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Co-opetition in Practice

Critical Success Factors in a Strategic Partnerships for AI-Driven Fraud Detection within the Insurance Industry

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Strategy and Management | Finance | International Management

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Preface

This thesis is written as the final part of my Master of Science in Economics and Business Administration at the Norwegian School of Economics (NHH) where I am pursuing a double degree through NHH and CEMS – the Global Alliance of Management Education with specialisation Strategic-, Financial- and International Management. The thesis is written within the main profile of Strategy and Management at NHH.

The study is also a part of the NHH research faculty DIG – *Digital Innovation for Sustainable Growth* where the aim is to ensure high employment and financing through innovative initiatives and digitalisation.

Additionally, the study has been in collaboration with KPMG Norway and Hans Christian von Krogh – Director of Financial Services Advisory. They have helped provide the case of the study and were key in forming the scope of the thesis, and for that I am grateful.

I would like to express my sincere gratitude to my supervisor, Inger Stensaker, for her tremendous support and accessibility throughout this 12-month process. Her expertise, advise, comments and support has been key for the development of the final result.

Further, I would like to express my thanks to all participating informants from the case study. Without you, there would not be any results and findings the research. Your accessibility and openness have been key to the final outcome of this study.

Lastly, I would like to thank my fellow students in the DIG research group for their involvement in meetings, NHH for their facilitation and opportunity of pursuing such exciting topics, and CEMS for the international approach and adaptiveness of the study program, enabling me to write this thesis alongside everything else.

My hope is that this thesis can contribute to practical managerial approaches when entering strategic partnerships with competitors, enabling sustainable success of these projects.

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Abstract

The dynamic landscape of the insurance industry, characterized by competition and the incessant threat of fraud, presents a unique paradox: the simultaneous need for competition and collaboration. This master thesis delves into the phenomenon of co-opetition - a strategic term that amalgamates competition with cooperation - to explore the critical success factors underpinning collaborative efforts amongst direct competitors. Specifically, the study analyses a collaborative project within the insurance sector who have embarked on developing an AI-based model designed to enhance fraud detection capabilities.

This thesis examines how competitors can align their efforts to address common challenges while safeguarding their competitive advantages. Drawing on theories of co-opetition, Game Theory, the Resource-Based View (RBV), complex collaborations, and the Translucent Hand of Ecosystems, the research offers a comprehensive analysis of the factors that govern the effectiveness and efficiency of such partnerships. The study emphasizes five key factors that contribute to successful co-opetition: the involvement of a majority market share, establishment of clear collaborative frameworks, direct involvement of decision makers, perceived equality in contributions, and the role of an independent facilitator.

Through in-depth interviews with stakeholders from three major insurance companies, a neutral facilitating organization, and involved third parties, the thesis uncovers how these factors are implemented in practice and their impact on the collaborative efforts. It highlights the significance of each factor in fostering a cooperative environment where shared goals are pursued without diminishing the competitive vigour of the individual entities.

The findings suggest that effective co-opetition requires not only strategic alignment and resource pooling but also a robust governance structure that accommodates the complexities of collaboration among rivals. It suggests that while formal agreements provide the necessary groundwork for cooperation, the informal, often uncodified practices facilitated by the Translucent Hand of Ecosystems could play a crucial role in maintaining adaptive governance and trust among participants. Which is where this study stands out, by utilizing the Translucent Hand as a lens for understanding how co-operative initiatives can achieve sustainable successful outcomes, as such collaborations moves towards ecosystem structures.

Table of Contents

1. Introduction

In today's rapidly evolving business landscape, the insurance industry finds itself at a critical juncture, facing challenges posed by technological innovation, increasingly sophisticated consumer behaviour, and mounting regulatory pressures. Against this backdrop, strategic partnerships between competing firms are emerging as a compelling strategy for tackling complex problems that transcend the capabilities of any single organization. This thesis investigates the phenomenon of co-opetition where collaboration and competition coexist and focuses specifically on critical success factors (hereafter: CSF) in strategic partnerships between competitors. The research is anchored in a case study exploring a project collaboration between three insurance companies that joined forces to develop an AI model to analyse collective data and better predict customer fraud.

1.1 Background

Co-opetition, a term that blends "cooperation" and "competition," captures the delicate balance between these opposing forces. Traditionally, the insurance industry has been highly competitive, with firms safeguarding their market shares and intellectual property. However, the need to address shared challenges, such as insurance fraud, has compelled some companies to explore partnerships with their competitors. This shift toward collaborative innovation offers significant potential benefits but is fraught with challenges arising from competing interests. The partnership in this case study provides a rich context to examine the CSF of co-opetition, as three insurance firms navigate the development of a sophisticated AI tool to anticipate fraud. On that note, the collaborative project has currently been parked due to several key reasons, which provides an even richer context as to identify these CSF by looking at what went wrong.

1.2 Research question

This thesis seeks to identify the CSF of collaboration between competitors, building on the cooperative AI project as its case, utilizing the theory of the translucent hand in ecosystems as a lens to uncover the strategic factors that influence the success of such partnerships. For that purpose, the following research question has been utilized for this paper:

What are the critical success factors in strategic partnerships between competitors?

1.3 Context and methodology

The cooperative project between three insurance companies serves as an ideal context for exploring co-opetition due to the high-stakes nature of the insurance market and the technical complexity of developing AI models. The case involves three insurance firms with differing market shares, internal cultures, and strategic priorities, yet all are united by the common goal of reducing losses from fraud. This particular collaboration is further complicated by the need for data-sharing willingness within the industry, resource contributions, and trust, offering a unique insight into the intricacies of competitive collaboration. Further complexity is produced as a consequence of third-party involvement, including a fintech cluster as an independent facilitator, legal counselling from a large consultancy, and technical delivery of the AI model from an additional Third-party company, with advisory from a second technical company. All parties will be properly presented and sorted for during the methodology elaboration (see chapter 3.2.2).

A qualitative, exploratory approach is employed through a study of the mentioned cooperative project, allowing for an in-depth understanding of the partnership's intricacies. Data was collected via semi-structured interviews, document analysis, and direct observations to identify patterns and themes that reveal how the partnership has navigated its challenges. An interpretivist research philosophy underpins this study, emphasizing the subjective understanding of participants' motivations and actions. Furthermore, these findings will outline identified challenges for successful co-opetition and suggested strategies to remove such barriers, by identifying some CSF. This roadmap of the thesis is elaborated through the disposition in the following chapter.

1.4 Disposition

1.4.1 Literature review

The literature review chapter delves into existing theoretical frameworks and empirical research on strategic partnerships, co-opetition, and their application in the realm of co-opetition. It discusses relevant traditional theories, such as game theory and the resource-based view (RBV) to better understand the intricacies of co-opetition and suggests the translucent hand as the lens for looking into the potential future of such collaborations between direct competitors, as it is drawn towards ecosystem structures. This chapter critically examines previous studies to identify gaps in the existing knowledge that the current research seeks to address.

1.4.2 Methodology

The methodology chapter explains the research philosophy and approach underpinning the study, emphasizing the interpretivist and qualitative perspectives. It provides a detailed explanation of the case study design, data collection methods (semi-structured interviews, document analysis, and direct observations), and thematic analysis used to identify patterns in the data. Furthermore, this chapter discusses the measures taken to ensure the quality of research, including credibility, transferability, dependability, and confirmability, as well as ethical considerations like confidentiality and participant anonymity. The limitations of the chosen methodological approach are also outlined.

1.4.3 Findings

In the results and findings chapter, the collected data is presented and analysed, revealing five CSF for effective co-opetition which if lacking can potentially disrupt partnerships between competitors: total market share involvement, clear project frames, decision-maker involvement, equal contributions, and independent facilitation. This chapter provides direct evidence through quotes and observational notes, illustrating how each element plays a critical role in shaping the partnership mechanisms.

1.4.4 Discussion

The discussion chapter synthesizes the findings with the theoretical frameworks presented in the literature review. It evaluates how the five identified elements align with or challenge existing theories and draws practical implications for managing co-opetition in the insurance sector. The chapter also explores the contribution of this research to both theory and practice, highlighting actionable recommendations for practitioners. Limitations of the study are acknowledged, providing a transparent assessment of the research's scope and challenges, while also suggesting potential areas for future research.

1.4.5 Conclusion

The conclusion chapter summarizes the research's key insights, offering a comprehensive overview of how the five identified CSF impact co-opetition. It reinforces the importance of managing the balance between cooperation and competition effectively and reiterates the strategic recommendations identified for practitioners. The chapter ends by highlighting the broader implications of the study and its contribution to advancing knowledge in strategic management and co-opetition within the insurance industry.

This comprehensive framework aims to contribute to both academic literature and practical strategies, offering a nuanced exploration of the delicate balance required to sustain successful co-opetition in competitive industries.

2. Theoretical frameworks

This literature review explores the theoretical and empirical insights surrounding strategic partnerships between competitors, focusing on the concept of co-opetition. The chapter begins by defining co-opetition and its relevance to modern business strategy, highlighting the tension between competition and cooperation in interfirm partnerships.

Subsequently, the review delves into traditional theoretical frameworks as game theory and resource-based perspectives is used to elucidate why firms might engage in co-opetition, emphasizing the balance of shared and individual benefits. It examines key factors affecting partnership success, such as trust, governance structures, and the role of organizational culture. It also highlights potential pitfalls, including conflicting objectives, data privacy concerns, and unequal contributions that could lead to collaboration breakdowns. Also, literature surrounding the management of intellectual property rights and ethical implications of data sharing in AI projects is considered, given their particular significance for this case study.

Finally, the chapter identifies developing managerial approaches for co-opetition, particularly regarding complex collaborations and ecosystems as the new way of business, to ensure equitable and productive collaborations. These theoretical frameworks are considered by this thesis to produce some new angels for enhancing our understanding of co-opetition, and to uncover new elements for how these complex collaborations can thrive. Further, this literature review aims to provide a comprehensive theoretical foundation for the subsequent analysis of strategic partnerships and to frame the unique challenges and opportunities presented by co-opetition in the context of the complex collaborative initiatives.

2.1 Co-opetition

Co-opetition is a strategic concept that describes a paradoxical relationship where companies engage simultaneously in competition and cooperation (Brandenburger & Nalebuff, 2011). The term, a combination of 'cooperation' and 'competition', was popularized by Brandenburger and Nalebuff in their seminal work, Co-opetition (1996). This concept is rooted in the recognition that businesses today operate in dynamic networks where they can benefit from working together, even when they are direct competitors in the marketplace. Co-opetition allows firms to explore mutual gains while still maintaining their competitive advantage (Brandenburger & Nalebuff, 2011; Le Roy & Czakon, 2016; Jambor, 2018), or their ‘secret sauce as Brandenburger and Nalebuff (2021) phrases it in their recent article about the rules of co-opetition.

The theoretical underpinnings of co-opetition can be traced to game theory, which provides a framework for analysing situations where the outcome of one player’s decision depends on the decisions made by others (Osborne, 2004). Brandenburger and Nalebuff extended this to the business context, introducing the Value Net model, which is a tool for identifying and categorizing the various players in the business environment as customers, suppliers, competitors, and complementors. This model underscores the fluidity between these roles, suggesting that competitors (traditionally seen as adversaries) can also be partners in value creation (Brandenburger & Nalebuff, 2011).

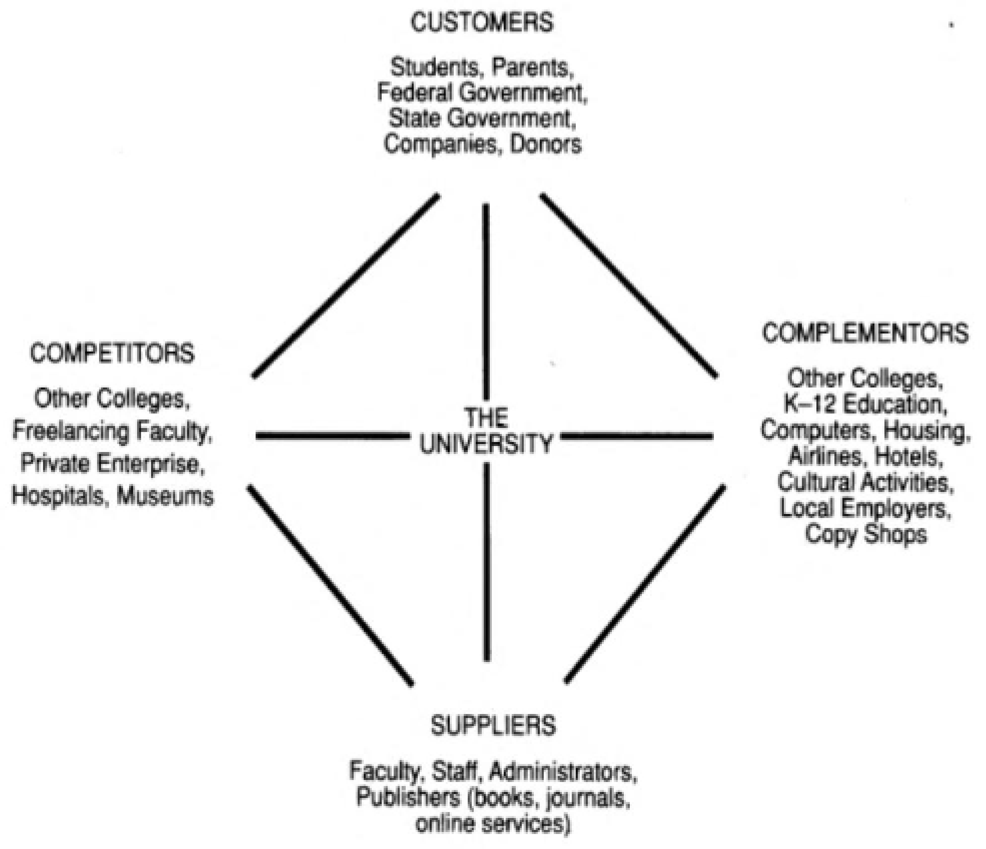

Figure 1: the Value Net Model (Brandenburger & Nalebuff, 2011)

From a strategic management perspective, co-opetition aligns with the Resource-Based View of the firm, which emphasizes the importance of rare and valuable resources in gaining competitive advantage (Madhani, 2010; Wernerfelt, 1982). Through co-opetition, companies can access a broader pool of resources, including knowledge, markets, and technologies, which might be costly or impossible to develop independently (Brandenburger & Nalebuff, 2021). Thus, co-opetition is seen as a strategy to leverage combined resources for mutual benefit, leading to value creation that exceeds what each firm could achieve alone (Le Roy & Czakon, 2016; Brandenburger & Nalebuff, 2011).

Engaging in co-opetition allows firms to share risks and costs associated with new ventures (Brandenburger & Nalebuff, 2011; Le Roy & Czakon, 2016; Gnyawali et.al, 2006), especially in high-stakes industries, such as insurance. For instance, in sectors where research and development (R&D) investment is substantial, and the risk of failure is high, pooling resources and expertise can mitigate risks and enhance innovation output (Cassiman et.al, 2009; Gnyawali & Park, 2011). Moreover, co-opetition can lead to improved market stability and increased standards, benefiting all players involved (Brandenburger & Nalebuff, 2011).

However, managing co-opetitive relationships requires careful navigation as it involves aligning potentially conflicting goals (Brandenburger & Nalebuff, 2021; Gnyawali et.al, 2006). The strategic implications of co-opetition include the need for clear communication and trust-building measures, meticulous planning of joint ventures, and vigilant management of knowledge sharing to protect competitive advantages (Le Roy & Czakon, 2016; Brandenburger & Nalebuff, 2011; Bengtsson et.al, 2010; Zineldin, 2004).

One of the primary challenges in co-opetition is maintaining a balance between collaboration and competition. Firms must negotiate how much of their core competencies and critical knowledge they are willing to share, as oversharing can diminish their competitive edge (Loebecke et.al, 1999; Brandenburger & Nalebuff, 2021; Gnyawali et.al, 2006). The tension between short-term competitive instincts and the long-term benefit of cooperation needs to be managed through robust contractual agreements and governance structures (Brandenburger & Nalebuff, 2011; Gnyawali & Park, 2011).

