a variance of quality displayed, costs incurred from collecting reliable information, and varying perceptions of quality and value (Podolny 2005). As such, apart from economic performance, signals become a secondary basis for assessing organisations. Due to the implicit assessment and determination of organisational reputation, it is crucial to acknowledge the cognitive aspect of perceptions. These perceptions and cognitive interpretations are dependent on parties involved that may lead to a prismatic view of a firm's environment due to reliance on a cognitive reference group acting as brokers to make interpretative comparisons (Kilduff and Brass 2010; Podolny 2001). Managers and

organisational decision-makers' perceptions are crucial as they are agents and actors rudimentary to interorganisational relationships.

The choice of partners can be determined by the information provided and can significantly impact the formation of alliances (Gulati 2007). Given the preceding influences of conflict, the formation of future alliances may be impacted due to the information disseminated to potential partnerships within the associated parties' networks. Hence, conflict may lead to future problems in establishing and building partnerships for parties embroiled in conflict. Human agents play a crucial role in the dynamic relationship of exchanges between organisations (Tangpong et al. 2010). The interactions at the individual level complicate existing relationships especially when motivation and interests diverge.

Conflict rising from interpersonal levels is complex and involves multiple dimensions (Saavedra 1993; Reid et al. 2004). Some dimensions of conflict at this level include functional and dysfunctional conflict (Amason 1996), task-related or relational conflict (Jehn 1995; Pinkley 1990; Priem and Price 1991), as well as affectively and cognitively driven (Amason et al. 1995). Behaviours of agents can affect long-established relational exchanges across organisations, and therefore conflict at the interorganisational should be conceptualised as boundary-spanning with implications across multiple levels (Anderson and Jap 2005; Kanter 1989; Zaheer et al. 1998;). Hence, it is pertinent to highlight the consequences of reputational signalling from conflictual relations and its corresponding transmission medium.

6. Implications: Critical Facets of Interorganisational Conflict

The critical facets of interorganisational conflict are organised by reflecting on various fundamental themes in contemporary social theory. The four fundamental themes serve to guide our perspective on the focal concept of interorganisational conflict and its corresponding implications. The four themes are as follows: (i) agency and structure, (ii) consensus and

conflict, (iii) social change and transformation, and (iv) relations between the social and perceptual. Each of these theoretical themes illuminates specific aspects of interorganisational conflict, which enables the highlight of distinctive facets of interorganisational conflict and its impact on the aforementioned theoretical streams (Table 3).

6.1 Facet 1: Agency and Structure

The relation between agency and structure has one of the most vexing issues as both diverge on their emphasis and arguments. Those aiming to examine agency tend to explore reasons, motives, perceptions of agents. At the same time, structure focuses attention on institutions and culture. An examination of interorganisational conflict must address both agency and structural arguments across multiple levels, with emphasis on the dialectical relations between a manager's perceptions and cognition on organisational behaviour.

From an agency perspective, managers possess the ability to impact the process and the manifestation of interorganisational conflict and outcomes. This is evocative of the need to address managers' perceptual and cognitive impact embroiled in conflict at the interorganisational level. Decision-making parties within each organisation may have numerous goals that diverge from organisational and interorganisational interests (Pillutla and Murnighan 1996; Tangpong et al. 2010).

At the organisational level, organisations may be viewed as agents with the freedom to act and react to situations while navigating certain structural constraints. These structural constraints exerted on organisations can be more pertinent than those at the interpersonal level due to the institutional context's role, accentuated by normative, regulatory, and cultural constraints (Lumineau et al. 2015). As with many other theoretical and social phenomena, dealing with interorganisational conflict will have to constantly grapple with tensions between agency and structure.

6.2 Facet 2: Consensus and Dissension

Individuals and organisations function within society bounded by explicit or implicit agreements. Organisations can be viewed as a nexus of contracts (Jensen and Meckling 1976), a collection of consensual relationships across various stakeholders. The contractual network between and within organisations is reflexive and obscures conflicts that arise due to varied expectations on contracts. It is posited that the legal systems cannot deal with conflicts (Amstutz 2013). Hence, complex social relations across multiple levels from the individual, organisational and institutional contexts, compounded by gaps related to weakly defined consensus and expectations, are breeding grounds for heightened tension, dissension, and conflict. Such tensions are needed to be addressed as actors are embedded within larger plural interacting systems and, therefore, cannot simply act as atomistic actors.

On the flipside, implicit agreements involve social forces that act upon individuals and organisations that unify beliefs, values, and expectations that reproduce and sustain social order. Consensus and dissension are processes impacted by the clarity and ability of the institutional environment to deal with relationships. This consensus-making process is posited to interact with the institutional environment, where it plays a role as an enabler for both formal and informal mechanisms to manage interorganisational tensions. Social processes and relations become a driver behind economic life, underpinned by trust. However, the degrees of trust require to differ across varied relationships at multiple levels. Trust alone is insufficient to guarantee the absence of dissension and conflict. Hence, conflict is a negotiation process of consensus or dissension as part of social interactions.

6.3 Facet 3: Social Transformation

An examination of interorganisational conflict will illuminate the dynamism of social relations and, in particular - social change and transformation. Institutional forces are strong

and can drive the social transformation that impacts the textures of society. Institutional norms and practices are cumulative processes that develop and adapt in concert with interacting systems of relations (Bai et al. 2015; Parkhe 1993). As relations are dynamic fluctuating states of tensions and conflict, these may surface and contravene existing and accepted practices to bring about widespread institutional changes. Numerous disruptive technologies embroiled in conflict with pre-existing practices have surfaced over the last decade that immensely changed the way economic and transactive relations occur in the markets.

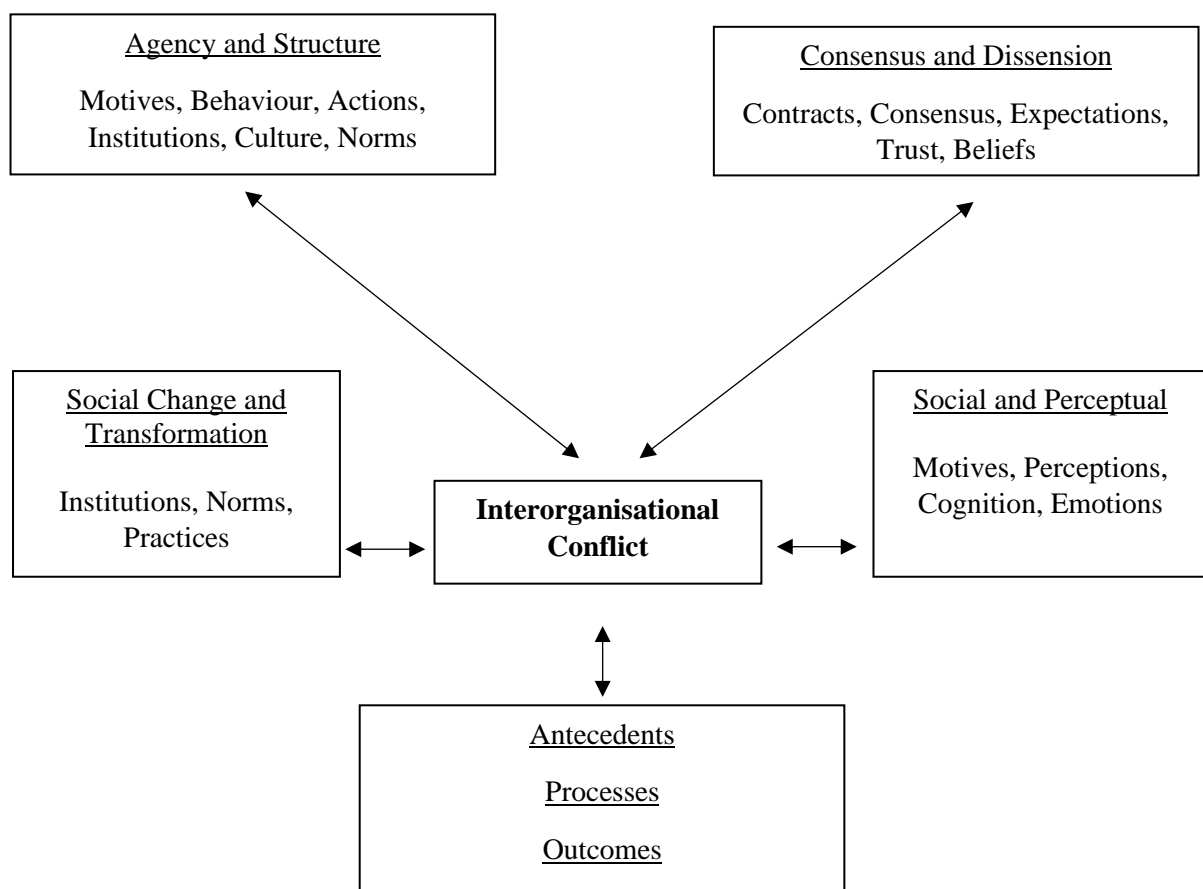
I highlight that without serious consideration of interorganisational conflict as part and parcel of relations, we will not be able to understand how institutions change because of underlying tensions. The consequences of these changes and transformation will impact organisational performance in multiple ways as pre-existing expectations and practices may no longer be relevant. Reviewing how and why interorganisational conflicts occur will enable us to gather a nuanced understanding of the dynamism of relationships as well as its impact on wider social forces from a more agentic perspective.

6.4 Facet 4: Interrelations between the Social and Perceptual

The public and private notions have been a focal discussion in much of social theory that seeks to examine the complex ways that social, cultural, or political processes become anchored within an individual's cognition, perception, and emotions. When dealing with interorganisational conflict, we must address individuals' cognitive and affective aspects involved in a conflict. These key decision-makers within organisations will impact the ways organisations relate and react to one another, which impacts the manifestation of tensions and conflict. Individual perception of conflict matters as these are affective and cognitively driven, which may play a deterministic role in the firm's reactions to conflict and its choice of transactive and alliance partners.

Conflictual relations amongst partners within a close network may also send negative signals that influence the organisational network of resources and performance. As mentioned in previous sections, decision-makers' cognition can be influenced by attention-focus mechanisms that accentuate existing organisational tensions that may influence conflict resolution strategies. However, this brings forth the notion of individuals' perceptual-social or behavioural aspects that transcends to organisational actions. Managers' intention and motivation are crucial as they may redirect the trajectories and outcomes of tensions (Lammers 1969). Such situations are particularly more relevant at the interorganisational- than interpersonal-levels. It involves multiple stakeholders, creating additional layers to dealing with dissension, tensions, and conflict. Figure 5 below summarises the discussion and develops an exploratory framework.

Figure 5: An exploratory framework of interorganisational conflict



7. Conclusion

Attention to conflictual relations is vital for developing various theoretical streams. The paper explored some possible future research areas based on various theoretical streams in management research. The paper contributes to research on interorganisational relationships by highlighting how an understudied area of conflictual relations can have an insurmountable impact on existing theoretical mechanisms concerning the function of interorganisational relationships. Conflict continues to be an essential aspect of social interactions and organisational behaviour in the field of management and organisational studies. Moving in this direction will have tremendous avenues to explore conflict as a crucial but unique social phenomenon. Future research trajectories focused on interorganisational conflict can fundamentally shape our current understanding of social interactions and transformation.

CHAPTER 3

Firms' Proclivity to Reside in Brokerage Positions:

The Effects of Collaborative and Conflictual Experiences on Structural Holes

Abstract

This paper develops and tests the theory that prior experience with collaboration and conflict are essential elements that enable firms to reside in brokerage positions. As such, I attempt to address a fundamental question by exploring the mechanisms that enhance an actor's ability to reside in brokerage positions. The paper posits that the dualistic experience of collaboration and conflict has implications for a firm's ability to span structural holes. To address this research gap, I analyse interfirm collaborative and conflictual experiences using a 10-year longitudinal sample of alliance activities and contract litigation on breach of contracts of public firms from 2009 to 2018. Empirical results indicate that both collaborative and conflictual experiences positively and significantly affect firms to reside in brokerage positions. However, interactions with environmental volatility reduce the learning effects of prior experiences that highlight the critical conditional effects of firm learning on environmental changes.

1. Introduction

Interfirm brokerage occurs when the broker is positioned as the connecting tie between two otherwise disconnected firms. While direct ties convey prodigious benefits, brokerage positions provide additional advantages by acting as bridges (Burt 1992; 2005; Simmel 1902; 1950). Through alleviated bargaining power and influence, brokers possess greater control, timing, and access to non-redundant information (Burt 1992; 2005; Koput and Powell 2000; Rowley and Baum 2004; Zaheer and Bell 2005). While much is known about the benefits and favourable outcomes of brokerage, our knowledge regarding its antecedents has been comparatively limited. As such, the present theory on brokerage presents an incomplete picture without a further examination of the mechanisms that bring about the formation of brokerage (Zaheer and Soda 2009). In efforts to address the research gap, this paper explores the following question: what are the mechanisms that increase the proclivity of firms to broker and span structural holes?

Antecedents to brokerage can be examined from the theoretical lens of the formation of network structures and tie formation. Prior explanations on how network structures are formed are consistent in the process where past ties are strong predictors of future ties (Gulati and Garguilo 1999; Walker et al. 1997). Numerous studies have shown that both direct and indirect serve as conduits for information that have implications on the formation of future ties (Kogut et al. 1992; Granovetter 1985; Gulati 1995a; Gulati and Singh 1998; Powell et al. 1996). As such, empirical evidence supports the notion that interactions are impacted by “shadows of the past” that affect communication and cooperation between firms (Kosa and Dant 2007).

Although networks can systematically facilitate or constrain an actor’s access to new ties, prior studies suggest that actors can leverage certain opportunities to create favourable positions and outcomes (Stevenson and Greenberg 2000; Zaheer and Soda 2009). One of the

ways actors navigate and develop favourable outcomes is through the act of brokering across structural holes. Within an open triad, actors can navigate their surrounding network structures and proactively create beneficial outcomes by acting as bridges between two disconnected alters. Brokerage roles are rewarded because they have greater access to various advantages and positive outcomes (Burt 1992; 1997; 2004; 2005). For example, these advantages include novel information (McEvily and Zaheer 1999), performance (Strenge and Rank 2018; Zaheer and Soda 2009), creative output (Fleming et al. 2007; Graf 2011), and mobility (Kleinbaum 2012).

Bridging structural holes presents multifaceted opportunities to control the flow, diffusion, and reach of information. Brokerage is an advantageous position as relational heterogeneity granted by an ego's span across structural holes allows for greater access to novel information and lesser informational redundancies (Aral and Van Alstyne 2011). In general, there are two mechanisms that grant brokers access to these advantages: informational gains and dependencies (Stovel and Shaw 2012). However, reaping the rewards of brokerage is a laborious, active, and participative endeavour. Some brokers play a role of a simple mediator with a capacity to mediate conflict and restore harmony, while others may benefit from conflict (Simmel 1950). Numerous papers explored different brokerage forms that require brokers to engage in facilitative, mediative, or competitive behaviours, termed as *tertius iungens*, *tertius gaudens*, and *divide et impera* brokerage, respectively.

The *tertius iungens* broker improves the connection between parties (Collins-Dogrul, 2012). Collins-Dogrul (2012) argues that such a closed triadic brokerage is based on the quality of ties that enable collaborations and network structures' sustenance. Despite this, it is argued that *tertius iungens* brokers maintain the ability to shape network structures as they are vital elements to improve connectivity and collaboration. To do so, *tertius iungens* brokers require influence to create, sustain and develop ties and connectivity that seek to improve overall

outcomes for all involved parties (Collins-Dogrul 2012). Other forms like *tertius gaudens* brokerage benefit by mediating ties and have the incentive to prevent mediated parties from establishing direct ties, especially under competitive conditions. Similarly, structural holes are maintained if the disconnected parties are not willing to engage in direct ties. This presents an opportunity for *divide et impera* brokerage who thrives on the ability to foster conflict between parties.

The corresponding functions and varied forms of brokerage are indicative of the benefits for brokers to be ambidextrous in interacting with alters. Here, I argue that the cumulative and dualistic experiences of collaboration and conflict have implications on a firm's ability to establish and maintain structural holes. As such, this paper explores the notion that a firm's likelihood of residing in a brokerage position is an outcome of its experience of prior interfirm collaboration and conflict.

An empirical examination of 12,040 publicly traded firms between 2009 to 2018 coupled with data on alliance and contract litigation allows us to explore the effect of collaborative and conflictual experiences of firms. In this paper, brokerage is examined specifically as a structural position as opposed to brokerage as an information exchange process (Obstfeld et al. 2014; Spiro et al. 2013). In line with my predictions, the results highlight that greater collaboration and conflictual experiences positively impact a firm's ability to broker ties. This finding indicates the equal importance of examining both collaborative and conflict in understanding the antecedents and the likelihood that certain firms will span structural holes.

2. Theoretical Development

2.1 Antecedents of Brokerage

Most papers examining the antecedents of brokerage primarily explored its development at the individual level of analysis. These papers identified personality, training,

status, participation, or related environmental factors (see Table 4). However, I argue that papers examining individual-level antecedents of brokerage informs but does not directly address brokerage emergence at the firm-level.

Table 4: Antecedents of brokerage

Conceptual Focus	Papers
Personality/Characteristics	Fang et al. (2015); Gangestad and Snyder (2000); Kalish and Robins (2006); Kleinbaum et al. (2015); Mehra et al. (2001); Sasovova et al. (2010)
Training	Burt and Ronchi (2007); Janick and Larrick 2005
Status	Chandler et al. (2013); Landis et al. (2018); Sauder et al. (2012)
Participation	Hargadon and Sutton (1997); Kleinbaum (2012); Stam (2010)
Environmental	Batjargal et al. (2013); Burt et al. (2000); Kirkels and Duysters (2010)

While numerous papers directly address the antecedents to brokerage at the individual-levels, firm-level analyses were limited and focused mainly on the formation of ties and network structures. Prior explanations regarding the antecedents of network structures highlight characteristics of structural rigidity because past and present ties are predictors of future ones (Gulati and Gargiulo 1999; Walker et al. 1997). As a result, the process in which ties are established, extended, and renewed similarly form the basis of future network structures (Granovetter 1985; Uzzi 1996). Underpinning this dialectical process are two main issues. Firstly, referrals obtained through intermediaries increase the likelihood that actors connected indirectly will establish direct ties because of closer proximity and greater access to information (Gulati and Garguilo 1999; Shane and Cable 2002). Secondly, once direct ties have been established, actors are inclined to reestablish ties and form a preference for certain partners (Uzzi et al. 2009).

Although arguments suggest a situation where actors are constrained by inflexible network structures, prior studies, in contrast, show that existing ties may also give rise to opportunities to carve out favourable relations (Cascairo et al. 2014; Stevenson and Greenberg 2000; Zaheer and Soda 2009). Zaheer and Soda (2009) stated, "...opportunities created by networks are not just linked concurrently with favourable outcomes at a point in time but project their shadow over the evolution of future networks." Hence, actors as social and agentic actors can shape their structural position within a network through active interactions and formation of ties (Cascairo et al. 2014).

One of the main examples of structural opportunities relates to Simmel's (1950) ideas on the triad. In a triad, brokers span across structural holes and act as bridges and as a balance within a triad. As bridges, brokers play the role of intermediary and control the flow of information across disconnected actors, thereby possessing substantial influence (Shipilov and Li 2008). However, numerous papers highlighted the fragile longevity of structural holes as disconnected parties form alliances to resist potential manipulation by brokers (Bidwell and Fernandez-Mateo 2010; Burt 2002; Ryall and Sorenson 2007).

Due to the advantages and fragility of brokerage positions, Simmel (1950) introduced the notion that acting as simple intermediaries may not necessarily be in the broker's interest because brokers need to exploit opportunities to create and maintain structural holes. Beyond facilitation, Simmel (1950) suggests that brokers can instigate conflict by strategically employing methods to dominate their position. This agency is similarly supported by Boart and Riboldazzi (2014), whose qualitative research found indications that actors actively shape their surrounding network even under certain constraints. As such, brokers have the incentive to manipulate network structures to remain as bridges across structural holes (Rider 2009).

As a result, brokerage roles stem from serendipitous outcomes from network formation or derivatives of strategic actions by the actor. These processes relate to collaboration or conflict that helps to form and maintain structural holes. Hence, I propose that strategic actions incentivised by past collaborations or conflict can direct future efforts to reconfigure and create a beneficial network position. Prior experiences with collaboration and conflict relate to a firm's ability to reconfigure and maintain one's network structure.

2.2 Cooperative Ties as Antecedents to Brokerage

Independent from the surrounding structures, ties are primarily formed based on the premise of cooperation. At the firm-level, ties established are based on goal-directed actions of mutual interests or serendipitous development of haphazard collective ties without goals nor objectives (Kilduff and Tsai 2003). Collaborative ties establish trust, facilitate exchanges of both tangible and intangible assets and joint problem-solving arrangements (Granovetter 1985; Gulati 1995a; Gulati and Singh 1999; Kogut et al. 1992; Uzzi 1997). The outcome of collaboration between partnering firms ultimately enables the attainment of mutual organisational goals through strategic alliances, ventures, and investment syndicates (Ahuja 2000; Gulati 1995b; Podolny 1994; Shipilov and Li 2012; Sorenson and Stuart 2008; Trapido 2007).

Mechanisms related to the antecedents of collaborative ties emphasise the importance of trust and reciprocity which are driven by prior contact (Granovetter 1985; Gulati 1995a; Larson 1992; Uzzi 1997). Due to the lack of monitoring ability in every exchange, firms interact with a degree of trust that evolves throughout mutual interactions (Das and Teng 1998). Trust plays a vital role that supplements interfirm governances beyond formal contracts (Baker et al. 2002). Once trusting relations are established, relevant parties are more willing to engage in cooperative activities (Fukuyama 1995). Due to the importance of trust in cooperative ties,

firms are incentivised to renew and select past partners for future collaborations (Dyer and Singh 1998, Gulati 1995a).

Apart from repeated interactions, cooperation can provide rich information regarding new opportunities with potential partners (Granovetter 1985; Gulati 1995b; Gulati and Singh 1998). Extant scholarship highlights that trust between partners is critical for interfirm network exchanges, enhancing resource flows (Larson 1992; Lorenzoni and Lipparini 1999). Information obtained via existing ties allows the ego to mitigate uncertainties related to interfirm collaborations and the hazards surrounding new partnerships (Gulati and Garguilo 1999). Mutually shared connections serve as referrals that increase the likelihood that indirectly connected actors will form partnerships because more information can be attained through intermediaries that improve partner fit (Gulati and Garguilo 1999; Shane and Cable 2002).

Directly related to brokerage, collaborative behaviour is a critical element because a broker must form ties and act as a bridge to span structural holes. Furthermore, cooperation and trust are posited to enhance the benefits of brokerage as close ties mediate information sharing (Levin et al. 2016). By implication, brokers need the collaborative ability to act as bridges and allow the provision and access to novel information (McFadyen et al. 2009). Hence, the arguments above highlight that a firm should possess the ability to cooperate and foster trust in interfirm relations as essential pre-requisites for brokerage to occur.

2.3 Competitive Ties as Antecedents to Brokerage

The importance of cooperation as a foundational element for tie formation does not exempt interfirm ties from competition. To be successful brokers, actors must possess the ability to succeed in negotiation and play-offs between the alters or successful manipulators who create competition and conflict (Burt 1992). As Burt (1992) points out, tensions are required for the existence of 'the third'. Hence, it is pertinent that brokers possess the ability to

navigate and negotiate interfirm relations, thereby enabling brokers to profit from the alters' disunion.

Examining the competitive dimensions of brokerage is important because the length of prior interaction and the development of trust do not preclude competitive behaviour. Lumineau and Henderson (2012) highlight partners with competitive relational experiences seem to develop more competitive negotiation strategies despite having interacted previously. Empirical results from that study indicate that increasing the number of contractual control clauses leads to less cooperative negotiation strategies between buyers and suppliers. Relatedly, competitive behaviour has been found to lead to interfirm conflict. Prior papers conceptualized interfirm conflict as an outcome of aspects related to competitive tensions and instabilities brought about by interfirm ties due to divergent interests and motives (Bacharach and Lawler 1981; Commons 1934; Kochan and Verma, 1982; Walton and McKersie 1965). Hence, interfirm conflict is conceptualized as an outcome of surfaced tensions of dualistic cooperation and competition that define interfirm relations.

However, firms need to be cautious because elements of competition that drive interfirm rivalry have been found to bring about relational failures. Interfirm rivalry and competitive behaviours are exemplified to exacerbate relational hazards such as opportunistic behaviours, lack of trust, commitment, monitoring, and adaptation (Heide et al. 2007; Moretti and Zirpoli 2016; Park and Ungson 2001). Competitive behaviours stem from a lack of partner goal congruence, which causes poor cooperation and performance (Hatfield and Pearce 1994; Pearce 1997). Empirical evidence indicates that collaboration formed with direct competitors is more likely to fail and result in interfirm conflict (Park and Russo 1996). As a result, effective brokers, as negotiators of rivalry or instigators of conflict, should possess vital capabilities that allow them to identify opportunities to reside in and profit from structural holes.