Additionally, cultural, and organizational differences can pose significant barriers to effective co-opetition (Landkammer & Sassenberg, 2016). Aligning corporate strategies, structures, and cultures requires a high degree of inter-organizational compatibility and flexibility, as well as an ongoing commitment to mutual goals (Rijamampianina & Carmichael, 2005; Brandenburger & Nalebuff, 2011).

In summary, co-opetition represents a sophisticated strategic orientation that allows firms to navigate complex business environments. It blends competition with cooperation to unlock new value creation opportunities, challenging traditional views of market mechanisms. As industries continue to converge and interdependencies increase, understanding and effectively implementing co-opetitive strategies will become increasingly important for sustaining competitive advantage and fostering innovation (Brandenburger & Nalebuff, 2021; Zineldin, 2004; Le Roy & Czakon, 2016; Bengtsson et.al, 2010). The next sections of this literature review will delve deeper into specific aspects of co-opetition, such as the interplay between competitors through the game theory approach, strategic assessments of collaboration through resource-based view and governance structures, to provide a more comprehensive understanding of how these theoretical concepts are applied in practice.

2.2 Game Theory

Game theory is a branch of mathematics and economics that analyses strategic interactions where the outcomes depend on the actions of two or more decision-makers (players). It provides a formal framework for understanding situations in which the payoff of one player is contingent on the strategies employed by others (Osborne, 2004; Owen, 2013; Fudenberg & Tirole, 1991). Developed by John von Neumann and Oskar Morgenstern in their groundbreaking book: Theory of Games and Economic Behaviour (1944), game theory has become an essential tool in economics, business strategy, and beyond, helping to clarify the complex interdependencies in competitive and cooperative engagements (Brandenburger & Nalebuff, 2011).

The fundamental premise of game theory is the concept of a "game," which includes the players involved, the strategies available to them, and the payoffs resulting from different strategy combinations (Straffin, 1993). Games can be cooperative or non-cooperative, zero-sum or non-zero-sum. Whereas zero-sum includes a situation where one player’s gain is another’s loss, and non-zero-sum includes a situation where all players can either gain or lose together (Marden & Shamma, 2018; Osborne, 2004). Key concepts in game theory include: the Nash Equilibrium, the Dominant Strategy, and the Prisoner’s Dilemma. These concepts are explained sequentially below, as how Owen (2013) explains them:

The Nash Equilibrium is a situation in which no player can benefit by changing strategies while the other players' strategies remain unchanged. This concept is crucial for understanding stable strategy combinations in co-opetitive environments.

The Dominant Strategy is a strategy that results in the highest payoff for a player, regardless of the strategies chosen by other players.

The Prisoner’s Dilemma is a well-known model of a game where two players may choose to cooperate or defect (compete), with the outcome for each depending on the simultaneous choice made by the other. It highlights the potential for individual rationality to lead to a collectively worse outcome, a central issue in co-opetition.

In business, game theory helps explain the strategic behaviour of firms that are interdependent, assisting managers in making informed decisions about pricing, product releases, capacity expansion, and other competitive moves (Straffin, 1993; Fudenberg & Tirole, 1991). Its applicability to co-opetition is particularly valuable, offering insights into how companies can strategically cooperate with competitors to achieve mutual gains while still maintaining competitive advantages (Brandenburger & Nalebuff, 2011).

In the context of co-opetition, game theory provides tools to navigate the strategic complexities of collaborating with competitors. It helps firms identify potential outcomes from various cooperative and competitive strategies, enabling them to optimize their overall strategic approach (Brandenburger & Nalebuff, 2011; Gnyawali et.al, 2006). For example, game theory can aid in deciding whether to enter a joint venture or strategic alliance, determining the optimal levels of resource sharing, and negotiating contracts that align with the firm's strategic objectives (Brandenburger & Nalebuff, 2021).

Despite its robust theoretical base, the application of game theory to real-world business scenarios can be challenging (Owen, 2013; Osborne, 2004). One significant issue is the assumption of rational behaviour; in reality, companies and their leaders may act based on incomplete information, emotional influences, or illogical considerations (Reinganum, 1984). Additionally, the simplifications necessary for model building might omit important nuances of business interactions, such as the impact of organizational culture, leadership styles, and external economic conditions (Chatterjee & Samuelson, 2001).

Game theory remains a vital analytical tool in the study of strategic management and co-opetition (Bengtsson et.al, 2010; Zineldin, 2004). By framing co-opetitive interactions as strategic games, firms can better understand the potential outcomes of various cooperative arrangements and manage the inherent tensions between competing and collaborating. As businesses continue to evolve in increasingly interconnected environments, the insights provided by game theory can be crucial in crafting strategies that balance competition with cooperation, aiming for optimal outcomes in complex market landscapes (Brandenburger & Nalebuff, 2011). The following sections will explore further how these theoretical insights are practically applied in strategic management, particularly focusing on the resource-based view.

2.3 Resource-based view

The Resource-Based View (hereafter: RBV) of the firm is a perspective in strategic management that focuses on the internal resources of a company as the primary source of competitive advantage (Wernerfelt, 1982; Madhani, 2010). This theoretical framework, initially developed during the 1980s by researchers such as Birger Wernerfelt, Jay Barney, and others, posits that the key to a firm's sustained competitive advantage lies in the exploitation of its material and immaterial resources.

The RBV offers a detailed lens through which to assess how the inherent resources within a firm can serve as the foundation for competitive advantage. Central to the RBV is the belief that resources must be valuable, rare, inimitable, and non-substitutable to confer such advantage (Chatzoglou et.al, 2018; Madhani, 2010). Physical capital resources such as cutting-edge technology and strategic locations provide tangible assets that firms can leverage. Human capital resources, including the skills and know-how of employees, represent a critical, often differentiating factor in a company’s performance. Organizational capital resources, which encompass the firm's formal and informal systems, processes, and culture, enable the effective utilization of physical and human capital (Barney & Arikan, 2005).

In practice, the RBV framework encourages firms to conduct a deep internal analysis to identify and categorize their strategic assets (Wernerfelt, 1982; Mahoney & Pandian, 1992). This assessment informs decisions around which resources are critical for maintaining unique competitive advantages and which can be shared or leveraged through strategic alliances without compromising core competencies (knott, 2009; Madhani, 2010). In co-opetition scenarios, the RBV aids in understanding how partnering with rivals can be beneficial by allowing firms to access complementary resources that enhance their product offerings or operational capabilities (Brandenburger & Nalebuff, 2021). For example, two companies might collaborate on research and development to pool their unique technological assets and intellectual expertise to innovate more efficiently than either could alone.

Despite its utility, the application of the RBV is not without challenges. One significant issue is its relatively static approach to resource analysis, which may not adequately capture the mechanisms of fast-changing industries where technological advancements and market shifts can rapidly alter the value and usefulness of resources (Barney & Arikan, 2005; Chatzoglou et.al, 2018). The RBV’s emphasis on internal resources can also overshadow the importance of external factors such as customer demands, competitor actions, and regulatory changes. These external elements can critically impact a firm's competitive standing and necessitate a more adaptable, outward-looking strategy (Madhani, 2010; Mahoney & Pandian, 1992).

Moreover, quantifying and objectively assessing the value and uniqueness of resources can be particularly challenging, especially with intangible assets like organizational culture or brand value (Chatzoglou et.al, 2018). These resources are inherently difficult to measure and often require subjective judgments to evaluate their impact on competitive advantage (Madhani, 2010). This complexity is compounded in co-opetitive relationships where firms must decide how much of their valuable resources to share with competitors. The balance between collaboration and protection of core assets is delicate and missteps can lead to strategic vulnerabilities (Brandenburger & Nalebuff, 2021).

In summary, while the RBV provides a solid foundation for understanding the sources of competitive advantage and informing strategic decisions regarding resource management, it must be applied with an awareness of its limitations. Firms need to complement the insights gained from RBV with other strategic frameworks that consider dynamic capabilities and external market conditions to remain competitive in evolving industries (Barney & Arikan, 2005; Knott, 2009). This holistic approach is particularly relevant in the context of co-opetition, where the interplay of internal strengths and external opportunities defines the success of collaborative endeavours (Brandenburger & Nalebuff, 2011).

Applying RBV in co-opetition scenarios helps firms assess which resources can be safely shared and which should be protected. This strategic insight is crucial in forming alliances that allow firms to access new capabilities or markets without endangering their core competencies (Brandenburger & Nalebuff, 2021). For instance, two competing firms might combine different yet complementary technological resources to co-develop a new product, thereby creating value that neither could achieve independently while preserving their individual competitive advantages. The subsequent sections will further explore how these resources are managed within co-opetitive relationships, especially in the context of complex collaborations.

2.4 Complex collaboration

Complex collaborations refer to strategic partnerships that involve multiple organizations, often including competitors, working together toward a common goal. These collaborations are characterized by intricate interdependencies and the need for coordination among diverse entities with differing objectives and expectations (Doz, 2019). They are particularly prevalent in industries where innovation, scale, and scope are crucial to competitiveness, such as technology, pharmaceuticals, and finance (Li et.al, 2012; Chakkol et.al, 2018). Theoretical perspectives on these collaborations often draw from organizational theory, strategic management, and network theory, providing insights into how firms can effectively manage these partnerships (Patania et.al, 2017).

A selected governing body is critical in managing complex collaborations, as it provides the structure through which firms can align their strategies, manage conflicts, and facilitate cooperative behaviours (Doz, 2019). Effective governance is crucial to ensure that the collaboration achieves its objectives without succumbing to inefficiencies or conflicts that can arise from misaligned goals or opportunistic behaviours (Chakkol et.al, 2018).

Furthermore, dividing the initial inputs and subsequently the final output from the collaborations is both complex and difficult. The sharing of ‘the pie’ is key for all involved participants and needs to be clear wile initiating the collaboration, especially for complex situations such as partnerships between competitors (Jap, 2001).

Governance in complex collaborations is informed by several key theoretical frameworks that elucidate how organizations manage interdependencies and align objectives (Doz, 2019; Li et.al, 2012; Chakkol et.al, 2018). Transaction Cost Economics suggests that the essence of governance is to minimize the costs associated with economic transactions that occur when firms collaborate. These costs arise from the need to negotiate and enforce agreements, and from potential opportunistic behaviour by partners (Williamson, 1989). An effective governance structure, therefore, aims to reduce these transaction costs to make the collaborative arrangement more beneficial than independent action (Williamson, 1979).

Another critical perspective is provided by Agency Theory, which examines the challenges inherent when one party (the agent) is expected to act on behalf of another party (the principal) but has different interests and more information (Shapiro, 2005). In the context of complex collaborations, agency theory highlights the importance of governing approaches that can align divergent interests and reduce informational asymmetries. This is often achieved through careful design of incentive schemes and monitoring systems that ensure behaviours are aligned with the overall goals of the collaboration (Panda & Leepsa, 2017; Shapiro, 2005).

Resource Dependence Theory further enriches our understanding of governance by focusing on the power and dependencies that emerge in collaborative arrangements. According to this theory, firms often enter collaborations to access essential resources, but this interdependence can lead to power imbalances that need to be managed (Pfeffer, 1987). Effective management approaches under this theory are those that help balance power among parties, ensuring that no single entity can dominate the collaboration to the detriment of others (Hillman et.al, 2009).

In the context of strategic alliances and co-opetition, management often include formal contractual agreements, joint venture structures, and collaborative norms that guide interactions. Contracts may specify resource contributions, roles, and responsibilities, and include clauses for conflict resolution and intellectual property rights management. Joint ventures might establish new organizational entities with governance structures designed to manage the collaboration more effectively (Brandenburger & Nalebuff, 2011; Rijamampianina & Carmichael, 2005; Loebecke et.al, 1999).

Despite the clarity that theoretical frameworks provide, the practical application of management in complex collaborations faces several challenges. One of the primary difficulties is the complexity of managing multiple relationships and aligning a diverse array of objectives (Doz, 2019). As collaborations grow to include more partners, the intricacies of coordination also increase, potentially leading to inefficiencies and conflicts. This complexity requires sophisticated governance structures that can handle multiple layers of interaction without becoming unwieldy (Chakkol et.al, 2018; Li et.al, 2012).

Additionally, the softer aspects of governance, such as trust and cultural alignment, play a crucial role in the success of complex collaborations but are often the hardest to manage. Building and maintaining trust requires continuous effort and good faith from all parties involved (Lascaux, 2020). In collaborations involving competitors, for instance, the suspicion and competitive instinct can undermine trust and cooperative behaviour. Cultivating a collaborative culture that emphasizes mutual benefit is essential but challenging, especially when the partners have histories of rivalry (Knein et.al, 2020; Lascaux, 2020; Brandenburger & Nalebuff, 2011).

In summary, while theoretical models provide a robust framework for designing governance structures, the real-world application demands a nuanced approach that considers the complexities of managing diverse objectives, the need for adaptability in dynamic environments, and the critical importance of fostering trust and cultural alignment. Addressing these challenges effectively is considered to be key for realizing the full potential of complex collaborations. Understanding the theoretical perspectives on complex collaborations provides a foundation for designing effective strategies to manage these relationships. By leveraging insights from transaction cost economics, agency theory, and resource dependence theory, firms can develop governance structures that minimize costs, align incentives, and manage dependencies. However, the application of these theories must be nuanced to address the specific challenges of each collaborative context, ensuring flexibility, efficiency, and mutual benefit. An example of such complex collaboration is ecosystems, which the next section will elaborate further.

2.5 The translucent hand

Following the discussion on complex collaborations and their governance, it is pertinent to explore ecosystems, which represent a broader and more interconnected form of collaboration. Ecosystems in a business context refer to the dynamic networks of interdependent firms and entities that collectively create value through new forms of collaboration and competition (Jacobides et.al, 2018; Moore, 2006). These ecosystems often span multiple industries or sectors, involving a diverse array of participants including suppliers, competitors, customers, and regulatory bodies (Jacobides et.al, 2018; Fuller et.al, 2019).

The concept of ecosystems extends beyond traditional strategic alliances or joint ventures by emphasizing systemic interactions and co-evolution among its participants. In business ecosystems, firms operate as part of a larger whole, where each entity contributes to and benefits from the health of the ecosystem. This interconnected environment necessitates governing approaches that not only manage bilateral or multilateral relationships but also oversee a network of relationships that are fluid and evolving (Jacobides et.al, 2018).

In ecosystems, governance goes beyond managing transaction costs and aligning incentives; it involves orchestrating a multitude of relationships and ensuring that the ecosystem as a whole can adapt and thrive (Jacobides et.al, 2018). Governance in this context requires a combination of centralized and decentralized approaches (Fuller et.al, 2019; Karhiniemi, 2009) :

Centralised governance is typically, a leading firm or a small group of firms act as the central node(s) in the ecosystem, driving the strategic direction and innovation agenda. These central players often set the standards and rules for participation, manage the distribution of resources, and coordinate activities across the ecosystem. Their role is crucial in providing vision and direction, ensuring that the ecosystem's objectives align with competitive strategies and market needs (Jacobides et.al, 2018; Fuller et.al, 2019).

While central nodes play a pivotal role, ecosystems also require *decentralized governance* to allow individual entities the flexibility to innovate and respond to local conditions. This involves creating platforms or frameworks within which multiple players can interact, collaborate, and compete. Decentralized governance supports a level of autonomy that fuels innovation and adaptation, which are critical for the sustainability of the ecosystem (Karhiniemi, 2009; Jacobides et.al, 2018; Altman et.al, 2022).

Governing ecosystems presents a unique set of challenges that are intrinsic to their complexity, scale, and dynamic nature. Managing the complexity of ecosystems involves navigating a broad array of participants, each with different objectives and varying degrees of power (Jacobides et.al, 2018; Moore, 2006). Effective governance in this setting requires mechanisms adept at handling complex negotiations and capable of mediating between competing interests, all while maintaining an overarching coherence in strategy and execution (Fuller et.al, 2019; Karhiniemi, 2009).