As the arguments suggest, tensions related to cooperation and competition are derivatives of different mechanisms where cooperation emphasise goodwill and common benefits, whereas competition subscribes to opportunistic behaviour and private benefits (Khanna et al. 1998; Yoshino and Rangan 1995). Similarly, apart from its collaborative elements, brokerage may also discourage the willingness to cooperate and negate the development of trust (Coleman 1988; Kwon et al. 2020; McEvily and Zaheer 1999). Under certain environmental circumstances, such as a competitive market, Machiavellian brokerage behaviours are more effective (Lingo and O'Mahony 2010; Sytch and Tatarynowicz 2014). On the other hand, cooperative behaviour or brokerage will be better suited for a cooperative but dense network (Lingo and O'Mahony 2010; Sytch and Tatarynowicz 2014). Hence, processes related to competitive dynamics and interfirm conflict suggests that brokerage function on different mechanisms from collaborative relations making it imperative to explore separate predictions.

3. Hypothesis Development

3.1 The Role of Collaborative Experience

Firms' experiences have been an integral concept to partner selection in alliances. Prior collaborative experience informs future relational decisions at the dyadic levels (Dyer and Singh 1998; Gulati 1995a; Gulati and Garguilo 1999; Shane and Cable 2002). Similarly, the ability to form ties is a critical antecedent for brokerage. Prior theories highlight that firms undertake alliance due diligence to aid alliance decisions before committing to new alliances.

To gather vital information, it is often emphasized that one of the main toolkits for firms is the use of information obtained from direct and indirect ties. This search process for suitable partners acts as ex-ante safeguards and hazard-mitigating actions that weigh potential benefits and associated costs incurred from partnerships (Geertz 1978; Rugman and D'Cruz 1997;

Verbeke and Greidanus 2009; Williamson 1996). Evidence supports that reciprocal collaboration increases when firms are forward-looking by having high behavioural transparency, long time horizons, and frequent interactions (Parkhe 1993). As a result, prior collaborative experiences with alliances create learning opportunities that enhance partner fit and the veracity of ties and, by extension, its longevity.

As such, both direct experiences as well as indirect referrals are critical mechanisms for tie formation and arguably antecedents for brokerage opportunities. Hence, I argue that collaborative experiences are a critical dimension for brokerage to form because it enables firms to form viable ties and potentially gain greater environmental information on brokerage opportunities by widening search horizons. This argument leads to develop the following hypothesis:

H1: Firms with greater collaborative experiences are more likely to be brokers.

3.2 The Role of Conflictual Experience

Firms' responses to conflict and mediation are essential in fostering a climate for positive reinforcement of mutual trust and confidence in the relationship (Arino and de la Torre 1998). As firms' experience with conflict grows, they are better positioned to choose the right partners and improve coordination and dispute resolution between partners (Mohr and Spekman 1994). However, some research suggests contradictory effects where close and interdependent collaborations breed flexibilities that create opportunities for shirking and cheating to develop where interdependencies enable a greater potential for conflict (Anderson and Jap 2005; Kumar and van Dissel 1996).

As exemplified, close ties and interdependencies are not sufficient safeguards against competitive behaviour and conflict. The same factors that serve as incentives for partnerships to flourish can also lead to detriments and deterioration. As a method to mitigate opportunistic

behaviours, detailed and extended contracts serve as the primary solution for these interfirm hazards. However, empirical support suggests that governance structure alone is insufficient to explain dispute outcomes (Lumineau and Malhotra 2011). Counterarguments suggest that contracts as a form of governance potentially breed greater opportunistic behaviours. First, contractual governance could reduce good faith and cooperative relations elements as it sets formal “rules of engagement” for competitive behaviour (Lumineau and Henderson 2012).

As such, a firms’ ability to broker depends on prior experiences in mediation and direct involvement with conflictual ties. Hence, I contend that prior conflict helps firms develop an advanced ability in both mitigating opportunistic behaviour to avoid relational hazards and mediating direct conflict, which are critical capabilities to maintain and reside in brokerage positions. Hence, the arguments advocate the following hypothesis:

H2: Firms with greater conflictual experiences are more likely to be brokers.

3.3 Firms’ Cumulative Experience

Extant theories on network formation and brokerage omit a critical consideration of firms’ overall experience, learning, and abilities that could have a lasting impact on a firm’s capability to structure its surrounding networks. Learning and positive feedback loops are critical in the evolutionary process of interfirm relationships. The ways in which firms respond to conflict and mediation are critical in fostering a climate for positive reinforcement of mutual trust and confidence in the relationship (Arino and de la Torre 1998). As firms’ experience with alliances grows, they are more likely to develop effective alliances with suitable partners through superior coordination and dispute resolution (Mohr and Spekman 1994).

However, the present theory does not address how a firm’s overall collaborative and conflictual experience impacts a firm’s propensity to bridge structural holes. Ex-ante experience with a specific exchange partner is often the unit of analysis, and there is lesser

attention paid towards the firm's overall experience, learning, and abilities that could have a lasting impact on a firm's ability to form dyadic ties and establish brokerage positions.

Both forms of experiences enable a firm the ability to address both cooperative and competitive behaviours vital for the maintenance of interfirm relations. As preceding arguments highlight, firms should possess some levels of ambidexterity in interacting with partners through collaborative ties while dealing with potential conflict manifested by competitive behaviours. In this paper, I posit that a firm's experience with conflict and gradual development of abilities in dealing with interfirm tensions will affect a firm's propensity to establish and maintain interfirm ties.

Primarily focusing on cooperative ties between potential partners neglects a crucial aspect of conflictual and competitive behaviour. As such, I claim that a firm's experience with both collaboration and conflict enables a firm to create brokerage opportunities and is, therefore, more likely to reside in favourable network positions. These ideas lead us to the following hypothesis:

H3: Firms that possible greater collaborative and conflictual experiences are more likely to be brokers.

3.4 Environmental Volatility

Environmental or industry volatility is characterised by uncertainty due to unstable demand. It is expected that environmental volatility has an implication on firm's propensity to engage in brokerage. Prior research highlighted the impact of environmental volatility on brokers' ability to reap positional advantages. First, environmental volatility impacts the ability of brokers to reap positional advantages. When the external environment is volatile, firms residing in brokerage positions are expected to perform worse because of the ineffective and inefficient absorption of information necessary to respond to a volatile environment (Koka and

Prescott 2008). On the other hand, stable environments that incentivises novel recombination of knowledge enable brokers to perform better (Koka and Prescott 2008). Hence, the effect of environmental volatility can accentuate or inhibit brokerage benefits which will play a role in the propensity of a firm to broker.

Relatedly, under volatile conditions, the role prior collaborative experiences play in developing a firm's brokerage capability might be affected. This effect is based on two primary assumptions. First, formal governance structures may be ineffective in setting clear and precise objectives for alliances due to higher environmental volatility. Second, due diligence for partner selection may mitigate certain risks. However, due diligence is neither sufficient nor effective as a mode of risk mitigation under highly volatile environments. As such, prior collaborative experience is unlikely to increase the propensity of a firm to establish brokerage positions due to the lack of incentives to establish brokerage positions as well as the difficulty in establishing tenable interfirm ties. Based on these arguments, I develop the following hypothesis:

H4a: Industry volatility will negatively moderate the effects of prior collaborative experience on a firm's brokerage capability.

Similarly, environmental volatility is expected to impact firms' prior experience with conflict. Prior studies show that conflict can be affected by the nature of contracts and opportunistic behaviour, moderated by institutional factors related to legal enforceability and unilateral government support (Bai et al. 2016). However, with greater repeated transactions, conflict can be mitigated as firms learn to specify contracts, discover processes, and effective ways to align interests coordinate actions (Mayer and Argyres 2004). Yet, prior experiences with conflict may aid future competitive behaviours across interfirm relations. As the environment becomes more volatile, firms' ability to coordinate interests, develop extended

contracts and extend existing ties are diminished. Hence, a firm's prior conflictual experience is argued to be less relevant when the environment is more volatile because interfirm uncertainty and tensions of coordination, control, and communication are magnified.

H4b: Industry volatility will negatively moderate the effects of prior conflictual experience on a firm's brokerage capability.

4. Methodology

4.1 Data

To test the proposed hypotheses, I used a longitudinal sample of all public firms in the United States of America (US), including all commercial contract litigation and alliances established across different industries between the years 2009 to 2018. The main data is drawn from Compustat that targeted North American firms between the fiscal year of 2009 and 2018 where firms classified under stock exchange codes 1, 7, 9, 21, and 22 were dropped from the sample as the firms were either not publicly traded companies or were listed in Toronto, Montreal, TSX Venture, and Alberta stock exchanges outside of the US. The sample of publicly traded firms was kept in the data if the firm appears once between 2009 to 2018. A balanced panel data was created where every unique firm has 10 observations across the selected time window. A full sample of $n = 120,440$ firm-year observations with a total of 12,044 unique firms was obtained from this process.

Next, I used Lex Machina, a database that systematically collects and organise count cases filed in US courts from Public Access to Court Electronic Records (*PACER*). The data collected focuses on litigations that are related to commercial breach of contracts. Commercial breach of contracts excludes employer versus employee contract breaches. Specific focus on commercial contracts was used because contracts anchor interorganisational relations. Litigation on contractual breaches can be seen as formal devices of legal enforcement which

play a critical role in addressing disputes (Cao and Lumineau 2015; Lumineau et al. 2015; Zhou and Poppo 2010). As such, formal enforcement of contractual obligations targeted at alliance partners is argued to indicate conflictual relations as the partners were unable to resolve disputes internally and require external enforcement. The date and focal year of the contracts were taken as the year filed in courts as opposed to case termination dates. Data gathered from Lex Machina was merged with Compustat via firm names as Lex Machina does not provide firm identifiers. All commercial breach of contract litigation filed in US courts between the years 2009 to 2018 with a sample of 71,710 cases¹ of which 9,167 cases were merged into the main sample.

Complementing Lex Machina, and Compustat is Thomson Financial Security Data Corporation (SDC). SDC database was used to collect detailed information on firms' alliance and collaboration arrangements which also allows for the construction of dyadic ties to calculate constraint measures for brokerage. I utilized the database for joint ventures related to alliances announced between 2007 to 2018. Specifications included only US public firms, alliance nations within the US, and excluded all cross-border alliances. This sample included 16,169 alliance deals with at least one US public firm involved. SDC contains completed, terminated, extended, expired, renegotiated, and pending alliances but the matched sample only included completed deals. All dyadic ties corresponding constraints were calculated for each firm using UCINET.

Lastly, additional variables from Compustat were collected to explore firm-level and industry-level variables. These variables include firm-level debt, solvency, size, and performance. At the environmental- or industry-level, the industry boundaries were delineated

¹ 71,710 include cases that remain procedural in court as well as those terminated through judgement or dismissal. Out of these cases, 3,940 cases remain open and the remaining 67,769 cases have been terminated. Nevertheless, regardless of case status, I considered all open or terminated cases as a conflictual tie once the case is filed in court.

by Standard Industrial Classification (SIC) 2-digit codes to enable the calculation of overall mean sales and returns on assets to which firms are pegged against relative peers within the same SIC code.

The sample is suitable for studying collaborative and conflictual ties on brokerage because of its ability to explore concurrent effects of alliances and litigation. Furthermore, to the best of my knowledge, this paper takes an initial step to measure conflictual ties by using commercial litigation data related to breach of contracts.

4.2 Dependent Variable

Constraint. Structural holes or brokerage is measured by constraint scores of each firm. This is measured by the extent to which the firm's alters have ties or connections (Borgatti et al. 2006; Borgatti et al. 2013; Burt 1992). This measure is not new and has been utilised in prior research (eg. Quintane and Carnabuci 2016). To do so, dyadic firm pairings were constructed for each alliance partner for all completed deals listed in SDC of publicly listed firms within the focal years. In line with Burt's (1992) definition of overall constraint at the ego-level where C_{ij} , is the extent to which actor j constrains actor i . Overall constraint, C_i , is the sum overall j in i 's network or each connection's constraints. The constraint measure is as such (Burt 1992; 2004):

$$C_{ij} = (P_{ij} + \sum_q P_{iq} P_{qj})^2, i \neq q \neq j$$

Constraint scores were calculated by UCINET. The independent and control variables are lagged by one year from the constraint measure and subsequently logarithmically transformed with focal year ($t - 1$). This is done to account for the lagged effects of the independent variables on the dependent variable.

4.3 Independent Variables

Collaborative experience. This variable is measured as the cumulative total number of alliances or joint ventures a focal firm has engaged till the year preceding the focal year. Collaborative firm experience includes firm's alliances or joint ventures with multiple partners between 2009 to 2010. As a cumulative measure, it is assumed that the growth of firms' alliances, joint ventures, and collaborative experience cumulatively reflect increases in collaborative ability.

Conflictual experience. This is measured by the cumulative total number of litigations filed within the 10-year window based on the initial count filing date. Once the case is filed in court, both active and terminated cases will be considered a conflict regardless of the preceding outcome. Cases involving multiple parties are still considered a dyadic conflict and, therefore, assumed to be related to a firm's ability to address interfirm conflict and competitive tensions.