Another significant challenge is ensuring adaptability within the ecosystem. Given the rapid pace of technological changes and market shifts, governance structures must exhibit robustness, yet remain flexible enough to adapt (Fuller et.al, 2019). This involves continuous monitoring and the agility to iterate governance practices responsively based on both internal feedback and external environmental shifts (Jacobides et.al, 2018).

Moreover, cultivating trust and engagement across the ecosystem is crucial. The interdependencies inherent in ecosystems mean that trust is a foundational element. Building and maintaining this trust necessitates transparent communication, equitable sharing of created value, and mechanisms for inclusive decision-making. It is vital to engage a diverse range of participants actively and ensure that they perceive tangible benefits from their involvement to maintain the vitality and cohesiveness of the ecosystem (Muldoon et.al, 2018; Jacobides et.al, 2018; Karhiniemi, 2009).

The theory of "the translucent hand of ecosystems" offers a nuanced understanding of how indirect governance can function effectively in these complex settings. Unlike the "invisible hand" which suggests that individual self-interested actions naturally lead to beneficial social outcomes (Ingaro & Israel, 1990), the "translucent hand" implies a semi-visible mechanism of guidance within ecosystems. This concept acknowledges that while ecosystem behaviour and outcomes are not entirely predictable or controllable, they can be influenced by a combination of structured governance and emergent interactions among participants (Altman et.al, 2022). This form of governance recognizes the importance of setting up conditions under which participants can self-organize, innovate, and create value, without the need for heavy-handed control (Jacobides et.al, 2018; Altman et.al, 2022). The translucent hand operates through a delicate balance of formal structures and informal, emergent processes that facilitate adaptation and learning throughout the ecosystem. As such, this theory builds upon four key components, as explained by Altman, Nagle and Tushman (2022):

Shared Norms and Values

The theory underscores the importance of shared norms and values within the ecosystem. These elements act as a cohesive force, aligning diverse entities towards common objectives, even as they pursue their individual interests.

Informal Networks

Informal relationships and networks play a significant role under the translucent hand, facilitating information flow and cooperation among ecosystem participants. These networks often emerge organically and can be more influential than formal organizational structures.

Adaptive Governance

The translucent hand involves adaptive management that evolve as the ecosystem grows and changes. This adaptability allows the ecosystem to respond dynamically to new challenges and opportunities, balancing the need for oversight with the flexibility required to innovate.

Interdependence Management

A critical aspect of this theory is the management of interdependencies among the participants in the ecosystem. The translucent hand helps coordinate these interdependencies in a way that maximizes collective value while minimizing friction and conflict.

In business ecosystems, the translucent hand theory helps explain how companies can successfully navigate complex and often ambiguous environments (Altman et.al, 2022). It highlights the importance of fostering a shared culture and building strong informal networks that complement formal governance structures. The theory also offers insights into how companies can adapt their strategies to leverage the ecosystem's collective strengths while mitigating risks associated with interdependencies (Altman et.al, 2022; Jacobides et.al, 2018). For strategic partnerships, especially those involving co-opetition among competitors, the translucent hand provides a framework for understanding how to balance cooperation with competition. It suggests that successful co-opetitive strategies depend not only on the explicit agreements and structures set in place but also on the less tangible elements like trust, shared understanding, and mutual benefits that arise from the partnership's ecosystem mechanisms (Altman et.al, 2022; Jacobides et.al, 2018; Brandenburger & Nalebuff, 2011).

In summary, governance in business ecosystems requires a sophisticated approach that balances structured oversight with the flexibility to allow for autonomous innovation and adaptation. The challenges of managing complexity, ensuring adaptability, and fostering trust and engagement are significant, yet they can be effectively managed through an understanding of both centralized and decentralized governance approaches. The theory of the translucent hand further enriches this understanding, offering insights into how ecosystems (complex collaborations) can be subtly guided to achieve collective goals while allowing for individual agency and creativity. As ecosystems become more prevalent in various sectors, especially in the digital economy, mastering these managerial approaches will be crucial for firms aiming to leverage the full potential of their collaborative networks.

3. Methodology

This methodology chapter outlines the systematic approach used to investigate strategic partnerships between competitors in the insurance industry, with a particular focus on co-opetition in the development of a collaborative AI model for fraud detection. The chapter begins by detailing the research philosophy, approach, and design adopted for the study. The philosophical underpinning is rooted in interpretivism, given the focus on understanding the nuanced behaviours and relationships between competing firms engaging in cooperative strategies. The research approach is qualitative and exploratory, allowing for an in-depth analysis of complex organizational mechanisms.

The chapter then moves to describe the specific research design chosen to conduct the study, a case study methodology that provides rich, contextual insights into the collaborative project between the three insurance companies and third parties. This section explains the criteria used for selecting the case and how data was collected through semi-structured interviews, document analysis, and direct observations. It also covers the strategies for data analysis, highlighting the use of thematic coding to identify patterns and key themes through the Goia method.

Next, an assessment of research quality is provided, ensuring the credibility, transferability, dependability, and confirmability of the findings. This section discusses measures such as triangulation, peer debriefing, and member checking to reinforce validity and reliability. Furthermore, ethical considerations are addressed, emphasizing the confidentiality of sensitive corporate information, and ensuring that participants' anonymity is maintained throughout the research process.

Finally, the chapter acknowledges the limitations of the chosen methodological approach. These include the potential bias inherent in this case study and the challenges of generalizing findings beyond the specific context of the insurance sector. By recognizing these limitations, the study aims to transparently communicate its scope while providing a robust framework for analysing strategic co-opetition in the field.

3.1 Research approach and philosophy

The methodology adopted for this master thesis is rooted in a qualitative research approach, particularly focusing on the application of a one-time case study through interviews of relevant participants. This section delineates the research approach and underlying philosophy, providing a deeper understanding to the research conducted, for the purpose of setting a baseline.

Qualitative research is fundamentally interpretive in nature, aimed at understanding phenomena in context-specific settings (Saunders et.al, 2009). This approach is chosen for its strength in exploring complex issues deeply, offering insights into processes, meanings, and subjective experiences (Fossey et.al, 2002; Hennink et.al, 2020; Tenny et.al, 2017). Unlike quantitative research, which seeks to quantify problems through numerical data and often applies a positivist philosophy, qualitative research allows for a more flexible and nuanced exploration of relationships and impacts, often through the collection of rich textual or visual data (Saunders et.al, 2009). This approach is particularly suitable for this thesis, which aims to uncover and understand the CSF of strategic partnerships between competitors in the insurance industry.

The qualitative approach supports the study's aim to explore the subtleties of co-opetition and inherent CSF in a real-world setting, where the interactions between theory and practice are intricate and deeply contextual. By focusing on qualitative data, the study can capture the complexity of strategic decisions, interpersonal relationships, and organizational cultures that quantitative data alone could not fully convey (Saunders et.al, 2009; Fossey et.al, 2002).

Underpinning the qualitative methodology and case study approach is an interpretivist research philosophy. This philosophical stance holds that reality is socially constructed and subjective, emphasizing the meaningful ways people engage with the world around them (Hennink et.al, 2020; Tenny et.al, 2017; Saunders et.al, 2009). In the context of this research, the interpretivist philosophy is crucial for understanding how the participants in the strategic partnership perceive their interactions, strategies, and outcomes (Thanh & Thanh, 2015).

Interpretivism supports the idea that knowledge of reality is gained through social constructions such as language, consciousness, shared meanings, and instruments (Saunders et.al, 2009; Thanh & Thanh, 2015). Therefore, the semi-structured interviews conducted as part of this study are not merely tools for data collection but are integral to understanding how the actors construct meaning in their collaborative efforts and competitive interactions. This philosophy guides the research toward a nuanced comprehension of the subjective experiences and organizational contexts influencing the partnership mechanisms (Fossey et.al, 2002; Tenny et.al, 2017; Thanh & Thanh, 2015).

To summaries, the research approach and philosophy for this master thesis are thoughtfully chosen to align with the complexity and depth of the study's objectives. The qualitative research approach, supported by the interpretivist philosophy and operationalized through a case study, provides a robust framework for exploring the nuanced realities of strategic partnerships between competitors in the insurance industry. This methodology allows for a detailed examination of how competitors collaborate on a technological project and the broader implications of these interactions within the competitive landscape, which is further elaborated through the research design explained in the subsequent section.

3.2 Research design

The research approach of this thesis is structured around a qualitative case study, utilizing semi-structured interviews, observations of informants during conversations, and collection of secondary data input. This approach has been used to analyse a collaborative effort between three direct competitors within the insurance industry, along with several third parties and an independent facilitative entity, to create a model for insurance fraud prevention. Further elaborations of this research design are explained in the following section about the setting of thesis research and outlined objectives for the research project.

3.2.1 Research setting and objectives

The research setting for this master thesis is a strategic partnership project involving three major insurance companies collaborating to develop an AI model designed for fraud detection. This setting was chosen due to its rich potential for studying the CSF related to a partnership between competitors in a highly regulated and competitive industry. The companies, identified here as Insurance A, Insurance B, and Insurance C, vary in size and market reach, providing a diverse perspective on the challenges and benefits of such collaborations. Which is further consolidated by the involvement of several third parties, identified here as Fintech cluster, Legal, Tech A and Tech B.

The collaboration has been ongoing for more than four years, operating within the framework of legal and regulatory compliance specific to the insurance industry. This context offers an excellent backdrop for exploring co-operative settings and how they influence the partnership's outcomes. However, as of now the collaboration has been set aside, providing an ideal situation for investigating the CSF of co-opetition and its differentiation of outcomes if presented, and additionally, if absent. The research draws from experiences obtained by the chosen participants through various environments such as joint project meetings, individual company settings, and digital communication platforms used by the project teams. These venues provide observational data and contextual background for the semi-structured interviews, enriching the qualitative inquiry by situating the participants' responses within their everyday work environments (Saunders et.al, 2009; Fossey et.al, 2002).

The primary objective of this study is to identify and analyse the CSF that prevent the failure of strategic partnerships between competitors, within the context of the insurance industry's move toward technologically driven solutions, like AI. This involves understanding how such factors are structured, maintained, and perceived by the various stakeholders involved in the partnership.

Another significant objective of this study is to explore how the absence of these CSF contributes to unsuccessful outcomes in strategic partnerships. This involves examining scenarios which have led to inefficiencies, disputes, or the dissolution of partnerships. By analysing these perceived failures, the study aims to provide insights into the essential components of successful collaborations with competitors and offer recommendations for firms considering or currently engaged in similar strategic partnerships.

These objectives are closely tied to the overarching research question (see chapter 1.2) and are explored through the detailed examination of the collaborative efforts in developing the AI model for fraud detection. By focusing on this specific case, the study seeks to contribute to a broader understanding of co-opetition and collaborative governance in highly competitive and regulated sectors, like the insurance industry.

3.2.2 Company introductions

The following section is to be considered as additional information provided of the firms involved in this research project, for the purpose of further establishing the context. Information provided could include details were there is a possibility of identifying the concrete firms in question. However, with the anonymity of specific participants in place, it is not possible to identify the informants through combining these elements, protecting the integrity of the study. The following information is not referenced due to anonymity considerations. However, all information is retrieved through public information on company websites.

Fintech cluster

This organization is an independent cluster within the financial technology sector, known for promoting innovation and collaboration across the financial and insurance industries. Operating on a global scale, the firm engages numerous financial institutions, tech companies, and startups in transformative projects, positioning itself as a key player in fostering technological advancements in finance. It is valued for its neutrality and ability to manage projects that span across competitive boundaries and enhances the chance of promising startup ventures and projects to reach success.

In its role as the independent facilitator and project owner for this strategic initiative, the organization was the initiator in assembling a consortium of insurance companies and to set initial scopes for the collaboration. Its primary function was to align these companies' varied interests and resources toward a common goal, ensuring cohesive and effective collaboration.

Legal

A globally renowned consulting firm known for its expansive reach and significant influence in the professional services industry. This company operates in over 150 countries and employs a vast number of professionals who provide specialized services to a diverse client base, including major corporations and public sector entities. Services provided is very diverse, ranging from audit and regulatory advisory to general consulting and environmental approaches. Positioned as one of the leaders within its market, the company is highly regarded for its expertise in navigating complex regulatory environments and delivering tailored legal solutions. Its reputation is bolstered by consistent recognition for excellence in addressing the multifaceted legal challenges faced by businesses globally.

In this collaborative project, the company's primary contribution was its legal expertise. It was responsible for ensuring that the initiative complied with both international and local regulatory standards. The company played a critical role in shaping the project's approach to legal compliance, making sure that all activities were conducted within the bounds of the law, thereby safeguarding the initiative against potential legal issues.

Tech A

A technology company creating value through innovative collaboration between humans and technology, by being a change-partner, product developer and advisor for their customers. They specialize in creating uncomplicated solutions to technically complicated problems and has more than 200 customers in Norway and Sweden. Their solutions are continuously upgraded and adapted to insights, market adjustments, and partnerships with leading technology companies. The company can be considered as a tech consultancy and product developer within a range of sectors and industries. In this collaboration, their role has been to advise and deliver the technological solutions for creating the fraud prevention model. They have collected and saved datasets from all of the insurance companies in order to train and eventually launch the model.

Tech B

A technology company that has created their own solution for financial organizations to utilize each other’s data, without actually sharing their datasets with each other. This is done through federated learning, which is an innovative machine learning technique that allows several organizations to collaborate on building models without directly sharing data (for more information se Appendix E). This company is to be considered as a solution advisor related to specific data sharing problems, which was their role in this collaboration. They were contacted on a later stage in the project for solution assessment and potential development.

Insurance A

The largest insurance provider within Scandinavia with activities in Denmark, Norway, and Sweden, and has delivered economic- and personal security solutions as an insurance provider for almost 300 years. It delivers a wide range of products and services for businesses, industrial establishments, and private citizens, and manages more than 1,6 million damages a year within Scandinavia. From a day-to-day perspective, their significant employee pool of approximately 7000 employees provides services to more than 5,3 million customers from all their segments. They are market leaders in Denmark and sits as the third largest insurance provider in both Norway and Sweden.

Insurance B

One of the largest insurance companies in Norway, and the biggest provider of insurance solutions for damage- and personal insurances through banking. It has approximately 3 million customers, ranging from private citizens, agricultural properties, and industrial establishments. The company is owned by two of the largest financial institutions in Norway and has a little less than 1100 employees to provide insurance services, mainly targeted towards the personal market, where they are one of the market leaders.

Insurance C

Established by four independent savings banks in Norway back in 2007 and has over time been one of the most rapidly growing enterprises in the insurance industry. This has resulted in a significant increase on the owner side, whereas it is owned by 24 different financial institutions, including local banks holding the role as distributors. The company provides its products and services to more than 250 thousand customers within the personal- and corporate market, which is served by approximately 330 employees. This makes them the smallest and youngest participant of this collaboration, in terms of insurance providers, by some margin.

All of the insurance companies' roles in this collaboration has been identical whereas they are direct competitors delivering similar services to more or less the same customer segments. All of them have provided data for the creation of the AI-model for fraud prevention, and contributed with their complementing capabilities, which has been the core of the whole cooperative project.

3.2.3 Sample outline

Participants were purposively selected to ensure a diverse representation of views and experiences within the companies. This purposive sampling involved identifying individuals who have direct knowledge or involvement in the strategic partnership. The recruitment was conducted via email invitations, which clearly outline the study's purpose and the confidentiality measures in place. In total, there were eight participants involved in the research section of this study. All from different companies and views, except from independent facilitators from the fintech cluster, which had overlapping periods of involvement. These participants, which from now can be introduced as informants, are listed in the table below. This table includes roles and responsibilities for their involvement in the project, and connection to introduced firms from the previous section. None of whom can be identified through information provided.