Environmental volatility. Environmental volatility or dynamism is measured based on the dispersion around the regression line by dividing the standard error of the regression coefficient via the mean value of sales of the industry. The industry I used was defined by the SIC 2-digit codes. This measure of dynamism by utilizing the standard error of mean sales has been used in several studies (eg. Berg and Lawless 1998; Dess and Beard 1984; Misangyi et al. 2006).

4.4 Control Variables

Firm-level variables were used to control for additional factors that may impact a firm's brokerage positions. *Solvency* is determined by the total current assets deducted by total inventories over total current liabilities. *Debt* is calculated by total debt over total assets. *Firm size* is measured defined as the total assets of the focal firm. *Performance* is the focal firm's return on assets. These controls were used as it may have potential implications on a firm's

ability to form new alliances and engage in litigations. The variables were logarithmically transformed to address issues related to the skewness of the distribution. The firm-level variables control for the firm characteristics that may have effects on a firms' propensity to act as brokers.

5. Analysis and Results

5.1 Analysis

I used ordinary least squares (OLS) regression models for the panel data to test the proposed mechanisms. The model specifications included firm-clustered robust standard errors to account for serial autocorrelation and heteroskedasticity. Random effects in the model were preferred to fixed effects due to the data truncation where the dependent variable of constraints for firm-level clusters was constant for some of the years and did not vary in the panel.

5.2 Results

The descriptive statistics and correlation coefficients are reported in Table 5. The correlation coefficients show a high correlation between collaborative experience and total alliance as well as litigation intensity with total litigation. Considering that the correlation coefficients among the independent/control variables are mostly below 0.4, multicollinearity is unlikely to be a serious concern. Notably, alliance and litigation figures correlate at 0.51, which is within expectations. Due to the relatively short panel, firms with a greater number of alliances may be at greater risk of being embroiled in litigations. Concerns of multicollinearity were checked by examining variance-inflation factors (VIF) with the highest VIF of 2.03 and an average VIF of 1.57 for all variables. As such, multicollinearity in the regression model was not a concern.

Table 5: Descriptive table of key variables

	Variable	Mean	SD	1	2	3	4	5	6	7	8
1	Constraint	0.618	0.149	1.00							
2	Volatility	4.444	2.476	-0.11	1.00						
3	Alliance	0.050	0.267	-0.35	0.09	1.00					
4	Litigation	0.134	0.408	-0.27	0.14	0.51	1.00				
5	Debt	0.486	0.678	0.02	0.04	0.04	0.06	1.00			
6	Solvency	1.007	0.741	0.02	-0.01	-0.04	-0.07	-0.31	1.00		
7	Firm Size	5.921	2.895	-0.22	0.09	0.22	0.29	0.33	-0.07	1.00	
8	Performance	-0.088	0.460	-0.06	-0.02	0.05	0.07	0.09	-0.09	0.29	1.00

* Logged figures for constraint, volatility, alliance, litigation, debt, solvency, firm size, and performance.

Table 6 presents the results from the OLS models. Each model includes control variables. Model 1 includes firm-level control variables along with the variable for industry volatility. Model 2 examines H1 and adds the main effects of collaborative experience based on alliances which found a negative and strongly significant effect on brokerage. Model 3 found strong significant results for H2, highlight that prior experience with litigation increases firms' propensity to broker. Similarly, Model 4 that examines H3 includes the effects of conflictual experiences and litigation to have strong and significant effects on a firm's brokerage capability.

Taken together, Model 4 explores the cumulative experience of both collaborative and conflictual experiences and found equally significant effects on a firm's brokerage positioning. Models 5-7 found consistent positive and weak significant effects of H4a and H4b, suggesting that the firm's experiences do not increase the likelihood of firms' brokerage capability as environmental volatility increases. H4b shows insignificant results of litigation on environmental volatility while alliance experience is mildly significant, however, the directionality of the coefficient runs contrary to arguments related to H4a.

Table 6: Regression table of collaboration, conflict, and structural holes

Variables	Model 1 (xtreg)	Model 2 (xtreg)	Model 3 (xtreg)	Model 4 (xtreg)	Model 5 (xtreg)	Model 6 (xtreg)	Model 7 (xtreg)
Constant	0.806*** (0.02)	0.749*** (0.02)	0.774*** (0.02)	0.748*** (0.02)	0.744*** (0.02)	0.746*** (0.02)	0.746*** (0.02)
Performance	0.034*** (0.01)	0.026*** (0.01)	0.031*** (0.01)	0.025** (0.01)	0.026*** (0.01)	0.026*** (0.01)	0.025** (0.01)
Firm Size	-0.021*** (0.00)	-0.012*** (0.00)	-0.016*** (0.00)	-0.013*** (0.00)	-0.012*** (0.00)	-0.012*** (0.00)	-0.012*** (0.00)
Debt	0.049*** (0.01)	0.036*** (0.01)	0.043*** (0.01)	0.036*** (0.01)	0.036*** (0.01)	0.036*** (0.01)	0.036*** (0.01)
Solvency	0.005 (0.01)	-0.000 (0.01)	0.000 (0.01)	0.002 (0.01)	-0.000 (0.01)	-0.001 (0.01)	0.003 (0.01)
Volatility	0.010** (0.00)	0.009** (0.00)	0.010** (0.00)	0.011*** (0.00)	0.005 (0.00)	0.008* (0.00)	0.005 (0.00)
Alliance (H1)		-0.053*** (0.01)		-0.013 (0.01)	-0.096*** (0.03)	-0.049*** (0.01)	-0.102** (0.03)
Litigation (H2)			-0.031*** (0.01)	0.012 (0.01)	-0.009 (0.01)	-0.014 (0.02)	0.015 (0.02)
Alliance × Litigation (H3)				-0.025*** (0.01)			-0.018 (0.02)
Alliance × Volatility (H4a)					0.009* (0.00)		0.018*** (0.01)
Litigation × Volatility (H4b)						0.001 (0.00)	-0.001 (0.00)
Alliance × Litigation × Volatility							-0.002 (0.00)
Year R.E.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-Squared	0.122	0.171	0.143	0.187	0.175	0.171	0.196
Chi-Squared	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Observations	2,413	2,413	2,413	2,413	2,413	2,413	2,413

* p<0.05, ** p<0.01, *** p<0.001. Standard errors are in parentheses.

Figure 6 and 7 shows the interaction effect of alliance and conflictual experience on volatility. As noted, there are some significant contingent effects of volatility on alliance where higher alliance experience lowers the likelihood of brokerage as environmental volatility increases at a higher magnitude. On the other hand, the interaction effect between conflict and volatility is not significant. It does not show any distinction between high or low levels of conflictual experience as a contingent effect of environmental volatility.

Figure 6: Interaction effect of alliance experience and volatility

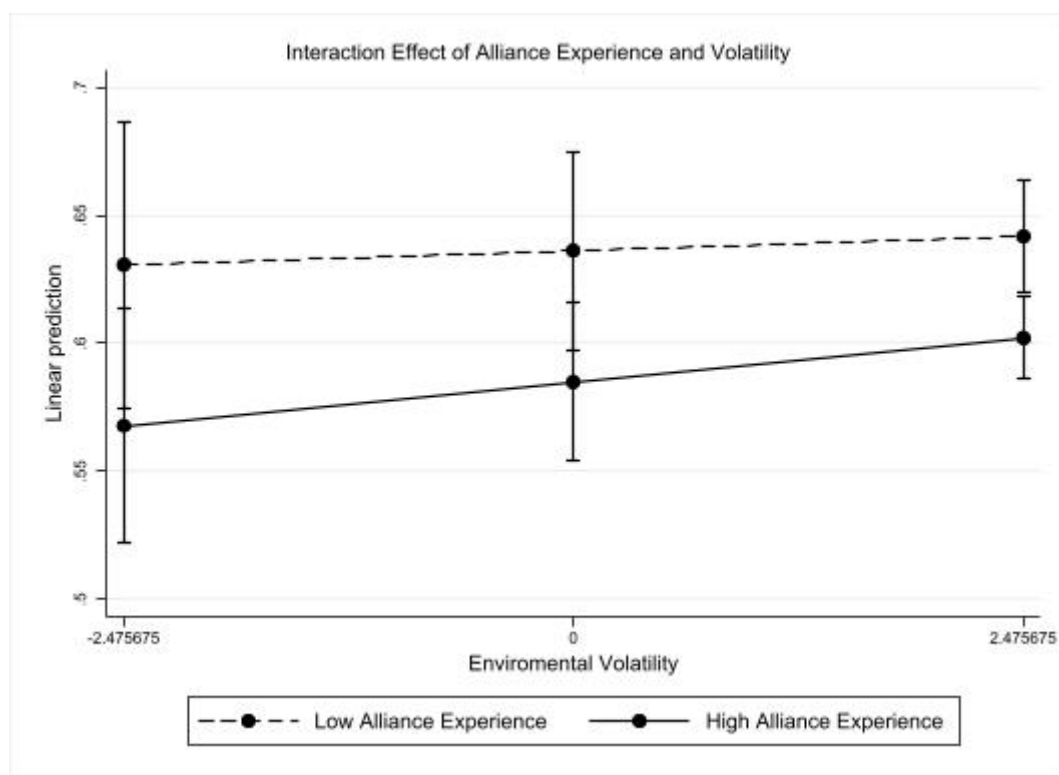
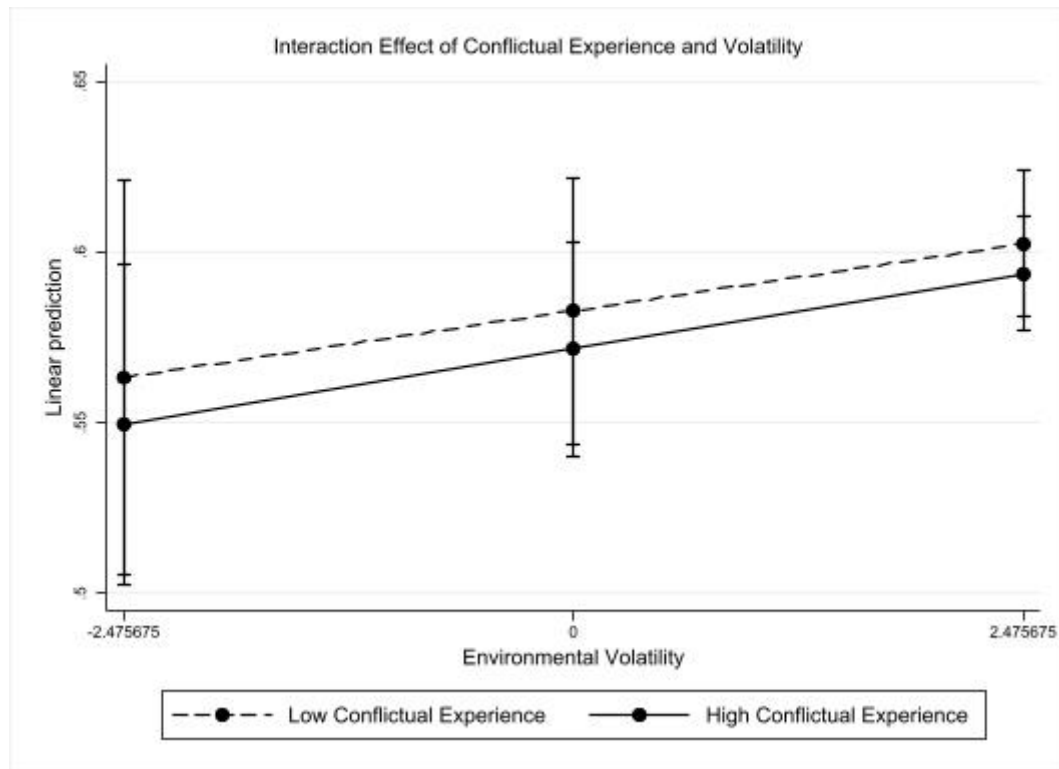


Figure 7: Interaction effect of conflictual experience and volatility



6. Discussion

In this study, I explored the antecedents leading to brokerage and considered how prior firms' experiences with collaboration and conflict acts as an enabler for firms to develop brokerage capabilities. As the findings suggest, firms need to possess ambidexterity to balance both collaborative and competitive behaviours with its ties as antecedents for the firm to develop and maintain structural advantages. Through active management of collaborative and competitive behaviours, firms can actively engage in behaviours that allow the firm to bridge structural holes, obtain certain resource advantages and gain competitive advantage. The capability is built from firms' past experiences with alliances and litigations that allow the firm to manage the tenability of its ties. However, while both experiences enhance a firm's ability to act as brokers, the effects were weakened by high levels of environmental volatility.

This study makes several contributions. First, the paper examines critical antecedents to brokerage formation from the perspective of the ego at the firm level of analysis. This also informs prior literature that the actor's learning and capabilities have consequences for network structures. This paper shows that agentic behaviour from the actor should be considered as a pertinent factor of structural antecedents as opposed to a primary focus on structural deterministic arguments.