Participant	**Role**	**Responsibility**	**Company**
Informant 1	Senior Executive	Facilitator, beginning	Fintech cluster
Informant 2	Senior Executive	Facilitator, ending	Fintech cluster
Informant 3	Lawyer	Regulatory advisory	Legal
Informant 4	Senior Executive	Technical operations	Tech A
Informant 5	CEO	Technical advisory	Tech B
Informant 6	Senior Director	Company rep.	Insurance A
Informant 7	Manager	Company rep.	Insurance B
Informant 8	Department Head	Company rep.	Insurance C

Table 1: List of informants by number, roles, responsibilities, and company representation.

Use of informant numbers

In the disclosure of findings from this study, informant numbers will not be used for citation purposes in order to adhere to the anonymity considerations highlighted by the participants. This approach is taken to ensure the confidentiality and privacy of all informants involved in the research. Citations are compiled from contributions across all participants, ensuring a balanced representation of perspectives within the analysis. Notably, there is a slight overweight in citations derived from the three insurance companies involved in the project, reflecting their central role and substantial input into the collaborative initiative. This methodological choice enhances the integrity of the research while maintaining the anonymity of each contributor, crucial for upholding ethical research standards. Simultaneously, it creates a limitation regarding the presentation of findings, whereas the reading cannot differentiate between the provided citation and see that it is well diversified between the participating informants. However, participants have the last say in regard to the consent forms signed (see Appendix A) and therefore out of the researcher’s hands.

3.3 Data collection

This section elaborates on the specifics of the data collection process, detailing the nature of semi-structured interviews, their appropriateness for the study’s objectives, and their implementation within the broader research framework. Additionally, it elaborates on how observations of informants are important during such interview forms and the importance of secondary data collection to support first-hand acquirement of direct answers from informants. The data collection process in this thesis is meticulously designed to gather comprehensive and relevant information from multiple sources, focusing primarily on semi-structured interviews complemented by secondary data sources. This multi-source approach ensures a well-rounded understanding of the strategic partnership in question, along with all its layers. As outlined previously, the core of the data collection revolves around semi-structured interviews with key stakeholders involved in the strategic partnership. These stakeholders include senior managers, project leaders, and operational staff from the three insurance companies, fintech cluster and relevant third parties participating in the AI-driven fraud detection project.

Before conducting the interviews, an interview guide was developed which includes a series of open-ended questions aimed at uncovering insights into the collaboration processes, challenges faced, and the strategies employed by each firm. The guide also includes prompts and potential follow-up questions to encourage deeper discussion on specific topics of interest (Maxwell, 2008). Interviews was conducted via video conferencing, and additionally through a second line of questions provided and answered by mail. Each interview lasted approximately 45 to 60 minutes, allowing sufficient time to explore the topics thoroughly. The interviews were audio-recorded with the consent of the participants, ensuring that no data is lost and providing accurate material for later transcription and analysis.

Audio recordings and a disclaimer

Audio recordings was transcribed verbatim to capture the full richness of the data. Transcripts was then stored securely, with access limited to the research team, to maintain confidentiality. Unfortunately, some of the recordings were not saved properly and was therefore deleted automatically after 60 days. This happened as a result of a technical issue with saving in SharePoint, whereas an automatic expiration date was set for the recordings. To accommodate for this loss, notes from the meetings was used instead of full transcripts and further with more elaborate questions by mail aimed at the interviewees where the recordings was lost.

3.3.1 Primary data

Semi-structured interviews are a qualitative data collection method that combines the flexibility of unstructured, open-ended interviews with the order of a more structured, systematic approach (Saunders et.al, 2009). These interviews are guided by a set of prepared questions but are designed to allow for in-depth exploration based on the interviewee's responses. The interviewer has the freedom to probe further, ask follow-up questions, and explore new topics that emerge during the conversation, making this method highly responsive to the individual perspectives of the interviewees (Marshall & Rossman, 2014; Maxwell, 2008).

Semi-structured interviews are particularly valuable in research that seeks to understand complex social phenomena from the perspectives of the participants. They allow the researcher to gain a deep understanding of the participants' beliefs, attitudes, and experiences while providing the flexibility to adapt the interview to the flow of conversation. This adaptability is crucial when exploring areas with potential for unexpected insights or when the topic involves nuanced interpersonal and organizational mechanisms (Saunders et.al, 2009; Fossey et.al, 2002; Hennink et.al, 2020; Tenny et.al, 2017).

For this thesis, which investigates the nuances of strategic partnerships between competing firms in the insurance industry, semi-structured interviews are particularly suitable for three main reasons, as described by Saunders, Lewis, and Thornhill (2009):

1. *Depth and Detail:* The research aims to uncover the deep, often tacit understandings and strategies behind the collaboration on an AI project. Semi-structured interviews enable the interviewer to delve deeply into complex topics such as trust, collaboration, and competitive behaviour, capturing the subtleties of these phenomena .

2. *Flexibility:* Given the dynamic nature of strategic partnerships, the flexibility offered by semi-structured interviews is invaluable. It allows the researcher to explore unforeseen topics that arise during discussions, such as unexpected benefits or challenges of the collaboration, thus providing a richer, more comprehensive understanding of the case. Additionally, it allows for a shift of scope during the research process, in order to follow exciting findings more thoroughly.

3. *Contextual Sensitivity:* These interviews allow the interviewer to adapt questions to the context and background of each respondent, which is crucial when dealing with high-level executives or managers who have had direct involvement in the strategic decisions of the partnership. For this particular case-study, respondents have also been from different third parties with a clearly defined role in the collaboration, which has made the awareness of context even more relevant. This sensitivity to context enhances the relevance and accuracy of the responses.

In implementing semi-structured interviews for this thesis, a clear and systematic process has been followed, which is gathered and understood from Maxwell (2008):

Firstly, an interview guide has been developed, with key questions and potential follow-up prompts is prepared in advance. This guide serves as a framework to ensure that all relevant topics are covered while providing enough flexibility to adapt to the flow of each interview.

Secondly, relevant participants were selected in collaboration with NCE Finance Innovation to comply with the selected scope of the thesis. Interviewees are strategically selected based on their involvement and roles in the strategic partnership. This selection ensures that a comprehensive range of perspectives is captured, reflecting the diverse views and experiences of those directly involved in the collaboration.

Thirdly, interviews were conducted in a manner that encourages openness and detailed disclosure. The interviewer establishes a rapport with participants, explains the purpose of the research, and assures confidentiality, which is crucial for obtaining honest and thoughtful responses.

Lastly, data collected from the interviews were analysed, coded, and used. All interviews were recorded and transcribed to ensure that detailed data analysis can be conducted. Transcripts are analysed using thematic analysis to identify patterns and themes across the interviews, linking back to the research questions and theoretical framework of the study. These steps will be further explained in the two following sections about data collection and analysis.

In summary, the chosen research approach utilizing semi-structured interviews is ideally suited to exploring the intricacies of strategic partnerships in the insurance industry. This method provides the necessary depth, flexibility, and contextual sensitivity required to capture the complex realities of co-opetition and collaborative innovation within the sector.

3.3.2 Secondary data

In addition to primary data from interviews, secondary data sources were extensively utilized to enrich the understanding of the case study and provide a context for the primary data. These types of sources included:

Industry Reports and Market Analyses: Publicly available industry reports, market analyses, and white papers provide contextual background about the insurance industry, trends in AI applications in fraud detection, and the competitive landscape. This information was crucial for understanding the external pressures and motivations behind forming the collaboration, with all its facets, utilities, and challenges.

Company Publications: available documents such as annual reports, press releases, and project briefs from the participating companies offer insights into the companies' strategic orientations and public communications about the partnership. These documents help in triangulating the data collected from interviews and in understanding the public and internal narratives around the project.

Regulatory and Legal Frameworks: Documents pertaining to regulatory guidelines and legal frameworks governing data sharing and AI implementations. These documents were essential for understanding the constraints and obligations that shaped the partnership mechanisms. In addition, with the comprehensive legal process conducted in the beginning of the collaboration for settling terms and conditions of the planned initiatives.

The secondary data sources were instrumental in providing a comprehensive backdrop against which the primary data can be analysed. They assist in validating or challenging the findings from the interviews, offering a broader industry perspective, and ensuring that the analysis remains grounded in real-world contexts (Irwin, 2013). The integration of secondary data enhances the depth of the research through document analysis, enabling a more nuanced interpretation of the complex interactions and strategies within the strategic partnership (Bowen, 2009). A full list of these resources is available in the Appendix (see Appendix D).

3.4 Data analysis

The Gioia methodology, developed by Dennis Gioia and colleagues, provides a systematic approach to qualitative data analysis that is particularly suited for generating theory from empirical data. This method emphasizes a structured and transparent process that helps researchers distil large volumes of qualitative data into conceptual insights through a rigorous coding and categorization process (Gioia et.al, 2013; Saunders et.al, 2009). The method has been chosen for this master thesis to analyse data from semi-structured interviews to identify CSF in strategic partnerships between competitors in the insurance industry.

The Gioia method involves three key stages of data analysis: open coding, creation of 2nd order themes, and aggregation into theoretical dimensions. The process begins with the detailed transcription of interviews, which is then meticulously coded line-by-line to identify key concepts and categories directly from the data, referred to as 1st order codes. These codes are participant-centric, capturing the language and expressions used by the interviewees themselves (Gioia et.al, 2013).

As the analysis progresses, these 1st order codes are further refined and grouped into more abstract 2nd order themes. These themes represent a higher level of conceptualization, where the researcher begins to synthesize and interpret the raw data into broader, more theoretically significant categories. Finally, these 2nd order themes are aggregated into overarching dimensions that contribute to building a data-driven summary of findings (Gioia et.al, 2013).

3.4.1 Application of the Gioia Method

In the context of this master thesis, the Gioia method was applied to analyse the collected interview data from various stakeholders involved in the AI project collaboration among the three insurance companies. For instance:

First Order Codes

Initial coding involved identifying specific instances where participants discussed challenges, successes, and observations about the CSF in their strategic partnership. For example, a participant might mention "frequent misunderstandings during project meetings," which would be coded under communication issues.

Second Order Themes

These first-order codes were then analysed for patterns and grouped into more abstract themes such as "Communication Barriers" and "Alignment of Objectives." These themes helped in identifying underlying issues and successes that were not immediately obvious but were critical to the governance of the partnership.

Theoretical Dimensions

From the second order themes, theoretical dimensions such as "Governance Structures" and "Inter-organizational Trust" were developed. These dimensions provide a high-level conceptual understanding of how factors either facilitate or hinder successful collaboration among competitors. For example, one significant theme that emerged from the data was "the importance of direct involvement from decision makers". This theme was developed after analysing numerous first-order references to efficiency-related issues affecting project timeline and outcomes. The participants frequently discussed how efficiency - or the lack thereof - shaped their interactions and willingness to move forward with the collaboration. This theme was then elevated to a theoretical dimension of "complex collaborations", highlighting it as a critical component of the governance framework in strategic partnerships with ever changing environments and components.

By using the Gioia method, this thesis ensures a rigorous, systematic, and replicable approach to qualitative data analysis. This method not only enhances the credibility and depth of the analysis but also aligns with the study's objectives by providing a clear, structured pathway from empirical data to theoretical insights (Gioia et.al, 2013; Merriam & Greiner, 2019). By categorizing data into a hierarchy of codes, themes, and dimensions, the Gioia method facilitates a comprehensive understanding of the complex mechanisms at play in co-opetitive strategic partnerships within the insurance industry.

3.5 Research quality

Research quality in qualitative studies is pivotal in ensuring that the findings are both reliable and valid. This section of the thesis is dedicated to discussing the strategies employed to enhance the quality of the research conducted, specifically focusing on dependability, credibility, transferability, and confirmability. These criteria, adapted from Cuba and Lincoln’s seminal work on establishing trustworthiness in qualitative research, serve as the foundation for evaluating the integrity and applicability of the study's outcomes. The following sections will delve into each of these components in detail, providing evidence of how they were addressed throughout the research process to uphold the integrity and applicability of the study's outcomes.

3.5.1 Reliability of the study

In qualitative research, dependability is the term used for analysing the research project’s reliability, which emphasizes the need for the researcher to account for the ever-changing context within which research occurs and to ensure that the research process is logical, traceable, and documented (Guba & Lincoln, 1994; Saunders et.al, 2009; Fossey et.al, 2002).

3.6.1.1 Dependability

For this thesis, dependability is ensured through detailed documentation of all research activities - ranging from the development of the interview guide to the procedures for data collection and analysis. This includes keeping an audit trail that records decisions made during the research process, thereby allowing for an evaluation of the study's consistency over time and providing a basis for repeating the study if desired. In this case, presentations have been used as an outline for the research project, notes have been made during meetings and interviews, and a separate working document has been created to track changes.

3.5.2 Validity of the study

In qualitative research, validity is the term used for analysing the research project's validity and includes several dimensions (Saunders et.al, 2009; Merriam & Greiner, 2019; Cuba & Lincoln, 1994), which is outlined in the next sections.

3.6.2.1 Credibility

Credibility involves establishing that the results of qualitative research are credible or believable from the perspective of the participants in the research (Cuba & Lincoln, 1994). In this thesis, credibility is achieved through various means such as prolonged engagement with the research subjects, which provides in-depth data, triangulation, which uses multiple methods or data sources to verify the consistency of the findings (Saunders et.al, 2009), and member checking, where findings are returned to participants for confirmation.

3.6.2.2 Transferability

Transferability refers to the degree to which the results of qualitative research can be generalized or transferred to other contexts or settings (Saunders et.al, 2009). This concept is analogous to external validity but is not directly concerned with the generalizability of the findings. Instead, it focuses on providing sufficient information about the contexts in which data were collected and the assumptions that were central to the research, so that readers or other researchers can determine whether the findings are transferable to other contexts (Cuba & Lincoln, 1994). Detailed thick descriptions of the research context, processes, and participants allow others to compare these situations to those they wish to apply the results to. That is the general approach of this research project as well, giving other researchers the opportunity to replicate and scale the study in different ways and settings.

3.6.2.3 Confirmability

Confirmability is the qualitative equivalent of objectivity. It focuses on the extent to which the findings of a study are shaped by the respondents and not researcher bias, motivation, or interest (Cuba and Lincoln, 1994; Saunders et.al, 2009). This aspect of validity is addressed in this thesis by implementing practices such as reflexivity, where researchers continuously examine their own biases, preferences, and preconceptions about the research topic; maintaining an audit trail of data, decisions, and procedures used throughout the research process. While simultaneously, engaging in peer debriefing where insights and procedural decisions are scrutinized by external parties who are not involved in the research project.

3.6 Ethical considerations

Ethical considerations are paramount in any research project, especially in qualitative studies where researchers often engage deeply with participants to understand their perspectives and experiences. In qualitative research, ethical concerns revolve primarily around issues such as informed consent, confidentiality, and the potential impact of the research on participants (Arifin, 2018). This section outlines the ethical standards adhered to in this master thesis, which utilized semi-structured interviews as the primary data collection method.

Informed consent is a foundational ethical principle in research involving human participants. It involves providing potential participants with all necessary information about the study, including its purpose, procedures, potential risks, and benefits, as well as the nature of their involvement. Participants must understand this information and voluntarily agree to participate without any coercion (Brinkmann & Kvale, 2005; Maxwell, 2008). For this thesis, informed consent was secured through a process where participants were first contacted via email, which included a detailed participant information sheet. This sheet explained the study’s objectives, the nature of the questions they would be asked, the expected duration of the interview, and their rights, including the right to withdraw from the study at any time without any consequences. Consent forms were then signed and collected before the interviews commenced. Signatures were either conceived through direct signing of the consent form or explicit consent made clear by the participant in the mail response. This process ensured that all participants were fully aware of their involvement and consented freely.

Confidentiality pertains to the handling of information disclosed by participants during the research process, ensuring that this information is not shared with others inappropriately. Anonymity, which is closely related, involves ensuring that participants' identities are not revealed without their consent and are not linked to the information they provide (Arifin, 2018; Brinkmann & Kvale, 2005; Merriam & Grenier, 2019). In this research, confidentiality and anonymity were ensured by assigning code numbers to each participant instead of using their names or other identifying details in research notes or publications. All digital recordings and transcripts were stored securely with access limited to the research team. Participants were also assured that any quotes or data extracted from the interviews would be fully anonymized before being included in the thesis.

Further, research should be designed to minimize the potential for harm. This involves assessing the emotional, psychological, and physical risks participants might face and taking steps to mitigate them (Brinkmann & Kvale, 2005). In qualitative research, particularly in sensitive areas such as business practices and strategic decisions, there is a risk of exposure that could potentially harm an individual’s career or reputation (Arifin, 2018; Saunders et.al, 2009). To address these concerns in this thesis, the interview questions were carefully designed to avoid sensitive personal topics and focused instead on the participants' professional experiences and views regarding the strategic partnership. The potential for emotional discomfort was minimized by allowing participants to skip any questions they did not feel comfortable answering. Additionally, all answers could be revoked by the participants at any time and at their own discretion, even after the interviews.

Debriefing involves discussing the interview experience with participants, offering them the opportunity to ask questions and providing additional information about the study’s goals and potential implications (Brinkmann & Kvale, 2005; Marshall & Rossman, 2014; Saunders et.al, 2009). This step not only reinforces the ethical practice of informed consent but also helps to ensure that participants do not feel manipulated or misunderstood (Arifin, 2018). After each interview in this research project, participants were debriefed to clarify any misunderstandings and to discuss the contributions of their insights to the research. They were also provided with contact information should they wish to inquire about the study outcomes or express further concerns.

In conclusion, ethical considerations are deeply embedded in the fabric of this qualitative research project. They ensure the protection and respectful treatment of participants while enhancing the credibility and integrity of the research. By adhering to ethical standards such as informed consent, confidentiality, minimization of harm, and debriefing, this thesis not only safeguards the participants' rights and well-being but also strengthens the validity and reliability of its findings.

3.7 Limitations

Every research project has inherent limitations that can affect the scope, depth, and generalizability of its findings. Acknowledging these limitations is crucial for providing an accurate context for the study's results and for guiding future research efforts (Queiros et.al, 2017). This master thesis, which explores strategic partnerships between competitors within the insurance industry through a case study and semi-structured interviews, is subject to several limitations.

The primary limitation of this thesis is its reliance on a single case study. While the chosen case study provides an in-depth and nuanced understanding of strategic partnerships and co-opetition within the insurance industry, the findings may not be widely generalizable (Queiros et.al, 2017). The specific context, conditions, and mechanisms of the participating firms and their environment may limit the applicability of the insights gained to other companies or industries with different characteristics. This specificity, although valuable for detailed exploration, restricts the broader applicability of the conclusions drawn (Saunders et.al, 2009).

Sequentially, the qualitative nature of this study and its focus on semi-structured interviews mean that the sample size is relatively small, which is typical for this type of research but still a limitation (Queiros et.al, 2017; Tenny et.al, 2017). The selection of participants, although strategically done to cover diverse perspectives within the organizations involved, might not capture all viewpoints (Saunders et.al, 2009). Important insights could potentially be missed from lower-level employees or departments not directly involved in the strategic partnership but indirectly affected by its outcomes.

Qualitative research is inherently subjective. Although this subjectivity is a strength in understanding complex human and organizational mechanisms, it also poses a limitation (Queiros et.al, 2017; Fossey et.al, 2002). The interpretations of data in this thesis are largely dependent on the researcher’s perspective, which, despite rigorous efforts to maintain objectivity, might be influenced by personal biases or theoretical inclinations (Queiros et.al, 2017). Reflexivity practices, such as maintaining a research journal and engaging in peer debriefing, have been employed to mitigate this bias, but it cannot be entirely eliminated.

While semi-structured interviews provide rich, detailed data, they also carry limitations. The quality of the data collected is heavily dependent on the skills of the interviewer and the willingness of participants to share openly (Alsaawi, 2014; Saunders et.al, 2009; Fossey et.al, 2002). Despite efforts to create a comfortable and trustful environment, some participants may hold back important information due to concerns about confidentiality or political sensitivity within their organizations (Alsaawi, 2014; Queiros et.al, 2017; Marshall & Rossman, 2014). Additionally, the interpretation of interview data can be influenced by the participants' ability to articulate their thoughts and the researcher's interpretation of their responses (Queiros et.al, 2017; Alsaawi, 2014). These interpretations of the interviews are also a subject to language misinterpretation, due to the fact that all interviews in this thesis were conducted and transcribed in Norwegian, and later translated and written in English.

Finally, the general timing of the study and its long-term utility needs to be considered (Saunders et.al, 2009). The research captures a snapshot of the strategic partnership at a specific point in time. The dynamic nature of business means that the relevance and accuracy of findings could diminish as the market conditions, organizational strategies, and technologies evolve. Future changes in the partnership or industry could provide new insights or nullify some of the findings presented in this thesis (Queiros et.al, 2017; Fossey et.al, 2002; Marshall & Rossman, 2014).

To summaries, while this master thesis provides valuable insights into the critical success factors of strategic partnerships between competitors in the insurance industry, these limitations must be taken into account when interpreting the findings. Acknowledging these limitations not only underscores the rigor of the research process but also sets a path for future inquiries (Saunders et.al, 2009). Subsequent studies could aim to involve multiple case studies, include a broader range of participants, or employ mixed methods to enhance generalizability and mitigate the effects of researcher subjectivity and methodological constraints. Such elements are elaborated further in chapter. 5 of this thesis, after findings of the study has been presented, analysed, and discussed.

4. Analysis and Findings

In this chapter, results and findings from the data collected and analysed in this research project will be presented, which explores the CSF of co-opetition among three insurance companies that collaborated on an AI-driven initiative for fraud detection. The analysis sheds light on the nuanced challenges inherent in strategic partnerships between competitors and identifies five CSF that is perceived to play key roles in successful governing of such complex collaborations.

First, total market share involvement emerges as a significant factor, where the extent to which competitors engage their market interests directly impacts the stability and potential success of a collaborative project. Differing levels of market exposure can lead to imbalances in commitment and perceived risk, complicating the partnership.

Second, the presence of clear frames for the project plays a vital role in setting well-defined goals, roles, and governance structures. A lack of clarity here can cause misaligned objectives, resource conflicts, and a gradual erosion of the initiative.

Third, decision-maker involvement is crucial for navigating strategic complexities and resolving conflicts swiftly. The absence of engaged leadership often leads to slower decision-making and diluted accountability, undermining project momentum.

Fourth, ensuring equal contributions from all parties is essential to maintain fairness and mutual respect within the partnership. Disparities in investment, expertise, or resource allocation can result in detrimental results for the project incentives.

Finally, independent facilitation is identified as a key factor in maintaining impartiality and balance. An independent facilitator can help manage competitive tensions and align third-party involvement, which is critical in mitigating disputes and sustaining collaboration.

These findings provide a framework for understanding the challenges of co-opetition, offering insights into how organizations can navigate the delicate balance between cooperation and competition. The following sections will delve into each of these elements, providing evidence and analysis to illustrate their impact on the strategic partnership studied.

4.1 Involvement from the majority of the market

For this project, two of the largest insurance companies within the Nordics did not attend for reasons that is unknown. At least it is not easy to prove without talking to them directly. From the perspectives of the participating insurance companies, this is identified as a problem for project success. There are some assumptions given from the informants that can shed some light on what the reason or reasons might be for their absence:

Loss of competitive advantage

Weights of contributions to the collaborative initiative is considered to be uneven, whereas the biggest actors would have to provide the largest amount of datapoints. Therefore, the competitive edge obtained for being the biggest company is diluted by the creation of such a model based on their dataset. This is mentioned in different ways by several of the informants, formulated differently.

It seems that some of the larger firms might be reluctant to join our initiative because they're concerned about diluting their competitive edge. […] They've got the most data, and by sharing it, they potentially level the playing field, which could be why they're holding back. […] At least that is something that I consider could be reasoning behind their reluctance.

Fear for job-security by internal resources

Internal dialogue could be hurting the incentives for joining such a collaborative initiative. Usually, the technical people are the ones assessing such initiatives, in order to see if there is a need for such a project or not. These are the same people that most likely works on such initiatives internally as well and would therefore be reluctant to join. As a consequence, this impacts the communication back to management. Two statements from the informants builds upon such reasoning.

There might be a bit of internal resistance, especially from their tech teams and specialists. […] They're usually the ones evaluating such external projects, but since they're also deeply involved in projects for in-house developments, there might be a natural hesitance to embrace an external collaboration that mirrors their work.

… this reluctance could be influencing the feedback they provide to the management about joining such initiatives. […] In fear for own roles and responsibilities in the future, internal technical resources could interpret such external projects as a risk for diluting own tasks.

Own creation of model

Another angel from the internal perspective is that these resources are most likely capable of creating such models themselves, without having to share data. With that the competitive edge could be further increased since they have the biggest datasets to work with, and larger resources at their disposal. This could be related to the "winners curse", whereas they are overestimating the value of their own expert teams, capabilities, quality of dataset, and resources available for creating such products on their own (Thaler, 2012). Nevertheless, it is identified that such reasoning has been key for reluctance to participate in the project, which is stated by several informants.

… subject matter expert teams often believe that since they have the largest datasets and ample resources, they're fully capable of developing such models themselves. […] There's a feeling that going at it alone could actually strengthen the company's competitive edge, rather than sharing critical data, resources, and knowledge in a collaborative setup.

If this is the case, and further communicated to the executives deciding upon their participation, there's no wonder [from my point of view] why they are reluctant to join.

The empirical data from this study indicate that the involvement of companies, holding a majority of market shares, in a collaborative project is a significant determinant of its success, or at least its abilities to maintain and produce materialized outcomes. This finding can be analysed through the lenses of Game Theory and the Resource-Based View (RBV) to understand the mechanisms at play and the implications of the absence of major players.

From a Game Theory perspective, the involvement of major market shareholders in a collaborative project significantly impacts the strategic interactions among the participants. According to classic game theoretic principles, each participant in a collaboration evaluates the potential payoffs and strategies of others before deciding on their level of involvement and commitment (Straffin, 1993; Marden & Shamma, 2018). When major market shareholders are involved, the potential collective payoff of the collaboration generally increases, as does the stability of cooperative behaviour. However, this theory also indicates that direct involvement from market leading actors could decrease their obtained competitive advantages. Not directly from their involvement but learnings and knowledge obtained by the other participants, leading to an increase in market shares capitalization in the future (Osborne, 2004; Straffin, 1993).

The presence of leading firms can create a cooperative equilibrium where all parties are incentivized to contribute meaningfully to the project. This is because the failure of such a project would have a more considerable negative impact on the industry if significant players are involved, thus aligning interests towards success. Conversely, if key market leaders are absent, smaller firms may perceive the project as less valuable or credible, potentially leading to a "free rider" problem where companies benefit from outcomes without contributing equitably, thus destabilizing cooperative mechanisms.

The RBV provides another dimension of analysis. Major market shareholders typically possess unique and valuable resources that can be crucial for the success of a collaborative project (Wernerfelt, 1982; Madhani, 2010). These resources might include advanced technological capabilities, extensive financial resources, or strategic customer relationships. The RBV suggests that the competitive advantage in a collaborative setting often stems from the integration of complementary resources from various partners (Madhani, 2010; Mahoney & Pandian, 1992). When leading firms with substantial resources participate, it enhances the resource pool available to the collaboration, potentially leading to innovative solutions and a stronger competitive position in the market. Furthermore, the RBV underscores that the sustainability of competitive advantage is maintained through the rarity and inimitability of combined resources (Wernerfelt, 1982; Chatzoglou et.al, 2018). The absence of major players means the collaboration might lack certain critical resources, which can limit the scope and depth of the project's outcomes, making it less competitive or innovative.

Analysing the importance of the involvement of firms with significant market shares through Game Theory and the RBV reveals complex mechanisms that significantly influence the success of collaborative projects. Both theories highlight that the presence of major players not only enhances the resources and stability of the project but also aligns strategic interests across the board, increasing the likelihood of successful outcomes. Conversely, their absence can lead to challenges in resource integration, commitment, and industry-wide adoption of the project's outputs, underlining the critical role that market leaders play in collaborative ventures within competitive industries.

4.2 Setting clear frames for the collaboration

The research findings highlight the critical role of clear frames - defined objectives, structured timelines, and explicit guidelines - in governing successful collaborative initiatives between competitors. Clear frames help ensure that all participants have a mutual understanding of the project's scope, objectives, and expected contributions, which is crucial for managing resources and time effectively. These frameworks are essential not only for coordinating actions but also for maintaining alignment among diverse entities with potentially conflicting interests.

From the Resource-Based View (RBV), the establishment of clear frames in a collaborative initiative can be seen as a strategic effort to optimize the use and integration of pooled resources (Mahoney & Pandian, 1992; Madhani, 2010). Clear frames ensure that the resources each partner contributes are utilized efficiently and directed toward common goals. The RBV asserts that the value of a resource is maximized when it is employed in a way that uniquely contributes to competitive advantage (Wernerfelt, 1982; Chatzoglou et.al, 2018). In the context of a collaboration, this means that resources from different firms need to be coordinated and leveraged in a way that produces outcomes neither could achieve independently. Supported by one of the technical informants, saying:

> *Having clearer frames really would have allowed us to maximize each partner's unique resources. […] This coordination meant they could achieve results together that none of us could have managed on our own, which was the purpose. However, uncertainty is detrimental for such collaborative projects. […] …consequences of the absence [in our opinion] was a key reason for parking the project, and reluctance underway.*

By setting explicit guidelines and goals, clear frames help mitigate resource wastage and misalignment, which are critical when firms are pooling unique and valuable resources. These frameworks ensure that each participant's contributions are directed towards strategic objectives that benefit all parties, enhancing the collective output of the partnership. This is particularly important in competitive environments where the inefficient use of resources can quickly erode competitive edges.

The theory of the translucent hand of ecosystems offers a nuanced understanding of how less visible, informal management complement formal structures like clear frames (Altman et.al, 2022). While clear frames provide the necessary structure and explicit guidelines for collaboration, the translucent hand encompasses the softer, less visible elements that facilitate cooperation and co-adaptation within the ecosystem (Altman et.al, 2022).

In practice, while clear frames outline what needs to be done, the translucent hand guides how these tasks are performed in a cooperative spirit. It involves the cultivation of shared norms and values that promote trust and mutual respect among competitors, which are vital for navigating the complexities of co-opetition. The translucent hand also represents the adaptive management style that allow the ecosystems to respond dynamically to challenges and opportunities. These mechanisms enable partners to adjust their strategies within the established frames, ensuring the ecosystem's resilience and flexibility (Altman et.al, 2022; Jacobides et.al, 2018; Fuller et.al, 2019).

Clearer frames would have set the stage for our collaboration… […] But it's really the informal agreements and procedures that brings these guidelines to life, helping us navigate our interactions with a sense of trust and mutual respect. […] In my opinion, the lack of clarity at times led to a lack of informal arrangements, as a general feeling compared to other similar projects, I have participated in.

Clear frames supported by the translucent hand ensure that all partners are not only aware of the formal expectations but are also engaged in a shared cultural and operational understanding. Such support entails more informal structures as enhancing flexibility and adaptability, build trust and cooperation, and facilitation of discussions and conflict resolutions. This dual structure between formal frames and informal structures promotes alignment and facilitates seamless integration of efforts across the ecosystem, leading to more effective management of time and resources (Altman et.al, 2022).

These views about missing formal frames for the project, especially the financial- and operational resources, were supported by several informants throughout different statements:

…I really felt the absence of clear financial guidelines. […] Without them, it was often unclear how costs were supposed to be shared, sometimes leading to hesitations, and slowed decision-making. […] …lack of such frames made planning for the solution difficult.
Not having explicit timelines set from the beginning made it challenging to synchronize

efforts effectively. […] These unclarities led to inefficiencies that could have been avoided.
The lack of long-term structured objectives sometimes left us guessing. […] …the project's direction and participant involvement were [in our view] a source of distraction.
More definitive frames of financing would have aligned our teams better and speed up the process. […] In our opinion this was detrimental for parking the project, and outcomes.