While theoretical perspectives that highlight aspects of structural determinism and continue to be a major part of the literature, there have been some changes (eg. Burt 2007; DiMaggio 1997; Podolny 1998; Stevenson and Greenberg 2000; Zuckerman 1999) where recent scholarship acknowledges active engagement by actors to shape their surrounding network structures. As such, this paper is in line with recent empirical work that has shifted beyond the dichotomy of structural determinism and agency. This paper extends the discussion by highlighting that prior ties, while inducing certain constraints, correspondingly presents learning opportunities that become an enabler for actors to strategically manipulate network structures for competitive advantage (eg. Ahuja 2000; Burt 2004; Uzzi 1997).

Secondly, the paper highlights the importance of prior experiences with collaboration and conflict as important elements of interfirm relations. Examining collaboration and antecedents of ties does not sufficiently capture the dynamism of interfirm relations as it presents a restricted view. As seen from the paper's arguments, interfirm conflict and competition are equally important. Still, they have been given lesser theoretical attention despite prior work highlighting how social relations are built upon collaboration and conflict as co-determinants of interfirm relations (Heider 1946; Sytch and Tatarynowicz 2014; Willer 1987). As such, I argue that simultaneous consideration of interfirm ties as a spectrum of collaborative and competitive elements provides a closer approximation of relational dynamics.

Lastly, I show that past experiences can be attenuated due to environmental volatility and have pertinent implications for learning as an interfirm mechanism. This contribution to the notion of learning as impacted by environmental volatility has profound implications on how firms adapt to partnerships. By considering the effects of environmental volatility, this paper informs us of the attenuated effects of relational variables such as prior ties, trust, governance, and commitment. Information and knowledge gained from prior experiences and positions of advantage may be overestimated, especially under conditions of high volatility (Koka and Prescott 2008). Such effects can act as additional barriers to formal and informal governance structures and partnership formation. Under the duress of environmental volatility, partners will face greater dilemmas in exploiting or committing to their existing or future ties (Das and Teng 2000).

7. Conclusion

One of the main criticisms of network research is its failure to account for agency (Kilduff and Brass 2010). Structural determinism seems to be pervasive where those seen in advantageous positions are often assumed with abilities while those in structurally disadvantageous positions are lacking skills and abilities to overcome their structural constraints, thereby overlooking the role of individual agency. With specific consideration regarding the results from this study, I posit that consistent experience with collaboration, competition, and conflict can build firm capabilities, which can serve as a tool to overcome structural determinism. As such, firms can overcome structural barriers through progressive steps of cumulative learning to gain a foothold as well as maintain beneficial network positions as brokers.

CHAPTER 4

Examining Conflictual Ties on Structural Holes:

Implications of Dyadic Asymmetries and Strategic Structural Positioning

Abstract

This paper explores the role of conflictual ties on a firm's ability and strategic positioning to bridge structural holes. I posit that a firm's role as an initiator or target of conflict has an impact on a firm's strategic choices to reside in brokerage positions. To address this, I analyse conflictual ties on brokerage by using a 10-year longitudinal sample of contract litigation on breach of contracts and alliances of public firms from 2009 to 2018. Results from the study indicate that both initiator and target of conflict are more likely to reside in brokerage positions than firms without such experiences. The effects revealed similar implications for the targets than initiators of conflict. However, when firm performance was considered as a trigger for firm motivation and risk predilection to span structural holes, the effects of directed conflictual ties on brokerage formation were diminished. The results indicate that firm learning is contingent on event-specific determinants as well as firm-related aspirations of motivation and risk partiality.

1. Introduction

Interfirm ties are laden with relational hazards stemming from collaborative and competitive tensions. The inability of firms to balance these tensions may push collaborative ties into conflict. Conflictual ties are disruptive for collaboration between partners as it potentially leads to preceding actions of hostilities, disruptions, violations, and disputes as retaliation to real or perceived injustices (Goh et al. 2014; Miller 2001). Disruptive consequences of such actions relate to: (i) suspended interfirm collaboration and the inability to achieve interfirm and (ii) long-term implications for a firm's ability to obtain critical resources through relational ties (Gulati 1995; Gulati and Garguilo 1999; Shane and Cable 2002; Tomlinson et al. 2004; Zhelyazkov and Gulati 2016). Therefore, conflictual ties can lead to consequential outcomes such as the dissolution of partnerships, loss of reputation, and implications for a firm's ability to establish future ties (Das and Teng 2000; Lane and Beamish 1990). Even at the lower spectrum of commitment levels, such as arms-length transactions are found to be affected by conflictual ties that had long-term implications on future collaborations (Tomlinson et al. 2004). As such, the implications of conflictual ties are not trivial and have the potential to affect firms over a prolonged period.

The literature on brokerage has fervently explicated brokerage outcomes that highlight the structurally advantageous position grants a variety of benefits related to power, influence, control, and access to resources (Burt 1992; 2005; Koput and Powell 2000; Rowley and Baum 2004; Zaheer and Bell 2005). However, papers that examine the mechanisms that lead to brokerage have been comparatively limited. In efforts to address the theoretical blind spot related to brokerage formation, this paper focuses on exploring the role of conflictual ties on firms' disposition to reside in brokerage positions. Conflictual ties are consequential and interminable for dyadic ties, and the effects are expected to be similarly pervasive for triadic relations and brokerage.

In this paper, I focus on the antecedents of brokerage from the perspective of conflictual ties. I examine how prior experiences with interfirm conflict are posited to be an essential part of firm capability development to manage relational interfirm tensions that oscillate between collaboration and competition. Conflictual ties are important antecedents to brokerage because existing and prospective brokers have to successfully manage cooperative and competitive tensions that are a fundamental part of negotiating interfirm ties. Failure to address these tensions creates conflict. As such, I suggest that experiences with conflictual ties will develop firm's capabilities in establishing and maintaining brokerage positions.

The existence of interfirm tension is not only relevant for dyadic ties but highlighted to be necessary precursors for brokerage opportunities to exist (Burt 1992). Without inherent relational tensions, the utility of brokers as intermediaries and facilitators will be diminished. Brokers are therefore required to manage tensions within dyads as well as negotiate play-offs across separate alters in a triad to establish and maintain brokerage positions (Burt 1992). Better management of interfirm tensions enables strategic opportunities for firms to reside in favourable network positions. Apart from interfirm management capability, the paper considers a critical dimension of firm performance as a determinant of firms' motivation and risk dispositions to undertake riskier strategic decisions to span structural holes.

The rationale to focus on conflictual ties is based on the following four reasons. First, this paper shifts focus on the formation of new collaborative ties to focus on conflictual ties as antecedents for brokerage. Second, prior conflictual relations enable firms to learn from their experiences, enhancing a firm's ability to mitigate opportunistic behaviours and navigate hazards from interfirm ties (Mohr and Spekman 1994). This allows firms to prevent outright conflict with partners, disrupting a firm's ability to adopt brokerage positions and facilitate resource flows through collaboration. Third, the focus on conflictual ties enables the exploration of firm-level learning based on the directionality of conflict as initiators or targets

of conflict. Notably, assumptions were made that firms are motivated to structure their network position and actively seek out brokerage roles as incentivised by the variety of benefits gained from this role. Lastly, the interactions between active and passive roles within each conflictual event as an interaction with a firm's performance were examined. A firm's performance is argued to likely impact a firm's motivation and risk dispositions to undertake strategic moves to gain additional advantages by spanning structural holes.

To explore the role of conflictual ties in brokerage formation and firms' ability to span structural holes, the paper utilises data that captures interfirm alliances and contract litigations of all publicly traded firms ($n = 12,040$) between 2009 to 2018 in the United States of America. The datasets and sample allow the exploration of interfirm conflict as a determinant of firms' brokerage position in the preceding years. More specifically, this data permits an examination of the directionality of conflict from the perspective of instigators or targets. I posit that examining conflictual ties between firms is vital for developing a nuanced understanding of the dynamism of interfirm relations built on tensions and inconsistencies. Consistent with my predictions, the results indicate that prior experience with conflictual ties has positive implications on a firm's ability to broker, where the effects were stronger for the target than the instigator. When firm performance is considered as an aspiration and risk appetite, analyses suggest that performance increases increased the likelihood that firms span structural holes based on cumulative historical experiences, but these effects were not found to be significant.

2. Theoretical Development

2.1 The Relation between Conflict and Brokerage

The ability to establish interfirm ties is a necessary antecedent for brokerage. Dyadic ties established through contracts, alliances, or joint ventures are the central mode to which firms obtain resources through ties with external parties such as partners, suppliers, and

distributors. Within a triad, firms that engage in brokerage have advantageous access to resources and information beyond those derived from dyadic interfirm ties. Brokering firms are required to form interfirm partnerships by acting as a bridge between two disconnected firms. Ties at the dyadic or triadic levels enable firms to create value and establish a competitive advantage by channelling critical tangible and intangible resources to shape firm behaviour and outcomes (Anand and Khanna 2000; Dyer 1997). As such, a firm's structural positioning coupled with interfirm ties that serve as channels for resource transfer plays an equally prominent role as determinants of firm performance.

While these interfirm partnerships allow interacting firms to achieve positive outcomes, interfirm ties are similarly plagued by ambiguities and disagreements (Burt 1992; Nahapiet and Ghoshal 1998). Apart from the positive outcomes and the provision of resources, interfirm collaboration also creates prospects for disagreements and disputes if partnerships fail to establish or maintain relational rules (Molnar and Rogers 1979). This failure to maintain mutual and effective collaborative efforts breeds potential disputes. Such disputes relate to a variety of reasons that include competing interests, incompatible goals, disagreements related to the allocation of resources, and opportunistic behaviours (Molnar and Rogers 1979). When such divergent interests occur, the incentive and willingness for partners to collaborate are sidelined, creating additional barriers for the attainment of alliance goals. Escalating disputes that cannot be amicably resolved leads to conflictual ties and preceding actions to be taken against the partners involved. Some of the consequences of interfirm conflict have been revealed to be detrimental to alliance performance (Das and Teng 2000).

Prior work on interfirm conflict conceptualises it as a process of tensions related to a series of: (i) incompatible goals (Alter 1990; Deutch 1973; Schmidt and Kochan 1972; 1977; Thomas 1992), (ii) barriers to coordination and cooperation (Alter 1990; Dewitt 1977; Distefano 1984; Gillespie and Miletic 1979), (iii) processes of conflict and collaboration within

social relations (Sytch and Tatarynowicz 2014). These aspects are potential barriers for interfirm interactions, but more importantly, it highlights the dynamism and vulnerabilities of collaborative ventures where firms grapple with tensions of collaboration, coordination, and competition. Such tensions are associated with three possible mechanisms: (i) the distribution of power related to the relative influences that parent organisations have on important practices and technologies in joint ventures (Dhanaraj and Beamish 2004; Killing 1983; Makhija and Ganesh 1997); (ii) parent conflict due to tensions arising from differing goals and expectations (Hennart and Larimo 1998; Park and Ungson 2001; Yan and Zeng 1999), and (iii) the flow of knowledge from the parent firms to the joint ventures (Arino and de la Torre 1998; Hamel 1991; Steensma and Lyles 2000).

Strained relations, mutual frustrations, and distrust between collaborators can lead to potential dissolutions for interfirm relations (Connelly et al. 2012; Dekker 2004; Heidl et al. 2014; Inkpen and Curall 2004; Zaheer et al. 1998). Failure to meet these expectations due to the vulnerability of relational tensions affect relevant partners' ability to attain relevant goals. Although there may be undesirable effects of conflictual ties for present partnerships, this paper posits that firms embroiled in conflict correspondingly develop capabilities to manage interfirm tensions for future ties. From the firm's perspective, experience gained from prior conflict enhances their ability to amicably resolve future incidences of interfirm tensions. As a result, I argue that firms with extensive relational experience will possess superior capabilities to span structural holes as they have critical abilities to manage network resources, thereby circumventing the hazards of interfirm ties.

These arguments are centred on three main reasons. Firstly, firms with greater experiences with interfirm conflict posited to enhance a firm's development of an extensive partner screening process. This is because firms embroiled with conflict are likely to be better informed about the potential detriments and pitfalls of potential partnerships. Prior studies

highlight appropriate partner selection as a critical process where future alliance success hinges upon (Hitt et al. 1995; Lane and Beamish 1990). Second, firms potentially develop additional safeguards and relational hazard-mitigating actions with greater experiences with conflict (Poppo and Zenger 2002; Poppo et al. 2008; Reuer 2004). Third, prior to partnership formation, firms are more effective in weighing potential benefits and costs incurred from partnerships that may avoid costly alliance failures (Rugman and D'Cruz 1997; Verbeke and Greidanus 2009; Williamson 1996). Lastly, firms are likely to develop capabilities that relate to coordination and collaboration as they learn to deal with tensions that define interfirm ties (Hardy and Philips 1998; Lumineau and Quélin 2011; Malhotra and Lumineau 2011). Due to these points, this paper suggests that appropriate partner selection and post-formation successes are informed by firms' prior experiences.