In summary, the establishment of clear frames is essential for successful collaborative initiatives between competitors, as evidenced by both the Resource-Based View and the translucent hand of ecosystems theory. While RBV emphasizes the strategic management of resources within these frames, the translucent hand highlights the importance of informal, adaptive mechanisms that ensure these frameworks are lived and breathed within the ecosystem. Such alignment between the two views, control versus less control, are clearly stated to be important by the informants. Together, they foster a cooperative environment where strategic goals are met efficiently, and the collective capabilities of the ecosystem are harnessed effectively.

4.3 Direct involvement from decision makers

The research findings underscore the crucial role of direct involvement from decision makers in enhancing the efficiency of strategic collaborations. When senior leaders and decision makers are actively engaged in project meetings and other collaborative processes, decisions are made more swiftly and with a greater understanding of the strategic implications. This direct involvement facilitates quicker responses to emerging challenges and opportunities, promoting a more dynamic and effective collaboration. In this case, the general lack of decisions made 'on the spot' during project meetings has contributed to latency and processes delayed, pushing the timeline. This is not necessarily rooted in the roles and responsibilities of the participants from each of the companies, since they are generally on a higher-level hierarchy wise. However, it seems that the general approach from each of the companies was that all topics should be discussed during project meetings and then later formally a decision would be made afterwards.

...the usual practice of delaying decisions to post-meeting discussions has often slowed us down, dragging out timelines unnecessarily.

The theory of the translucent hand of ecosystems provides a valuable framework for understanding how decision maker involvement enhances collaboration efficiency. This theory suggests that while formal governance structures are essential, the informal and less visible interactions and norms also significantly impact the efficacy of collaborations (Altman et.al, 2022). Decision makers, by their direct involvement, contribute to a culture of responsiveness and accountability, which is crucial for maintaining alignment and momentum within the ecosystem. Which in this case could have led to greater and faster results.

...decision makers help create a culture where responsiveness and accountability are prioritized, aligning actions, and maintaining momentum. [...] If we had embraced such approaches more consistently, I believe we could have achieved greater results faster.

When decision makers are actively involved, it signals a commitment to the project's success at the highest levels of each organization involved. This involvement often fosters a sense of urgency and importance throughout the project teams, which can enhance motivation and focus. Moreover, decision makers have the authority to mobilize resources quickly and make strategic pivots, essential in dynamic business environments where conditions and needs can change rapidly (Cosh, et.al, 2012). Their presence in project meetings ensures that decisions are not only made quickly but are also aligned with the strategic goals of each participating organization, facilitated by the real-time sharing of insights and feedback.

From the Resource-Based View (RBV), the involvement of decision makers can be seen as a critical strategy for leveraging organizational resources effectively (Mahoney et.al, 1992; Wernerfelt, 1982). Decision makers typically have a broad perspective on the resources available to their organizations, including capabilities that could be pivotal for the success of the collaboration but are not initially considered. By participating directly in the collaboration, they can ensure that these resources are recognized and utilized, thereby enhancing the value created by the partnership. Based on informant information obtained in this research project, prominent decision makers were involved but lacked the authority of providing resources on a running basis, as a consequence of uncertainty.

> *Having decision makers involved is key because they see the big picture and know which resources their company has at its disposal. [...] ... without the authority to allocate these resources dynamically due to ongoing uncertainties, our hands were often tied. [...] This contributed to limiting how effectively we could enhance the partnership's value directly in project meetings and gatherings, at least sometimes.*

Building on that, decision makers can help in managing and aligning the resources contributed by different partners, ensuring that these are complementary and synergistically used. This active management helps prevent resource redundancies and misalignments that can dilute the effectiveness of the collaboration. Decision makers also play a key role in negotiating and restructuring resource commitments as project needs to evolve, ensuring that the collaboration remains agile and responsive to new information and circumstances.

In summary, the direct involvement of decision makers in strategic collaborations is instrumental in enhancing the general efficiency of these initiatives. Through the lens of the translucent hand of ecosystems, their involvement enriches the informal governance of the ecosystem, fostering a culture of quick decision-making, strategic agility, and mutual accountability. Simultaneously, from an RBV perspective, their engagement ensures that resources are optimally allocated and managed, contributing to the robustness and success of the collaborative venture. This dual perspective highlights the multifaceted benefits of decision maker involvement, not only in driving strategic decisions but also in cultivating an ecosystem that is dynamic, resource-efficient, and aligned with the overarching strategic objectives of all partners involved.

4.4 Perceived equal contributions from all parties

Clear and equal contributions from all participants in a collaborative project are vital for maintaining a balanced and effective partnership, particularly in co-opetitive environments like those involving strategic alliances between competitors. When each party contributes equally, whether in terms of resources, expertise, or investment, it fosters a sense of fairness and mutual respect among the participants. This equity is crucial for building and sustaining trust, which is the backbone of any successful collaboration. Moreover, when contributions are clear and acknowledged, it prevents any imbalances that could lead to resentment or a perception of exploitation among the partners. Ensuring that all participants have a vested interest in both the process and the outcome of the project not only enhances cooperation but also drives collective problem-solving and innovation, leading to more robust and sustainable results. This approach also mitigates the risk of dependency on any single entity, promoting a more resilient and adaptive partnership structure.

The research findings highlight that for a successful collaboration between competitors, it is crucial that all parties feel their contributions are equal. This equality does not necessarily pertain to the size of the dataset provided or the number of resources allocated but rather to the perception of equity in the value each party brings to the collaboration. Contributions can vary widely, encompassing different capabilities, expertise, and know-hows, which together create valuable synergies that benefit the collaborative endeavour as a whole.

Feeling that our contributions were equally valued, regardless of the size or type, helped cement the collaborative spirit. […] …it's not just about data provided or financial resources; it's about recognizing the unique expertise and capabilities each partner brings to the table.

Applying the theory of the translucent hand of ecosystems, the importance of perceived equal contributions can be seen as foundational for fostering a collaborative atmosphere and maintaining harmony within the ecosystem. The translucent hand suggests that alongside formal agreements, the informal perceptions of fairness and value contribution play a critical role in sustaining cooperation among competitors (Altman et.al, 2022). When each partner believes that they are contributing equally and that their unique inputs are valued, it enhances trust and commitment across the ecosystem. This trust is crucial for facilitating open communication, sharing of critical insights, and the willingness to remain flexible and responsive to the needs of the partnership.

Moreover, the translucent hand highlights the adaptive management within ecosystems, which are essential for recalibrating contributions as the project evolves (Altman et.al, 2022). This adaptability ensures that contributions remain balanced, and that each partner's capabilities are effectively integrated to address emerging challenges and opportunities. Here the pool of informants generally agrees:

The sense of fairness in how our contributions are valued enhanced the trust among us. […] …it kept our communication open and made us more willing to adaptive when project demands evolved.

It's about adjusting our inputs as needed, which ensures that all contributions stay balanced and relevant. […] This flexibility has been key in integrating our diverse capabilities effectively throughout the project.

The absence of a perception of equal contributions can have several detrimental effects on a collaborative project, as presented by co-opetition theory, which is generally supported by the informants.

Reduced Trust and Commitment

If partners feel that contributions are not equal, it can lead to mistrust and reduce their commitment to the project. This situation might foster a competitive rather than a cooperative atmosphere within the ecosystem, undermining the collaboration's overall goals.

Inefficiencies and Conflicts

Unequal contributions can lead to inefficiencies as some resources or capabilities may be underutilized while others are overstretched. This imbalance can strain relationships between partners and escalate into conflicts, particularly if the disparities are perceived as unfair or if they persist over time.

Decreased Motivation and Participation

Partners who perceive that they are contributing more than they receive in return might scale back their involvement or seek to limit their resource allocation to the project. Conversely, partners who contribute less might become dependent on others, potentially reducing their proactive engagement and innovation input.

Impaired Innovation and Problem-Solving

The synergy that arises from diverse, yet equally valued contributions is crucial for innovation, especially in complex projects like those involving AI technologies in competitive industries. If partners do not feel equally invested, the collaborative project may fail to leverage the full range of available skills, insights, and technologies, ultimately impacting the project's innovative outputs and success.

These insights are supported by several informants throughout the research project:

When contributions aren't seen as equal, trust starts to erode, and with it, commitment wanes. This not only fuels a competitive tension that works against our collective objectives but also leads to inefficiencies.
If a partner believes they're giving more than they're getting, it's natural for them to pull back... […] This can severely hinder ability to innovate, as we're not fully harnessing everyone's capabilities.
In a project as complex as this, every contribution needs to be valued equally to foster a truly innovative environment. […] If any of us feel our inputs are undervalued, it disrupts our collective problem-solving efforts… […] This potentially deprives the project of critical insights or technical advancements that could have been decisive for its success.

In summary, ensuring that all parties feel their contributions are equal and valued is critical for the success of collaborations between competitors, as suggested by the translucent hand of ecosystems. This theory emphasizes the importance of both formal structures and the softer, informal perceptions that underpin collaborative relationships. Maintaining this balance requires careful management and ongoing attention to the mechanisms within the ecosystem, ensuring that all contributions are recognized and appropriately integrated into the project. Without such equity, the partnership risks encountering significant operational and relational challenges that could undermine its objectives and sustainability.

4.5 Establishment of independent facilitation

The last research findings emphasize the critical role of an independent facilitator in governing collaborations involving competitors and multiple third parties. Given the complexity and diversity of viewpoints within such collaborations, an independent facilitator can help navigate and manage the differing interests effectively. This role is pivotal in maintaining a neutral and balanced perspective, ensuring that all parties feel heard and that decisions are made in the best interest of the collective rather than any single entity. During this particular project, there is a clear view from the informants that this role is crucial and that it has worked quite well.

Having an independent facilitator has been key. They've managed to keep a neutral perspective, which is crucial when you have so many different interests and viewpoints. […] Such neutrality has ensured that every decision is made for the good of the whole project, and all of us feel genuinely heard and considered.

The theory of the translucent hand of ecosystems offers a compelling framework to understand the function and impact of an independent facilitator. According to this theory, while visible governance structures are crucial, the less visible, informal management also significantly influence the efficacy and harmony of business ecosystems. An independent facilitator acts through these less visible mechanisms, subtly guiding the interactions and negotiations that occur within the ecosystem (Altman et.al, 2022). Which was necessary for several parts of the project case in question:

The independent facilitator played a crucial role, effectively guiding our interactions and smoothing out negotiations. […] Such behind-the-scenes influence was essential in several critical phases of our project, ensuring harmony and efficiency even when formal structures alone weren't enough.

An independent facilitator contributes to adaptive governance, a key component of the translucent hand of ecosystems. Adaptive governance involves the capacity of an ecosystem to evolve its governance structures to respond to internal mechanisms and external pressures effectively. An independent facilitator aids this process by mediating discussions, addressing conflicts, and ensuring that the collaborative process remains dynamic and responsive to the needs of all stakeholders (Altman et.al, 2022). This role is particularly crucial in environments where the ecosystem's objectives and the strategies of its diverse participants might otherwise diverge (Altman et.al, 2022; Jacobides et.al, 2018; Brandenburger & Nalebuff, 2021).

Another vital aspect of the facilitator’s role is in building and maintaining trust among the competitors and third parties involved. Trust is a foundational element under the translucent hand of ecosystems, facilitating smoother interactions and cooperation among parties. By ensuring fairness and transparency in decision-making, an independent facilitator helps build and sustain this trust, which is crucial for the long-term success of the collaboration (Altman et.al, 2022; Muldoon et.al, 2018; Karhiniemi, 2009). An attribute which was mentioned by several informants and facilitated seemingly properly.

The independent facilitator was pivotal in helping our project adapt and evolve through phases and challenges, by mediating our discussions in a neutral way. […] … they kept our collaboration responsive and aligned with everyone's needs.

Their ability to maintain fairness and build trust among us was well received, ensuring that all decisions were transparent and balanced, which recognized as essential.

Moreover, the independent facilitator helps to neutralize potential conflicts that may arise from the inherent tensions of a competitive collaboration. The facilitator can identify and address issues before they escalate, providing an external, unbiased perspective that helps focus discussions on common goals rather than individual agendas. This preventative approach to conflict management is essential in maintaining a cooperative atmosphere and keeping the collaboration on track towards achieving its objectives. For this case, the independent parties were crucial in facilitating for proper legal and technical frameworks setting terms for the project, whereas a lot of time was spent:

Our independent facilitator was instrumental in pre-empting and resolving conflicts by providing an unbiased perspective that I feel kept us all focused on our common goals. […] They were particularly crucial in establishing the legal frameworks that defined our collaboration, dedicating considerable time to ensure these frameworks were robust and adhered to by all parties.

To summaries, the role of an independent facilitator in governing complex collaborations between competitors and multiple third parties is critical, as highlighted by the translucent hand of ecosystems theory. This theory underscores the importance of blending formal and informal CSF to manage the delicate balance of cooperation and competition effectively. An independent facilitator enhances this governance framework by ensuring adaptive, trust-based, and conflict-free interactions among the participants, thereby bolstering the collaboration's overall effectiveness and sustainability. Through this nuanced governance role, the facilitator helps maintain the ecosystem's integrity and alignment with its strategic objectives, demonstrating the indispensable value of having a neutral third-party overseer in complex collaborative ventures.

4.6 Summary of findings

The discussions and findings of this master thesis have elucidated several critical aspects of successful collaborations between competitors within the insurance industry. Through the application of theoretical frameworks - Game Theory, the Resource-Based View (RBV), and the translucent hand of ecosystems - this analysis has provided a comprehensive understanding of the mechanisms that underpin these strategic partnerships. Whereas the first two theories are considered to build some grounds for understanding some of these findings, while the translucent hand of ecosystems is pushed as a lens for further development of these understandings.

Market Share Involvement

The analysis reveals the vital importance of involving firms with significant market shares in collaborative projects. Both Game Theory and the RBV illustrate how the presence of major market players not only enhances the resource pool and stability of the project but also strategically aligns interests across the ecosystem, significantly boosting the likelihood of success. Conversely, the absence of these influential players can lead to substantial challenges in resource integration, commitment levels, and the broader industry adoption of innovations, highlighting the essential role that market leaders play in the success of collaborative ventures within competitive industries.

Establishment of Clear Frames

The establishment of clear frames has been shown to be crucial for the successful execution of collaborative initiatives. The RBV emphasizes the strategic management of resources within these structured frameworks, while the translucent hand of ecosystems highlights the importance of informal, adaptive mechanisms that bring these frameworks to life within the ecosystem. The synergy between controlled structures and adaptive governance fosters a cooperative environment where strategic goals are efficiently met, and the collective capabilities of the ecosystem are effectively utilized.

Direct Involvement of Decision Makers

The direct involvement of decision makers has proven instrumental in enhancing the efficiency of strategic collaborations. This involvement enriches the informal governance of the ecosystem, promoting a culture of quick decision-making, strategic agility, and mutual accountability. From an RBV perspective, such engagement ensures that resources are optimally allocated and managed, significantly contributing to the robustness and success of the collaborative venture. This dual perspective underscores the multifaceted benefits of decision maker involvement, highlighting its role in driving strategic decisions and fostering a dynamic, resource-efficient ecosystem.

Equal Contributions from All Parties

Ensuring that all parties feel their contributions are equal and valued is imperative for the success of collaborations between competitors. The translucent hand of ecosystems theory stresses the importance of balancing formal structures with the informal perceptions that underlie collaborative relationships. Maintaining this balance is crucial for managing the mechanisms within the ecosystem and ensuring that all contributions are effectively integrated into the project. Failure to maintain this equity can lead to significant operational and relational challenges, potentially jeopardizing the partnership's objectives and sustainability.

Role of an Independent Facilitator

Finally, the role of an independent facilitator in governing complex collaborations is highlighted as crucial by the translucent hand of ecosystems theory. This theory underscores the importance of blending formal and informal CSF to effectively manage the balance of cooperation and competition. An independent facilitator enhances this governance framework by ensuring adaptive, trust-based, and conflict-free interactions among the participants, thereby strengthening the overall effectiveness and sustainability of the collaboration. This nuanced governance role is indispensable for maintaining the ecosystem's integrity and aligning it with its strategic objectives.

In conclusion of the analysis, these findings emphasize the complexity and multifaceted nature of strategic collaborations in competitive industries, particularly within the context of emerging technologies like AI. The successful management of these partnerships requires a nuanced understanding of both formal governance structures and the informal mechanisms that influence collaborative success.

5. Discussion

The discussion chapter provides an in-depth analysis of the findings presented, situating them within the theoretical frameworks introduced earlier while exploring their practical implications. These findings come from the data obtained during interviews, observations of informants during conversations, and the acquirement of secondary data, such as market reports, corporate websites, and relevant articles. By comparing findings with existing literature on strategic partnerships and co-opetition, this chapter will highlight how the identified challenges contribute to or disrupt collaborative efforts between competitors.

In terms of theoretical implications, this chapter will assess how the findings align with prevailing theories on co-opetition, governance structures, and resource-sharing practices. It will explore how these insights could add to our understanding of cooperative behaviour among competing firms, especially when addressing technological innovation and data analytics projects.

From a practical perspective, the discussion will emphasize strategies that industry professionals can adopt to enhance co-opetition, providing actionable recommendations for overcoming common barriers in strategic partnerships. These practical approaches will be contextualized to guide decision-makers in fostering balanced collaboration that ensures fair contributions, clear governance, and sustainable outcomes.

The chapter will also consider the study's limitations, acknowledging the specific scope of the research and the challenges of generalizing findings from a single case study. This reflection will lead to suggestions for future research, identifying areas that could benefit from further exploration to deepen our understanding of how co-opetition evolve in different sectors and strategic contexts.

Ultimately, the discussion chapter aims to bridge theoretical insights and practical recommendations, offering a nuanced understanding of how to manage the intricacy between cooperation and competition in strategic alliances.

5.1 Theoretical implications

The findings of this master thesis, which explore CSF of strategic partnerships between competitors in the insurance industry through the lens of the translucent hand of ecosystems, provide several potential implications for theoretical advancement in the fields of business strategy and management. These implications enrich our understanding of how theoretical frameworks apply to practical, real-world scenarios and suggest avenues for further theoretical development.

This thesis contributes to the existing body of knowledge on co-opetition by detailing how competitors can collaborate effectively while still maintaining competitive advantages. The findings highlight the critical balance needed between cooperation and competition, reinforcing, and expanding co-opetition theory by showcasing specific factors that facilitate this balance. By illustrating how these factors are necessary in a high-stakes, technology-driven environment, the thesis provides a nuanced understanding of co-opetition that can be applied to existing theory. This contributes to a deeper understanding of co-opetition, suggesting that the theory needs to account for varying degrees of collaboration intensity based on the strategic goals and market positions of the firms involved.

The application of the translucent hand of ecosystems theory in this research enriches the theoretical discourse around how to govern collaborations between competitors. By demonstrating how informal and semi-visible management work alongside formal structures to guide collaborative behaviour, the thesis underscores the importance of adaptive governance practices. This finding suggests that the translucent hand theory could be exploited to incorporate more explicitly elements of management of co-opetition such as the role of independent facilitators and direct decision-maker involvement, which help maintain partnership coherence and alignment. These insights provide a deeper understanding of the governance processes that underpin successful business ecosystems, particularly in competitive environments.

By discussing how resources are managed and leveraged within the collaborative framework, this thesis links the resource-based view (RBV) more directly with strategic partnership scenarios with competitors. The findings show how the pooling and strategic management of resources contribute to the creation of competitive advantage in a co-opetitive setting. This could lead to further attributes of RBV, particularly in how it addresses the management of shared resources without compromising firm-specific competitive advantages based on identified CSF.

The study also suggests the potential for integrating these theories more comprehensively. For example, combining insights from the translucent hand of ecosystems with RBV and co-opetition theories could yield a more holistic framework that explains how companies can effectively manage both competition and collaboration. This integrated approach would offer a more robust theoretical base for understanding strategic partnerships across different industries and contexts.

In summary, the theoretical implications of this thesis extend the scope and applicability of co-opetition, the translucent hand of ecosystems, and RBV. By applying these theories to a complex empirical setting, the research suggests new directions for existing theoretical frameworks and their evolution. The nuanced understanding of strategic partnerships developed here points to the need for theories that accommodate the complexities of modern business environments, where the lines between competitors and collaborators are increasingly blurred. This thesis thus contributes to a more sophisticated theoretical understanding that can better guide both scholars and practitioners engaged in the design and management of strategic collaborations between direct competitors.

5.2 Practical implications

The findings of this master thesis elucidate five factors that enhance the success of collaborative projects between competitors, each of which carries significant practical implications for firms operating in competitive industries, such as insurance. Understanding these mechanisms can help organizations better design and manage their strategic partnerships.

The involvement of firms holding significant market shares is crucial as it lends credibility and stability to the collaborative effort. For practitioners, this implies that efforts should be made to engage leading players early in the planning stages of any collaborative project. Their involvement not only secures substantial resources and capabilities but also influences broader industry acceptance and support for the project. This can facilitate smoother implementation and greater impact, suggesting that project initiators should prioritize building a consortium of participants that represent a substantial portion of the market.

Establishing clear frames for collaboration, including well-defined objectives, roles, and processes, is essential for aligning the interests of all parties involved. Practically, this means that organizations must invest time and resources in the planning phase to ensure that these frameworks are comprehensive and understood by all partners. Clear documentation, regular alignment meetings, agreed-upon milestones, and metrics for success are practical tools that can help maintain clarity and focus throughout the project lifecycle. In addition, resources and financial contributions towards the project should be clear in the beginning, for sustainable development of the processes throughout the whole initiative.

The direct involvement of decision makers in the collaboration process enhances efficiency and ensures that strategic decisions align with the broader goals of the participating organizations. For industry leaders, this underscores the importance of not only endorsing but actively participating in collaborative initiatives. Decision makers should be prepared to engage regularly in project meetings and decision-making processes, providing strategic guidance and resolving issues swiftly to maintain momentum and commitment across the board. Especially important that the chosen participants from all parties involved have received authority to make decisions for their company in the project, regardless of placement in the hierarchy and general responsibilities.

Ensuring that all parties feel their contributions are valued and equal is fundamental for sustaining motivation and commitment. This requires a nuanced understanding of what each party brings to the table, not merely in terms of financial resources or technical capabilities but also considering knowledge, networks, and market access. Managers must focus on recognizing and leveraging these diverse contributions, ensuring that recognition is given and that benefits are shared equitably.

The role of an independent facilitator in managing complex collaborations is considered to be vital, especially in mitigating conflicts and ensuring that the collaboration adheres to its strategic objectives. This suggests a practical move for collaborative ventures to invest in external, neutral facilitation services that can help manage meetings, mediate disputes, and maintain the project's focus and integrity. For industries like insurance, where the stakes and complexities are high, the facilitator acts as a crucial balancing force, ensuring that the partnership progresses smoothly without bias or partiality.

In practical terms, these CSF form a blueprint for designing and managing successful strategic partnerships, in addition to already available elements. Organizations that understand and implement these principles are likely to experience more effective collaboration, resulting in enhanced innovation capabilities and competitive advantages. By integrating these factors thoughtfully, firms can navigate the delicate balance of co-opetition, leading to more sustainable and productive outcomes in their collaborative ventures.

5.3 Contribution

This master thesis makes several contributions to the field of strategic management, particularly in the study of co-opetition and collaborative mechanisms among competitors within the insurance industry. By integrating theoretical frameworks with empirical research and findings, this thesis offers valuable insights that could extend academic knowledge and provide practical guidance for industry practitioners.

5.3.1 Academic Contributions

Theoretical Integration and Advancement

The thesis expands understanding of co-opetition, the translucent hand of ecosystems, Game theory and the Resource-Based View by applying these theories in a complex real-world setting. It supports these theories by demonstrating how they can be interconnected to explain the mechanisms of strategic partnerships more effectively, and further used as a lens to identify CSF in co-operative settings.

Refinement of Co-opetition Theory

By exploring the specific mechanisms through which competitors collaborate, this research refines co-opetition theory with a detailed analysis of CSF. This provides a deeper understanding of how these factors influence collaborative success, especially in complex collaborations between competitors within the same industry.

Operationalization of the Translucent Hand Theory

This thesis operationalizes the relatively new concept of the translucent hand of ecosystems in a practical context, showing how informal management work alongside formal structures to enhance collaborative efficiency and effectiveness. Which is done by comparing cooperative initiatives such as this project with the complexity of ecosystems. This is arguably the general tendency for similar projects, where the governing forms will increasingly involve many different parties to adhere to alle requirements, both legal and technical, in addition to financial and strategic goals.

5.3.2 Practical Contributions

Guidance for Strategic Collaboration

The findings offer practical guidelines for organizations involved in or considering co-opetition, particularly emphasizing the importance of involving decision-makers, ensuring equal contributions, and establishing clear frameworks for collaboration.

Blueprint for Managing Complex Partnerships

This thesis provides a blueprint for managing complex partnerships that involve multiple stakeholders with potentially competing interests. The role of an independent facilitator, as discussed, offers a valuable tool for maintaining balance and alignment within such partnerships.

Enhanced Understanding of Market Mechanisms

For industry leaders and policymakers, the insights into how major market players influence the trajectory and success of collaborative projects contribute to a better understanding of market mechanisms and strategic decision-making in competitive industries.

5.3.3 Educational Contributions

Resource for Future Research

This thesis serves as a resource for students and researchers interested in exploring co-opetition and collaboration. It provides a case study that can be used as a reference point for similar research or as a basis for further exploration into other aspects of strategic partnerships between competitors.

Tool for Industry Training and Development

The detailed analysis of CSF and their impact on the outcome of strategic collaborations offers a valuable tool for training and development programs within corporations, particularly those looking to enhance their collaborative strategies.

5.3.4 Summary of contributions

In summary, this thesis contributes to both theory and practice by providing a nuanced analysis of strategic partnerships in a highly competitive sector. It bridges the gap between theoretical exploration and practical application, offering insights that are both academically robust and directly applicable to industry practices. This work advances our understanding of how competitors can collaborate effectively and provides a solid foundation for future research and development in the field of strategic management.

5.4 Limitations

While this master thesis provides valuable insights into the CSF of strategic partnerships between competitors, some inherent limitations must be acknowledged. These limitations stem from the study's methodological choices, the scope of the research, and the inherent complexities of translating theory into practice. Recognizing these limitations is crucial for guiding future research.

Single Case Study Design

The use of a single case study to explore the CSF of this collaborative project within the insurance industry presents limitations regarding generalisability. While the case study approach allows for an in-depth exploration of specific phenomena, the findings derived from one case may not necessarily be applicable to other contexts or industries. The unique characteristics of the participating firms and the specific environmental factors influencing their collaboration, might limit the extent to which the results can be generalised to other settings.

Qualitative Data and Subjectivity

The thesis primarily relies on qualitative data obtained through semi-structured interviews. While this method provides rich, detailed insights into participants' perceptions and experiences, it also introduces a level of subjectivity into the research. The interpretations of the data are inherently influenced by the researcher’s perspectives and the participants' willingness to share their true thoughts and feelings, which might be constrained by political correctness, corporate confidentiality, or personal biases. In addition, for this thesis two separate working languages has been used whereas interviews and transcription has been done in Norwegian, and then later translated and used by the author. This could lead to wrong interpretations of specific words, or bias translation based on language knowledge.

Scope of Theoretical Frameworks

Although the thesis employs robust theoretical frameworks such as co-opetition, the translucent hand of ecosystems, and the Resource-Based View, the application of these theories is tailored to the specific context of the insurance industry and the AI-driven project examined. This focused application might overlook other theoretical perspectives that could also provide meaningful insights into the phenomena studied. For instance, theories related to organizational culture, power mechanisms, or international business strategies might also be relevant but were not explored in depth.

Dependency on Participant Recall and Accuracy

The data collected through interviews depends significantly on the participants' ability to recall events accurately and their willingness to be candid. This reliance can introduce recall bias, where participants might forget details or subconsciously alter their narratives based on their current perceptions or retrospective rationalizations.

Temporal Limitations

The study captures the mechanisms of the collaboration at a specific point in its lifecycle. The transient nature of business strategies and market conditions means that the findings might not capture future developments or changes that could affect the sustainability or outcomes of the collaboration. As strategic partnerships evolve, new challenges and opportunities could arise that were not apparent at the time of the study. Unlikely in this particular case since the project is currently stopped, however it is a valid point due to the fact that it was stopped quite some time ago.

Acknowledging these limitations is essential not only for understanding the boundaries of the study's applicability but also for setting a direction for future research. Future studies could address these limitations by incorporating multiple case studies across different industries, employing a mixed-methods approach to validate qualitative findings with quantitative data, or exploring additional theoretical frameworks to broaden the understanding of strategic partnerships between competitors. By building on the foundational research presented in this thesis, subsequent studies can enhance the robustness and applicability of the findings to a wider array of contexts and settings.

5.5 Future research

The findings and limitations highlighted in this master thesis pave the way for several promising avenues for future research. These potential studies could enhance our understanding of strategic collaborations, especially in terms of the governing mechanisms that have been identified as critical to the success of such initiatives. Future research could expand the scope, increase the generalizability, and deepen the transferability of the current findings across different contexts and industries.

Expanding the Scope with Multiple Case Studies

To address the limitations associated with the use of a single case study, future research could involve multiple case studies across various sectors. This approach would allow researchers to compare and contrast the effectiveness of the identified CSF - such as the involvement of major market players, clear frameworks, decision maker involvement, perceived equality of contributions, and the use of independent facilitators - in different collaborative environments. Such studies could provide a broader validation of the findings, highlighting how these mechanisms operate under different market conditions and organizational cultures. An example could be the suggested reasons for major market share holders' resistance to participate in cooperative projects, trying to identify the real reasons for their absence and see how to find mitigating measures preventing that from occurring.

Cross-Industry Analysis

Exploring strategic collaborations in industries other than insurance would also be valuable. Industries such as technology, healthcare, and manufacturing, where collaborative projects are also common, could provide new insights into how these governing mechanisms can be adapted or modified according to specific industry needs. Even though the findings from this thesis is arguably transferable, cross-industry analysis would enhance the generalizability of the findings and could lead to a more nuanced understanding of how industry-specific factors influence the success of strategic partnerships, if they even do.

Longitudinal Studies

Conducting longitudinal studies that track the progress and outcomes of strategic collaborations over time would offer deeper insights into the long-term effectiveness of the identified governing mechanisms. Such research could capture the evolution of partnerships, how the factors adapt over time, and their sustainability. It could also reveal the phases of collaboration where certain mechanisms become more critical, providing detailed guidance on when and how to implement specific strategies during the lifecycle of a partnership.

Comparative Studies of Successful and Unsuccessful Collaborations

Further research could also involve comparative studies that examine both successful and unsuccessful collaborative projects. This approach would enable researchers to more clearly delineate the factors that lead to success or failure. By understanding the pitfalls that lead to unsuccessful outcomes, researchers could provide more detailed recommendations for avoiding common traps in strategic partnerships.

Quantitative Validation

Incorporating quantitative methods to complement qualitative findings could strengthen the reliability of the research. Surveys or quantitative data analysis could be used to measure the impact of each governing mechanism on collaboration outcomes across a larger sample. This approach would provide empirical evidence to support the qualitative insights, enhancing the credibility and robustness of the findings.

Exploring the Impact of Technological Advancements

With the rapid advancement of technology, especially in areas like AI, blockchain, and data analytics, future research could also explore how technological tools and platforms impact the management of strategic collaborations. Examining the role of technology in facilitating communication, transparency, and efficiency within partnerships could provide critical insights into modernizing governance structures for the digital age.