However, I suggest that firm learning from prior conflict is also contingent on their experiences within conflict as either initiators or targets. This will result in firms developing divergent interfirm management capabilities and influence the mechanisms that drive firms' ability to establish and maintain brokerage roles. Additionally, these vastly different roles indicate both active and passive behaviors. As such, I explore a firm's proclivity to strategically structure its surrounding network and argue that the strategic motivation is anchored by a firm's relative performance to relevant peers that shapes a firm's motivation and risk predilection to engage in strategic changes.

2.2 The Directionality of Conflict

As observed, conflictual ties are outcomes from surfaced disputes and tensions and have been exemplified to lead to an array of consequences for interfirm ties. However, from the perspective of the ego or focal firm, conflict may not always be avoided simply because of potential negative consequences. Notably, conflict at firm-level contexts has to be initiated by

at least one party through overt contractual disputes. Interfirm disputes utilises contracts as a formal mechanism to address a variety of relational issues where legal systems act as a form of governance to uphold contractual agreements underpinning interfirm ties (Cao and Lumineau 2015; Lumineau et al. 2015; Sytch and Tatarynowicz 2014; Zhou and Poppo 2010). The act of litigating against partners further highlights the fallibility of contracts as relational safeguards. Contracts that are not inherently self-enforcing and have to be initiated by one or more parties. Therefore, the legalisation of disputes through litigation conceptualised as an overt interfirm conflict that escalates beyond relational tensions.

Therefore, the inability to deal with specific interfirm tensions causes retaliatory actions against various injustices (Goh et al. 2014; Miller 2001). The directionality of conflict is critical as it indicates that the initiator considers the benefits of seeking retaliation or contractual justice to outweighs potential detriments for present alliance and future interfirm ties. Undertaking legal disputes is not trivial as it is costly, involves external third-party enforcements (Parkhe 1993; Lumineau et al. 2015), and impedes interfirm goal attainment (Kersi et al. 2013; Pondy 1967). As such, initiators may instigate conflict as the immediate benefits are more attractive than long-term rewards, and therefore initiating overt conflict may be strategically motivated. On the other hand, the target of conflict is passive, and the repertoire of preceding actions will largely be reactionary. Nevertheless, engaging in litigation with present partners will first and foremost implicate direct ties with the initiator and disrupt present interactions and possibly future collaborations.

Hence, the motivation to engage in conflictual ties differs from distinct positions within the event as it affects firm experiences and learning. Prior literature examining asymmetries of experiences found implications of negotiation and interactions on the outcomes that impact mergers and acquisitions and the corresponding value obtained by acquirer or target (Cuypers et al. 2017). In a similar vein, I suggest that initiators of conflict will develop different

capabilities as compared to the targets, and thus, the directionality of conflict is vital as initiators and targets of conflict are likely to have divergent experiences from similar events.

2.3 Firm's Experience and Learning from Conflictual Ties

Prior research exploring alliance success found that learning processes derived from greater alliance experience mattered (Anand and Khanna 2000; Kale and Singh 2007). Underscoring this relates to the ability firms develop in coordinating alliance activity and the enhancement of internal capabilities specifically dedicated to alliance functions (Kale et al. 2002). Alliance experience together with internal learning processes ensured the likelihood of a firm's alliance success.

These effects highlight the importance of experience and learning as complements. However, the perspective of alliance experience systematically focuses on collaborative dimensions and neglects competitive dynamics. Dealing with competition is just as critical as collaborative dimensions to effectively manage interfirm alliances. On the one hand, cooperation or collaboration emphasises mutual benefits and interfirm goodwill, while on the other hand, competition relates to individual benefits and opportunism (Khanna et al. 1998; Yoshino and Rangan 1995). Hence, separate effects are expected as cooperation and competition are derivatives of different mechanisms. Competitive dimensions are vital as the length of prior ties and trust developed over interactions do not eliminate competitive interfirm behaviours. As evidenced, contracts between partners are insufficient safeguards against competitive behaviours as they may, on the contrary, define the grounds for competitive behaviour and reduce cooperation (Lumineau and Henderson 2012).

Establishing effective ties and brokerage depends on the broker's ability to manage its ties effectively by circumventing interfirm hazards. The effect of conflictual experience is posited to be analogous with alliance experience as it enhances firms' capabilities to deal with

interfirm competitive behaviours. As firms' experiences with conflict increases, firms may be better positioned to: (i) choose appropriate alliance partners, (ii) develop effective safeguards to mitigate interfirm hazards, (iii) improve interfirm collaboration and cooperation and, (iv) resolve tensions and disputes amicably without turning to formal third-party contract enforcement through joint problem-solving. This ability in dealing with conflict and mediation facilitates firms in fostering mutual trust and interfirm confidence (Arino and de la Torre 1998).

Due to the factors mentioned, a firm's ability to broker is determined by prior experiences from conflictual ties as much as it is based on exposures to alliance experience. Prior conflict expedites firms' capability development to establish effective ties and mitigate interfirm hazards, which is essential to establish and maintain brokerage positions.

2.4 Agency and Positioning in Strategic Networks

The concept that better performance may result from certain forms of ego-network structures highlights that the structural pattern of a firm's ties presents unique advantages (eg. Gulati et al. 2000). Brokerage positions within networks are commonly touted as a beneficial position within a network because it rewards brokers with an array of advantages (Burt 1992; 1997; 2004; 2005; Kleinbaum 2012; McEvily and Zaheer 1999). While networks can benefit and constrain, firms possess the ability to strategically establish favourable network positions, particularly for brokerage, as it presents strategic importance (Stevenson and Greenberg 2000; Zaheer and Soda 2009). To an extent, firms can manage their surrounding network to gain certain performance advantages by accumulating alliance experience (Anand and Khanna 2000; Kale et al. 2000). As such, given the motivation, I suggest that actors can navigate their structural position despite structural constraints. Therefore, strategic actions to incite changes are suggested to be a symptom of firm performance, motivated by unattained aspirations that similarly inform firms' risk dispositions to span structural holes.

2.4.1 Aspiration and Performance

Strategically seeking out a brokerage position is attainable within a firm's scope and repertoire of actions. Undertaking these actions is determined by the firm's motivation for change. This motivation to trigger changes stems from unmet aspirations related to relative performance compared to its reference group (Cyert and March 1962). Social comparison theory indicates that reference groups can be related to industry, size, product, market, and physical proximity (Greve, 1998; Reger and Hudd 1993). Prior work examined the relation between performance to aspiration levels with regard to firm-level changes (March and Shapira 1992; March and Simon 1959). Specifically, these papers empirically demonstrated that the probability of change decreases as performance increases (Greve 1998; Lant 1992). Likewise, the opposing effects were found that performance failures increased the probability of change by initiating search activities, where changes are preferred. From a strategic perspective, firm aspirations are vital as relative performance is posited to peak and flatten even if absolute performance remains high (Derfus et al. 2008; Mishina et al. 2010). Hence, firm change and strategic actions to rectify declining relative performance are vital for firms to continually maintain their current market position or outperform competitors. Therefore, the need to maintain strategic advantages is anticipated to drive the motivation for firms to reside in brokerage positions due to the benefits it accords to firms.

2.4.2 Risk Taking and Performance

Similarly, undertaking strategic actions that strive toward brokerage is related to a firm's risk disposition as a function of performance. Organisational risk-taking is sensitive to a performance that is scaled relative to aspiration levels, where the propensity for risk-taking behaviours declines as performance increases (Greve 1998). In efforts to achieve aspirations, prospect theory highlights that options are evaluated by potential gains and losses where actors

behave to protect either sure gains or avoid sure losses (Kahneman and Tversky 1979; Tversky and Kahneman 1991). Notably, decisions related to expected gains and losses initiated by the desire for change are not isolated considerations but dependent on the frame of reference. Hence, relative performance compared to ones' peers is argued to play a critical role in a firm's risk dispositions to undertake actions that strive toward a threshold of accepting higher potential gains as well as correspondingly higher potential losses. As such, a firm's motivation to seek out brokerage positions and gain additional advantages over peers is dependant on a firm's relative performance.

3. Hypothesis Development

3.1 Effects of Learning as Plaintiffs or Defendants

In this paper, I operationalize interfirm conflict based on litigations related specifically to commercial breach of contracts. This form of litigation is established because this indicates relational disputes that are based on existing ties and contractual agreements. From a legal perspective as well as in relation to this paper's operationalisation of conflict, initiators of conflict are synonymous with plaintiffs and the targets are defendants. Preceding sections will use these terms interchangeably.

Contracts are the primary and formal mechanisms to establish interfirm ties. As suggested, a differing perspective from similar events creates varied experiences for firm learning and capability development. However, ties are fraught with uncertainties and hazards. Despite the uncertainties and hazards, prior literature highlights a variety of mitigative tools that include the use of formal contracts (Dixit 2003; Williamson 1985), utilizing hierarchy (Heide 1994; Williamson 1981;1985), and relational governance (Carr and Pearson 1999; Chalos and O'Connor 2004; Heide and John 1992; Lumineau and Quélin 2011; Macneil 1980; Wathne and Heide 2000). Following the failure of mitigative instruments, enforcement through

formal mechanisms such as the utilization of legal systems will ensue (Cao and Lumineau 2015; Lumineau, et al. 2015; Zhou and Poppo 2010).

As such, firms' experiences with conflict and subsequent learning centre on either the exploitation of contractual specificities or ambiguities as part of the complaint or defence. Plaintiffs gain experience and knowledge on refining and developing contract specificities as a complaint. Within the context of a contractual breach, the plaintiff needs to specify grounds that the defendant failed to comply with pre-existing agreements. Experiences as the plaintiff enable firms to develop greater abilities to enhance contract-related specificities. This capability increases the likelihood of conflict avoidance through extended and hazard-mitigating agreements. As an implication, firms with more plaintiff experience are likely to successfully build and maintain effective ties in the future that enhance a firm's ability to reside in brokerage positions.

Conversely, defendants are likely exposed to the opposing goal by exploiting contractual ambiguities as part of the litigation defence. Experiences as a defendant are posited to improve firms' abilities in exploiting contractual ambiguities that reinforce the tendency to develop contractual flexibilities for future relations. Secondly, defendants will likely establish greater cooperative abilities because it is in the defendants' interest to seek an internal settlement instead of proceeding with formal court judgements. During the process of addressing litigations, defendants potentially gain experience in coordination as firms seek interfirm recourse and negotiations for a settlement to avoid legal enforcement or court judgement. Hence, defendant experience enhances firms' capabilities in establishing flexible interfirm arrangements and collaborative behaviours essential for brokerage.

While both positions as either plaintiffs or defendants increase firms' propensity to reside in brokerage positions, the effects are potentially stronger for plaintiffs than defendants.

This is related to the notion that plaintiffs are active instigators of conflict while defendants are passive targets. Furthermore, firms with extensive plaintiff experiences are likely to have enhanced capabilities to strategically utilize and maintain ties while correspondingly dissociating ties that are ineffective in attaining alliance goals. On the other hand, firms with high experience as defendants are passive receivers of directed conflict and are targets of allegations related to contractual breaches. Therefore, it is unlikely that defendants are strategically utilizing conflictual ties to seek out beneficial structural positions. Wherefore, arguments suggest that firms with extensive defendant experience will be less likely than firms with extensive plaintiff experience to pursue strategic network positioning such as brokerage roles. As such, these arguments lead to the following predictions:

H1: The role of plaintiff experience increases the likelihood that the focal firm will span structural holes to a greater degree than experiences as a defendant.

H2: The role of defendant experience increases the likelihood that the focal firm will span structural holes to a smaller degree than experiences as a plaintiff.

3.2 Performance Effects for Aspiration and Risk Dispositions

Motivation to change is related to performance levels where managers undertake lesser risks when their present performance exceeds aspirations (March and Shapira 1987; Singh 1986). Correspondingly, taking high levels of risks was found to be related to low performance relative to aspiration levels (Bolton, 1993; Bowman, 1982; Grinyer and McKierman 1990). Critically, performance levels inform firm aspirations and motivation for change affecting risk dispositions to take an active role in shaping network resources via brokerage. When current performance is lower than aspiration levels, firms are likely to scan the environment for opportunities to form new ties and brokerage opportunities. Hence, underperforming firms are

more likely to adopt and pursue more drastic strategic decisions encompassing more significant risks due to high expected payoffs from strategic network positioning.

Firms are likely to seek out new alliance opportunities for brokerage as they possess greater experience as plaintiffs. Such firms will leverage prior conflictual experiences that act as enablers to address interfirm tensions and contractual specificities and mitigate hazards. As such, extensive plaintiff experience will act as a trigger for the motivation and risk dispositions to span structural holes. Such effects are expected to be stronger when the firm is outperformed and therefore leverage on an advanced interfirm management capability as a method to gain access to numerous advantages. Hence, when current performance is comparatively lower than relevant peers, firms with plaintiff experience are inclined to engage in active network positioning strategies to reside in brokerage positions.

On the flip side, preferences for flexible contractual arrangements increase the likelihood for collaborative interfirm ties when firms possess greater experience as defendants. While this is particularly relevant for dyadic or triadic maintenance and formation of ties, when faced with relatively low performance, it is less likely that firms with extensive experience as defendants will be motivated to bridge structural holes or seek changes through strategic network positioning. As targets of litigation, defendants are potentially less willing to take unnecessary risks to form new ties and broker as compared to firms with greater plaintiff experience. Firstly, plaintiffs make an active decision and are therefore very likely to have a strong case to take existing partners to court. Secondly, defendants are potentially expected to be penalized, either through settlements or court judgement, which reduces opportunities, motivation, and risk predilection to form new ties for structural leverage. These arguments lead to the following hypotheses:

H3a: The effect of plaintiff experience on the focal firm's likelihood to span structural holes will be positively moderated by lower levels of performance to a greater degree than defendant experience.

H3b: The effect of defendant experience on the focal firm's likelihood to span structural holes will be positively moderated by lower levels of performance to a smaller degree than plaintiff experience.

4. Methodology

4.1 Data

To test the hypotheses, panel data of contract litigation and alliances for all public firms in the United States of America (US) were studied. The sample included firms from all industries between 2009 to 2018. To gather the sample for all public firms, Compustat was used as the baseline for identifying public firms to collect firm-level financial data. Data from Compustat targeted North American firms between the fiscal year of 2009 and 2018. Firms classified under stock exchange codes 1, 7, 9, 21, and 22 were dropped from the sample as they were either non-traded companies or listed in Toronto, Montreal, TSX Venture, and Alberta stock exchanges outside of the US. The sample of publicly listed firms was kept in the data when the firm appears at least once between the years 2009 to 2018. A balanced panel data was created, with each firm having 10 observations across 10 years. A final sample of $n = 120,440$ firm-year observations and a total of 12,044 unique firms were obtained from this process. Control variables were similarly obtained from Compustat to explore firm-level and industry-level variables. These variables include firm-level debt, solvency, size, and performance. At the industry-level, the industry was delineated by Standard Industrial Classification (SIC) 2-digit codes.

Lex Machina was used to collect data of breach of contracts filed in the US. Lex Machina systematically organises the cases obtained from the Public Access to Court Electronic Records (PACER). The data collected focuses on a subset of interfirm litigation on commercial breach of contracts. I focus on contractual breaches because this indicates existing ties between both parties. Furthermore, litigation related to contracts is formalized court enforcement to address interfirm disputes (Cao and Lumineau 2015; Lumineau et al. 2015; Zhou and Poppo 2010). All commercial breach of contract litigation was examined and established a sample of 71,710 cases² where 9,167 cases involved public firms as either plaintiffs or defendants. 3536 cases involved public firms as plaintiffs and 5631 cases as defendants.

Along with Compustat and Lex Machina, Thomson Financial Security Data Corporation (SDC) was utilised. SDC database was used to collect incidences of interfirm alliances deals that allow for the construction of alliance dyads and the calculation of constraint measures for firms' brokerage positions. Specifications included only US public firms, alliance nations within the US, and excluded all cross-border alliances. This sample included 16,169 alliance deals with at least one US public firm involved. SDC contains completed, terminated, extended, expired, renegotiated, and pending alliances, but the matched sample only consists of completed deals. All dyadic ties corresponding constraints were calculated for each firm using UCINET.

The dataset is appropriate for addressing the proposed hypotheses because it allows an examination related to the impact of conflict and its directionality by looking at litigation cases and firms' roles as plaintiffs or defendants. This helps us investigate the future impact on firms'

² 71,710 includes cases that are still open and terminated. 3,940 cases remain open and the remaining 67,769 cases have been terminated. Regardless of the status of these cases, the data sample considered all open or terminated cases as a conflictual tie once the case is filed in court.

ability to reside in brokerage positions, enabling us to glean firms' capability development through prior experiences. However, the data does not allow for the examination of specific processes of learning within each firm. The paper was nonetheless able to contemplate the role of prior experience with conflictual ties as an antecedent for a firm's ability to manage, maintain and develop ties and structural position.

4.2 Dependent Variable

Constraint. Structural holes or brokerage is measured by the firm's constraint scores. This is measured by the extent a firm's alters have connections with one another (Borgatti et al. 2006; Borgatti et al. 2013; Burt 1992). This measure is well-established and has been used in prior research (eg. Quintane and Carnabuci 2016). The variable was constructed by forming dyadic pairs for each alliance partner for all completed deals in SDC within the focal years. The measure is in line with Burt's (1992) definition of overall constraint at the ego-level where C_{ij} , is the extent to which actor j constrains actor i . Overall constraint, C_i , is the sum of all j in i 's network. The constraint measure is written as (Burt 1992; 1994):

$$c_{ij} = (p_{ij} + \sum_q p_{iq} p_{qj})^2, i \neq q \neq j$$

Firm constraint scores were calculated by UCINET. The independent and control variables are lagged by one year from the constraint measure ($t - 1$). This is done to account for the lagged effects of the independent variables on the dependent variable. Measures of firm constraint were logarithmically transformed.

4.3 Independent Variables

Plaintiff experience. This variable is based on the cumulative total number of litigations as a plaintiff the focal firm has engaged till the year preceding the focal year within the 10-year window based on the court registered date. Once the case is filed in court, both active and terminated cases will be considered a conflict regardless of the preceding outcome. Cases that

involve multiple parties were considered as a conflictual interfirm tie. Plaintiff experience is considered as an initiator of a conflict because these firms initiate the complaint proceedings in court.

Defendant experience. This is measured by the cumulative total number of litigations as a defendant the firm has been embroiled in within the 10-year window. Similar to our measure of plaintiff experience, once the case is filed in court, the firm is taken as a target of a conflictual tie. This is regardless of the number of parties involved in the litigation as well as the eventual litigation outcome.

Performance. This is measured by a firm's return on assets of the focal firm in the previous year normalized to the industry mean. The variable is logged to control for the skewed distribution, and the industry is defined by the SIC 2-digit code where the firm's peers are defined and pegged against. Absolute levels of performance have been suggested to be less meaningful than performance relative to a reference point that firms aspire to attain (Kahneman and Tversky 1979; Mishina, et al. 2010). Hence, when I account for firm aspirations, actual values for performance in this instance will not be a suitable measure for firm performance (Greve 2003).

4.4 Control Variables

Firm-level controls were gathered from Compustat. *Solvency* is measured by the total current assets deducted by total inventories over total current liabilities. *Debt* is calculated by total debt over total assets. *Firm size* is determined and defined as the total assets of the focal firm. The variables were logarithmically transformed to control for the skewness of the distribution. The firm-level variables control for firm characteristics that may implicate a firm's ability to span structural holes.

5. Analysis and Results

5.1 Analysis

The analytical method used to address the research hypotheses is ordinary least squares (OLS) regression models. The models used specifications that included firm-clustered robust standard errors to account for serial autocorrelation and heteroskedasticity. Random effects in the model were preferred to fixed effects due to truncation of the data where constraint values for firm-level clusters were constant for numerous years and did not vary in the longitudinal data. Furthermore, fixed-effects models can be biased for panels over a short timeframe.

5.2 Results

The descriptive statistics and correlation coefficients are reported in Table 7. The correlation coefficients show a high correlation between plaintiff experience and defendant experience at 0.53. Concerns related to multicollinearity were checked by examining variance-inflation factors (VIF). Multicollinearity is not a concern as the highest VIF was 2.30, with an average VIF of 1.60 for all variables.

Table 7: Descriptive table of key variables

	Variable	Mean	SD	1	2	3	4	5	6	7
1	Constraint	0.618	0.149	1.00						
2	Plaintiff	0.111	0.365	-0.21	1.00					
3	Defendant	0.185	0.458	-0.23	0.53	1.00				
4	Debt	0.486	0.677	0.02	0.02	0.06	1.00			
5	Solvency	1.007	0.740	0.02	-0.06	-0.10	-0.31	1.00		
6	Firm Size	5.921	2.894	-0.22	0.23	0.34	0.33	-0.07	1.00	
7	Performance	-0.041	0.128	0.05	0.05	0.08	0.14	-0.24	0.26	1.00

* Logged figures for constraint, plaintiff, defendant, debt, solvency, firm size, and performance.

Table 8 and 9 show the results from the OLS models. Model 1 includes all firm-level controls, including performance. Model 2 examines plaintiff effects on brokerage and found strong significant effects on brokerage. This supports the notion that plaintiff experiences increase the likelihood of brokerage. Similarly, Model 3 explores the effects of defendant experience and found strong significant effects on brokerage.

Table 8: Regression table with direct effects of litigation role and structural holes

Variables	Model 1	Model 2	Model 3	Model 4
	(xtreg)	(xtreg)	(xtreg)	(xtreg)
Constant	0.755*** (0.02)	0.752*** (0.02)	0.751*** (0.02)	0.751*** (0.01)
Performance	0.070** (0.03)	0.074** (0.03)	0.074** (0.03)	0.075** (0.03)
Firm Size	-0.016*** (0.00)	-0.013*** (0.00)	-0.011*** (0.00)	-0.011*** (0.00)
Debt	0.043*** (0.01)	0.039*** (0.01)	0.039*** (0.01)	0.038*** (0.01)
Solvency	0.017** (0.01)	0.015** (0.01)	0.012* (0.01)	0.012* (0.01)
Plaintiff		-0.029*** (0.01)		-0.014 (0.01)
Defendant			-0.030*** (0.01)	-0.022*** (0.01)
Year Random Effects	Yes	Yes	Yes	Yes
R-Squared	0.112	0.127	0.132	0.134
Chi-Squared	0.000	0.000	0.000	0.000
Observations	2,585	2,585	2,585	2,585

* p<0.05, ** p<0.01, *** p<0.00. Standard errors are in parentheses.

Model 5 and Model 6 explores the interactions between plaintiff/defendant experience on overall litigation experience. Previous arguments suggested that plaintiff experience will increase the likelihood of residing in brokerage positions more than defendant experience. This was not found to be supported by Model 5. On the other hand, the result from Model 6 shows

mildly significant support that defendant experience has a positive impact on brokerage. Hence, H1 is not supported, while H2 is weakly supported.

Table 9: Regression table with interaction effects of litigation role and structural holes

Variables	Model 5	Model 6	Model 7	Model 8
	(xtreg)	(xtreg)	(xtreg)	(xtreg)
Constant	0.732*** (0.01)	0.729*** (0.01)	0.750*** (0.01)	0.750*** (0.01)
Performance	0.075** (0.03)	0.075** (0.03)	0.061* (0.03)	0.055* (0.02)
Firm Size	-0.011*** (0.00)	-0.011*** (0.00)	-0.011*** (0.00)	-0.011*** (0.00)
Debt	0.038*** (0.01)	0.038*** (0.01)	0.038*** (0.01)	0.038*** (0.01)
Solvency	0.012* (0.01)	0.013* (0.01)	0.011* (0.01)	0.011* (0.01)
Plaintiff	-0.005 (0.01)	-0.004 (0.01)	-0.000 (0.01)	-0.004 (0.01)
Defendant	-0.004 (0.01)	-0.008 (0.01)	-0.012 (0.01)	-0.010 (0.01)
Plaintiff × Conflict (H1)	-0.006 (0.01)			
Defendant × Conflict (H2)		-0.012* (0.01)		
Plaintiff × Performance (H3a)			0.056 (0.06)	
Defendant × Performance (H3b)				0.047 (0.05)
Year Random Effects	Yes	Yes	Yes	Yes
R-Squared	0.139	0.141	0.135	0.135
Chi-Squared	0.000	0.000	0.000	0.000
Observations	2,585	2,585	2,585	2,585

* p<0.05, ** p<0.01, *** p<0.001. Standard errors are in parentheses.

Models 7 and 8 examine the interaction results of the directionality of conflict concerning firm performance. While the results between performance and directionality of conflict were not significant, and the coefficients indicate that both plaintiff and defendants are less likely to reside in brokerage roles, contrary to prior arguments. Despite the insignificant results, interaction plots from Figure 8 and Figure 7 present some indication that greater experiences were more susceptible to shifts in firm performance, found to be stronger for plaintiffs than defendants.