Building on this thesis, future research has the potential to significantly advance our understanding of strategic collaborations. By expanding the scope, increasing the methodological rigor, and exploring new contexts and variables, subsequent studies can provide richer, more actionable insights that benefit academics and practitioners alike. These studies would not only confirm or challenge the findings of this thesis but also contribute to the broader body of knowledge in strategic management and cooperative governance.

6. Conclusion

This thesis has explored the many facets of a co-operative initiative within the insurance industry, where direct competitors collaborated to develop an AI model using shared data – without directly sharing - to prevent insurance fraud. This exploration was framed by a comprehensive analysis using theoretical frameworks such as co-opetition, game theory, the Resource-Based View (RBV), theories of complex collaborations, and the translucent hand of ecosystems. Whereas the latter has been used as a lens for understanding how to interpret how such collaborations can be handled in the future, as they grow more and more complex and similar to ecosystems. At the same time, it shows that there needs to be a combination of theoretical views involved for identifying the CSF of co-opetition. These frameworks have enriched our understanding of the intricacies of co-opetition and provided insights into managing complex cooperative projects effectively.

Involvement from the Majority of the Market

The participation of major market shareholders was identified as crucial for the success of the collaborative project. Game Theory and RBV highlighted that significant market players enhance resource pooling and alignment of strategic interests, crucial for project legitimacy and effectiveness. Their absence could lead to reduced commitment and resource integration, challenging the project's broader adoption and success.

Setting Clear Frames for the Collaboration

Establishing clear objectives, structured timelines, and explicit guidelines was essential for aligning diverse entities with potentially conflicting interests. The RBV emphasised the strategic management of resources within these frameworks, while the theory of the translucent hand highlighted the role of informal, adaptive mechanisms that ensure these structures are effectively operationalized within the ecosystem.

Direct Involvement from Decision Makers

The active participation of decision-makers was crucial in enhancing the efficiency and agility of the collaboration. This involvement ensured that decisions were aligned with both the strategic goals of the collaboration and the broader objectives of the participating organizations, as supported by insights from the translucent hand.

Perceived Equal Contributions from All Parties

Ensuring that all contributions were perceived as equal was vital for maintaining motivation and commitment. This finding underscores the importance of recognizing diverse contributions - not just in tangible resources but also in capabilities and expertise, which are crucial for fostering a cooperative atmosphere and sustaining the partnership's sustainable success.

Establishment of an Independent Facilitator

The role of an independent facilitator in navigating the complexities and inherent tensions of a competitive collaboration was highlighted as pivotal. Acting as suggested by the translucent hand theory, the facilitator helped maintain a neutral and balanced perspective, ensuring that all parties felt heard and that decisions were made in the collective interest.

In summary and response to the research question, "*What are the critical success factors in strategic partnerships between competitors?*", this thesis identifies five factors: 1) the engagement of major market players, 2) clear and structured collaboration frameworks, 3) active participation of decision makers, 4) equitable recognition of all contributions, and 5) the presence of an independent facilitator to guide the collaboration. These factors collectively ensure that strategic partnerships are not only formed but are capable of thriving even in highly competitive environments based on findings from this thesis.

In conclusion, this thesis contributes to both academic theory and practical management by detailing the CSF that underpin positive outcomes of strategic partnerships between competitors. By applying and integrating multiple theoretical frameworks, it provides a robust platform for future research and offers actionable insights for industry leaders looking to harness the benefits of co-opetition in the face of evolving markets.

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8. Appendix

The appendix of this thesis serves as a supplementary section that provides additional materials and resources that are considered to be necessary for a deeper understanding and verification of the research conducted. This section is designed to support the transparency and robustness of the study's findings by offering detailed documentation and data that could not be included in the main body of the text due to its nature. Included in the appendix are various types of materials, such as data collection instruments and approaches, supplementary references of secondary sources, and examples of data findings and analysis that has been used directly in the discussion of these findings in this paper.

Appendix A - Consent form

Would you like to participate in a research project regarding strategic partnerships with competitors?

I would like to invite you to participate in a study regarding strategic partnerships with competitors. The project is led by Master student Torjus Røste Strømsjordet and Professor Inger Stensaker at the Norwegian School of Economics (NHH), in collaboration with thesis partner company KPMG.

Purpose:

The current project aims to extend existing knowledge on co-opetition, which is a term for strategic collaboration between competitors within the same industry, by conducting qualitative research through interviews and observations.

Why are you being asked to participate?

I have selected a group of individuals who has a connection to an ongoing collaboration between three insurance providers for limiting Anti Money Laundering (AML) risks and would like to invite you to participate with your experience and knowledge.

Data Storage:

All information collected in connection with this study will be treated confidentially. The data will be stored on secure servers and will only be accessible to authorized researchers. Partner company will not have access to the interview data. The data will be anonymized and processed in accordance with applicable data protection laws and guidelines.

Anonymization:

All data collected is anonymized, and it will not be possible to identify you as an individual in the collected dataset, publications, or research results.

Participation is voluntary:

Participation in the study is voluntary. If you choose to participate, you can withdraw your consent at any time without providing a reason. It will have no negative consequences for you if you choose not to participate or later decide to withdraw. We will only use the information for the purposes we have mentioned in this document. If you wish to withdraw your consent, you can send an email to torjus.stromsjordet@student.nhh.no or inger.stensaker@nhh.no.

The project is scheduled to conclude on June 1, 2024.

Consent:

Process of information about you is based on your consent. On behalf of NHH, NSD – Norwegian Centre for Research Data has assessed that the processing of personal data in this project complies with data protection regulations.

If you have any questions about the study, please contact:

• Torjus Røste Strømsjordet by sending an email to torjus.stromsjordet@student.nhh.no

• Inger Stensaker by sending an email to inger.stensaker@nhh.no

• NHH's Data Protection Officer: personvernombud@nhh.no

• Sikt: https://sikt.no/om-sikt/kontakt-oss

Kind regards

Torjus Røste Strømsjordet, Master student NHH

Appendix B - Interview guide

Generell informasjon, ansvarsfraskrivelse og samtykke:

Formålet med dette intervjuet er å utforske det strategiske samarbeidet mellom tre konkurrenter innen forsikringsbransjen når det gjelder deres innsats for å redusere økende risikoer knyttet til svindel i forhold til deres virksomhet og kunder. Samarbeid med direkte konkurrenter er et område med flere fasetter, der risikoen ved deling av informasjon og tap av konkurransefortrinn er til stede, sammen med andre relevante temaer som må vurderes.

Objektenes personlige informasjon, spesifikke rolle og svar vil bli holdt strengt anonyme, med tanke på integriteten ved innhentingen av upåvirkede svar. Intervjuer vil bli tatt opp med hensikt om lagring av data for utførsel av forskningsprosjektet. Disse opptakene vil bare bli brukt av intervjueren og vil ikke bli delt med noen andre, under noen omstendigheter. Etter avslutningen av avhandlingen vil alle opptak bli slettet fra alle plattformer. Anonymitet i avhandlingen vil bli opprettholdt, og bare selskapsnavn vil bli oppgitt i forbindelse med svarene. Personen som blir intervjuet, kan be om at opptakene slettes når som helst. Hvis den som blir intervjuet ønsker å avbryte intervjuet når som helst, er det innenfor deres rettigheter. Eventuelle gitt svar kan fjernes etter forespørsel, eller spesifikke deler av svaret.

Er denne informasjonen forstått, og har jeg ditt samtykke til å starte opptak og fortsette med intervjuet?

Introduksjon:

1. Kan du vennligst presentere deg selv og din rolle i selskapet?

2. Kan du gi din forståelse og mål for dette samarbeidet? (samt status på prosjektet pr nå)

3. Kan du vennligst oppgi din rolle i forhold til dette samarbeidet?

Seksjon 1: Forståelse av samarbeid med konkurrenter

4. For å begynne, kan du forklare din forståelse av samarbeid mellom konkurrenter innen dagens forsikringsbransje og om du har noen konkrete eksempler? (organisering, risikoer, fordeler, ulemper, osv.)

5. Hvor kjent er du med slike partnerskap? (tidligere erfaring)

6. I din erfaring, hvor vanlig er strategiske partnerskap eller samarbeid mellom selskaper /konkurrenter i forsikringsbransjen?

Seksjon 2: Samarbeidsmekanismer

7. Hvordan tenker du man får til et godt samarbeid med konkurrenter? (Hva mener du skal til for å få til et godt samarbeid og hvordan sikrer du at dette ligger til grunn)

8. Kan du beskrive konkrete tilfeller hvor disse tiltakene har blitt implementert under dette samarbeidet? Hva var målene og resultatene i de konkrete tilfellene?

9. Fra ditt perspektiv, hva er de viktigste elementene (både positive og negative) som må vurderes når man samarbeider med konkurrenter? Er det noen spesifikke trekk ved samarbeid i forsikringsbransjen kontra andre bransjer?

Seksjon 3: Personlige erfaringer

10. Hvordan har du personlig opplevd fordelene og utfordringene ved et slikt samarbeid med konkurrenter?

11. Kan du dele noen bemerkelsesverdige suksesser eller hindringer du har møtt under dette samarbeidet med konkurrentene?

12. Etter din mening, hvordan har disse samarbeidsinnsatsene bidratt til din organisasjons konkurransefordel eller generelle ytelse? (både positivt og negativt)

Seksjon 4: Evaluering og ettertanke

13. Med tanke på vår diskusjon, hva er, etter din mening, de viktigste lærdommene fra å ha strategiske partnerskap med konkurrentene dine i forsikringsbransjen?

14. Når du ser tilbake, er det noe du eller organisasjonen din kunne ha gjort annerledes i dette samarbeidet for å forbedre resultatene? (eller skal gjøre…)

15. Hvordan planlegger du å tilnærme deg strategiske partnerskap med konkurrenter i fremtiden? Er det noen lærdommer fra tidligere erfaringer og denne som vil påvirke fremtidige ordninger?

Avsluttende tanker:

16. Er det noe annet du vil legge til eller noen innsikter du mener er viktige for å forstå dynamikken for samarbeid mellom konkurrenter i finans- og forsikringsbransjen?

Nevnes på slutten

Om det skulle noe opp noe nytt eller om jeg finner noe fra dette intervjuet som jeg trenger mer informasjon rundt for avhandlingen så håper jeg det er greit om jeg tar kontakt igjen ved et senere tidspunkt? Det gjelder selvfølgelig andre retningen også, om du skulle komme på noe i etterkant av vår samtale.

Jeg kan nås på mailen som er oppgitt i møteinvitasjonen…

Disse spørsmålene er ment som en veiledning og kan tilpasses basert på det spesifikke innholdet og funnene av intervjuet etter hvert som det skrider frem. I tillegg, under intervjuet, er det åpent for oppfølgingsspørsmål for å dykke dypere inn i intervjuobjektets svar og sikre en grundig utforskning av emnet.

Appendix C - Additional questions (round two by mail)

Hei,

Først og fremst vil jeg takke for at du deltok på intervju under tidligere faser av min masteroppgave. Nå har jeg gjennomgått alle 8 intervjuene jeg har hatt med forskjellige deltagere fra prosjektet og har med det kommet frem til noen preliminære funn. Basert på disse så ønsker jeg gjerne at du svarer på noen oppklaringsspørsmål vedrørende disse funnene. Jeg setter veldig pris på om du setter av noen minutter til å svare opp etter beste evne. Spørsmålene finner du nedenfor:

1. Fraværet av noen større aktører i markedet har blitt nevnt som en av hovedgrunnen til at prosjektet er stoppet, kunne du resonnert rundt hvilke grunner de måtte ha til å ikke ville delta i dette prosjektet?

2. Behovet for tydeligere rammere, spesielt med tanke på finansiering tilgjengelig fra alle aktører, har blitt nevnt som en betydelig årsak til prosjektets nåværende status. Hva er dine tanker rundt dette?

3. Savnet av direkte involvering fra beslutningstakere i selskapene har blitt nevnt som en årsak til trege prosesser og ekstra arbeid, deler du dette perspektivet?

4. Tydelige og likestilte bidrag fra alle parter i prosjektet har blitt nevnt som en viktig årsak for et velfungerende samarbeid. Var dette etter din mening faktisk tilfellet, evt. hvordan eller hvorfor ikke?

5. Behovet for en strukturert og tydelig uavhengig fasilisator av prosjektet har blitt løftet frem som en nødvendighet, og noe som fungerte bra. Deler du dette perspektivet? (hva var evt. spesielt bra eller dårlig?)

Det er her viktig å nevne (igjen) at alle svar du gir i forbindelse med denne oppgaven, og med det spørsmålene ovenfor, vil være anonymisert ved utarbeidelse av selve oppgaven. Eneste som har tilgang til dine svar som respondent vil være meg og potensielt veileder, hvor vi begge har taushetsplikt.

Skulle du ha noen spørsmål så er det bare å gi beskjed!

Appendix D - Secondary data sources

Company websites

Finance Innovation | Empowering Norwegian fintech

Forsikring for alt du er glad i – Tryg Forsikring

Fremtind Forsikring

Forsikring - Frende Forsikring er best i test - Frende

IT-konsulenter i teknologi- og rådgivningsselskapet Webstep

Home (finterai.com)

PwC Norge

Reports

EU rapport_Samarbeid mellom konkurrenter_To pool or pull back - an economic analysis of health data pooling.pdf

Finterai_Datatilsynet_sluttrapport_Maskinlæring uten datadeling_Oct 2022.pdf

KPMG-30-Voices-2030-Future-Financial-Services.pdf

KPMG-frontiers-in-finance.pdf

Website publications

Taking the next step in the fight against… | Finance Innovation

Detection of Insurance Fraud | Finance Innovation

Innovation Projects | Finance Innovation

Publications and Regulations

Rekordmye forsikringssvindel i fjor (finansnorge.no)

Forsikringssvindel (finansnorge.no)

Forsikringssvindel – NRK Innlandet – Lokale nyheter, TV og radio

"Jeg bare legger til litt ekstra" - KLP.no

Lov om konkurranse mellom foretak og kontroll med foretakssammenslutninger (konkurranseloven) - Lovdata

Hva er ulovlig samarbeid? - Konkurransetilsynet

Appendix E – Federated Learning explained

Federated learning is an innovative machine learning technique that allows multiple organizations to collaborate on building a common machine learning model without directly sharing their data. This approach is particularly valuable in sectors like finance, where privacy and data security are paramount.

Here’s how federated learning works in the context of financial organizations:

Model Training Across Different Nodes: Instead of pooling their sensitive data together in one place, each participating financial institution trains a local machine learning model on its own data. These institutions can be banks, credit unions, insurance companies, etc.

Aggregating Learning Updates: Once each participant has trained their local model, only the model updates (like weights or gradients, not the data itself) are sent to a central server. The central server aggregates these updates to improve a global model. This process ensures that no raw data leaves the organization’s premises.

Iteration and Synchronization: This cycle of local training and aggregation of updates is repeated multiple times. With each iteration, the global model becomes more refined and effective, learning from the collective insights of all participants' data without ever actually seeing or storing that data.

Deployment: Once the global model is sufficiently trained, it can be deployed back to each institution where it can be used for improved decision-making, risk assessment, customer service enhancements, and more.

Advantages for Financial Organizations:

Privacy and Security: Federated learning enables institutions to benefit from shared insights while maintaining strict control over their data, thus adhering to privacy regulations like GDPR or CCPA.

Improved Model Performance: By learning from a wider array of data sources, the models can achieve higher accuracy and better generalize across different scenarios than those trained on limited data sets.

Collaboration Without Risk: Institutions can collaborate with peers, even competitors, without the risk of exposing sensitive customer data.

This approach is particularly powerful in the financial sector where organizations can enhance their analytical models and predictive capabilities while respecting the stringent privacy requirements that govern customer financial data.

All information is gathered and summarised from these two secondary sources:

Finterai, exit report: Machine learning without data sharing | Datatilsynet

Home (finterai.com)