Figure 8: Interaction effect of plaintiff experience on performance

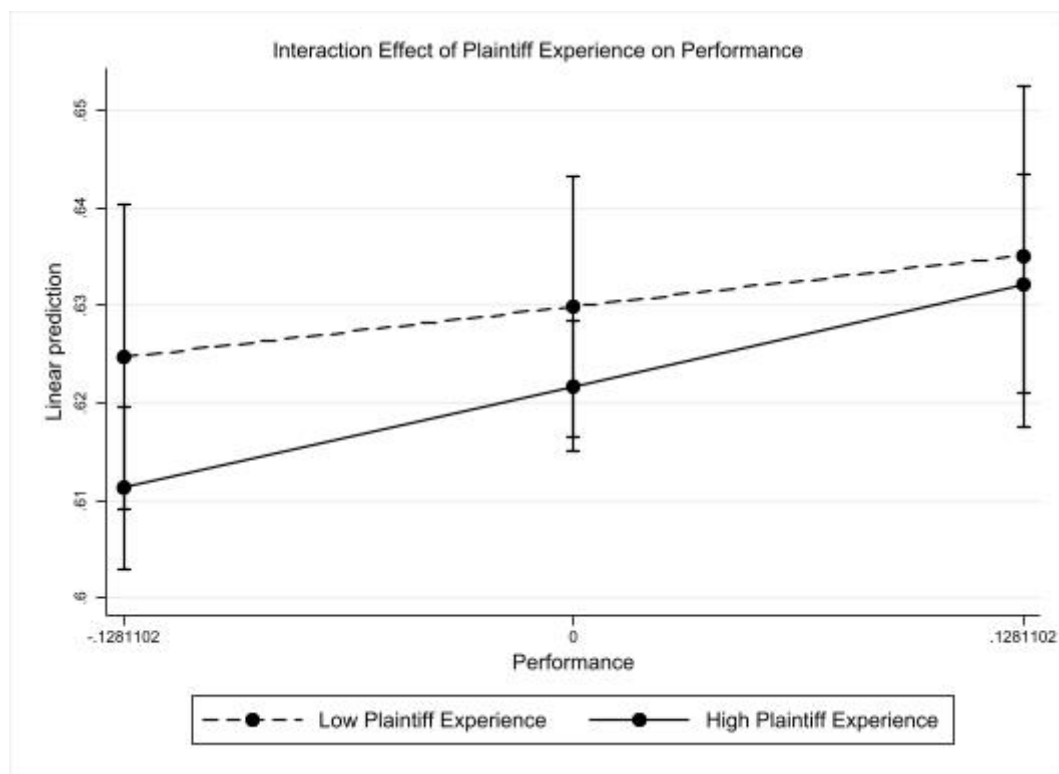
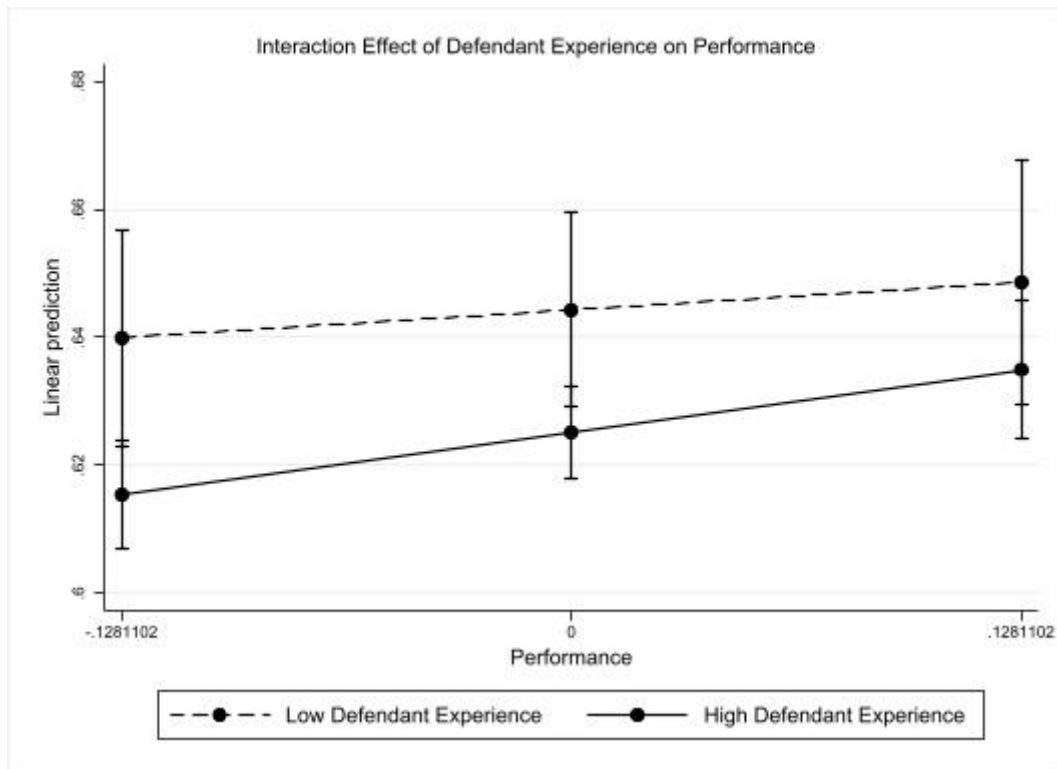


Figure 9: Interaction effect of defendant experience on performance



6. Discussion

In this paper, I examined the antecedents of brokerage by considering the directionality of conflictual ties in dyads in relation to firm performance as a strategic motivator to span structural holes. The findings suggest that conflictual experience as both initiators and targets of conflict enhances a firm's ability to broker. However, considerations related to the pursuit of brokerage as an active or passive role found a greater likelihood that defendants reside in brokerage positions than plaintiffs. Subsequently, strategic arguments related to motivation and risk predilection did not find any support.

While firm learning from prior experience have been posited as a mechanism, this paper is not able to observe firm learning processes that occur within each firm related to internal processes of articulation, codification, sharing, and internalisation, which were found to be vital for alliance management (Kale and Singh 2007). Furthermore, against my theoretical

predictions, the interactions between directed conflict and performance related to aspirations and risk dispositions were insignificant.

Nevertheless, this study makes several contributions. First, I motivated the paper by examining the antecedents of brokerage through the lens of conflictual ties. Based on the theoretical arguments, I suggested that brokerage ability is dependent on prior experiences of conflict aids firms' future abilities to establish effective ties and mitigate interfirm hazards. As seen from the results, prior experiences with conflict, regardless of directionality, saw positive impacts on brokerage. This informs us that there is vast potential to examine the implications of interfirm conflict beyond our present focus on alliances and collaborative ties to present a more complete picture on interfirm ties and brokerage formation (Zaheer and Soda 2009).

Secondly, the paper explored conflictual ties and its effects from a new perspective by examining the directionality of conflictual relations between instigators and targets. Results found that outcomes of conflictual experiences are related to a firm's future ability to form brokerage but could not examine specific pathways of learning – either contract specificities or ambiguities. Although not directly observable, the results are suggestive of firm learning through conflictual experiences that in turn enhances its future ability to address interfirm disputes by ex-ante prevention or post-hoc mitigation of hazards stemming from dyadic ties.

Lastly, firm learning was explored as an interaction with firm performance in attempts to explore event-specific factors and firm motivation for change. However, firm performance did not drive any significant effects with its interaction on conflict. The results are opposite from the initial prediction as the coefficients indicate both targets and initiators of conflict are less willing to enter brokerage roles. This highlights that legal action taken against partners may not be motivated by present performance. On the other hand, targets of conflict may form new ties that reside in brokerage positions as post-hoc safeguards from former partners. This

may indicate a possibility that dyadic ties are the primary foundations of interfirm relations as opposed to strategic motivations for brokerage under conditions of low performance.

7. Conclusion

This paper contributes to the literature by examining the antecedents of brokerage through the lens of conflictual ties. Notwithstanding, the paper explored conflict asymmetries through the data as an interaction with wider environmental characteristics. Based on the results of the study, there are some indicators that the directionality and asymmetries of conflict are vital considerations for brokerage and firm learning, which potentially informs future research of its potential implications. However, arguments that relate to performance were unfounded which does not illustrate strategic motivations and risk predilection as a trigger for firm actions to engage in brokerage. Hence, this paper serves as a step towards exploring the nuances of conflict as an event. Future work can benefit by exploring a host of factors that involve looking beyond ego's performance and examine the effects of alliance performance as antecedents to brokerage.

CHAPTER 5

General Conclusion

Preceding chapters focused primarily on conflictual ties as the focal point of investigation. Interorganisational conflict illustrates the importance of examining the dynamism of interorganisational relations beyond a focus on collaboration. Examining conflict is vital for developing a more nuanced understanding of interorganisational relations and fills current theoretical blind spots, and unpacks the dynamism of relations fraught with tensions and inconsistencies. Prior studies show that strained interfirm ties can lead to long-term consequences for interfirm alliances (Sytych and Tatarynowicz 2014; Zhelyazkov and Gulati 2016). Conflictual ties that surface is argued to exacerbate: (i) competitive behaviours, (ii) different orientations regarding goals and responsibilities, (iii) the inability to mutually problem-solve issues and, (iv) implicate firms' access to resources and the ability to achieve competitive advantage. Therefore, effective interorganisational ties will have to contend with both collaborative and competitive elements.

In this dissertation, I discuss interorganisational conflict and developed conflict as a distinct construct. I argued for a delineation of conceptual terms defined by varying levels of analysis, such as behavioural or perceptual dimensions and their severity. As part of chapter 2, I conducted a systematic review that examines prior studies on conflict. The review was segmented into three main parts: (i) antecedents, (ii) processes, and (iii) outcomes. Additionally, a substantial discussion was devoted to delving into numerous major theoretical streams and proposed ways where interorganisational conflict can lead to new theoretical discussions. Lastly, an overarching framework was proposed to organise interorganisational

conflict into four critical facts: (i) agency and structure, (ii) consensus and dissension, (iii) social transformation, and (iv) relations between the social and perceptual. As a concluding statement of chapter 2, the chapter lays the foundation that the understudied area related to interorganisational conflict. Chapter 2 argues that considerations with conflict as a focal point can have an insurmountable impact on existing theoretical mechanisms relating to the functions of interorganisational relationships. Resultingly, research trajectories focused on interorganisational conflict can fundamentally reshape management theories on interorganisational interactions.

In chapters 3 and 4, the empirics were underpinned by data on commercial breach of contract litigation between firms and proposed that interfirm conflict can be conceptually captured by litigation. The data suggests that litigation initiates formal and overt mechanisms that impose constraints on existing and potentially future interfirm collaborations. The research context is based on longitudinal data of 10 years between 2009 to 2018, anchored by interfirm commercial litigations related to breach of contracts from Lex Machina, coupled with data on joint ventures and strategic alliances of publicly traded firms in the US from SDC and Compustat. Collectively, the data is suitable for studying collaborative and conflictual ties as it allows for the exploration of concurrent effects of alliances and litigation. Furthermore, litigation data enabled the examination of asymmetric conflict and directionality through firms' roles as plaintiffs or defendants.

The findings from chapter 3 highlight the importance of superior interfirm management capabilities. Interfirm management capabilities enable firms to address the instabilities of interfirm behaviours that involve simultaneous elements of collaboration and competition. The capability is built from firms' cumulative history of past experiences with alliances and litigations that allow the firm to manage the tenability of its alliances and joint ventures. Hence, firms need to establish and maintain dyadic ties to be essential for firms to adopt structurally

beneficial positions as brokers. However, while past experiences were shown to have vital implications, a further examination found that the effects of firm learning from experiences was diminished by high levels of environmental volatility.

This study makes numerous contributions. Firstly, the study in chapter 3 speaks to the formation of network structures and brokerage at the firm-level of analysis. The paper indicates the importance of considering the ego's learning and capabilities that have an active role in shaping the surrounding network. Furthermore, the paper informs prior literature of the limitations of prior experiences and learning as a contingent effect of the wider environment. As such, experiences and learning decays and requires new sources of information that are relevant for environments that are highly volatile.

In chapter 4, I focused on conflictual ties and examined the implications of asymmetries and directions within a dyad as an implication for brokerage. Along with this, the paper also explored firm performance related to peers as a strategic motivator to span structural holes. The argument for examining performance is to study the relationship between failed aspirations as a trigger for greater risk-taking behaviours and motivation to inculcate actions that enable improved firm performance. The findings support that conflictual experience as both initiators and targets of conflict increases a firm's ability to span structural holes. However, strategic arguments related to motivation and risk predilection failed to find support.

This study contributes to the existing literature in two main aspects. First, the paper was able to examine the directionality of conflict as instigators and targets. Next, examining firm performance as a motivation for change did not find any support. However, this potentially indicates that dyadic ties are foundations of interfirm relations where a more extensive search process to broker and alter network positioning when firms face unmet aspirations comes secondary. As a result, it is likely that as a conflictual event, litigations are not likely tools for

brokerage. Rather, it is the process of learning from prior experiences that becomes a historical imprint on a firm's repertoire of strategic actions based on established competencies.

Taken together, this dissertation informs us of the vast potential in examining the implications of interorganisational conflict beyond the present focus on alliances and collaboration as it extends and presents an additional perspective of interfirm ties and brokerage formation.

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