Toward a Social Practice Theory of Relational Competing

Authors:
Professor Paula Jarzabkowski, Cass Business School, Cuty, University of London
Dr Rebecca Bednarek, Birkbeck, University of London

Forthcoming in *Strategic Management Journal*

Academic Abstract: This paper brings together the competitive dynamics and strategy-as-practice literatures to investigate relational competition. Drawing on a global ethnography of the reinsurance market, we develop the concept of micro-competitions, which are the focus of competitors' everyday competitive practices. We find variation in relational or rivalrous competition by individual competitors across the phases of a micro-competition, between competitors within a micro-competition, and across multiple micro-competitions. These variations arise from the interplay between the unfolding competitive arena and the implementation of each firm's strategic portfolio. We develop a conceptual framework that makes four contributions to: relational competition; reconceptualizing action and response; elaborating on the awareness-motivation-capability framework within competitive dynamics; and the recursive dynamic by which implementing strategy inside firms shapes, and is shaped by, the competitive arena.

Managerial summary: Competition is often seen as war: 'attack', 'retaliation', and 'dethronement'. Yet competition can also be relational, incorporating collaboration and reciprocity. We show these dynamics in a syndicated financial market, reinsurance, where multiple competitors get the same price for a share of the same deal. Our competitors have rivalrous motivations to win business and relational motivations to ensure buoyant pricing, maintain market health, and enable long-standing client relationships to persist. These motivations are grounded in the strategizing practices with which firms implement their strategic portfolios and compete on deals. Competitors' rivalrous or relational motivations are highly dynamic, shifting throughout the competition on any deal and across the multiple deals on which they compete. Cumulatively these practices shape the entire market for these volatile, uncertain financial products.

INTRODUCTION

This paper brings together the competitive dynamics and strategy-as-practice literatures to explore relational competition. Relational competition differs from the dominant focus in competitive dynamics on head-to-head rivalry (e.g., Kilduff, Elfenbein, & Staw, 2010; Marcel, Barr, & Duhaime, 2011; Nadkarni, Chen, & Chen, 2016; Rindova, Ferrier, & Wiltbank, 2010) involving zero-sum games and attacks, counter-attacks and retaliation (Chen & Miller, 2015). By contrast, in relational competition "the goal is not to damage or beat a rival but to do well by contributing to and creating value for many players, even one's rivals" (ibid, 761). For example, competitors might contribute to common standards that benefit the entire market. Yet, as s a relatively recent concept, there is a dearth of empirical research into relational competitive dynamics. This is partially because understanding relational competition requires an expanded view of action that moves beyond dyadic dynamics between specific rivals to account for relationships with a broader set of competitors and stakeholders (Chen & Miller, 2012, 2015), some of whom are not known and whose actions are not directly observable to rivals. The strategy-as-practice (Vaara & Whittington, 2012; Whittington, 2006) approach offers conceptual resources to study such broader relationships and more indirect interactions. As explained in the literature review, its social practice theory of action (Feldman & Orlikowski, 2011; Schatzki, Knorr-Cetina, & Savigny, 2001) allows us to explore how competitors interact indirectly within their everyday practices, even when they are not directly attacking or responding to each other's actions. Simultaneously, studying relational competition through a practice lens addresses a long-called for extension of strategy-as-practice beyond the internal strategizing practices that have been its dominant empirical focus (Jarzabkowski & Spee, 2009; Vaara & Whittington, 2012). Bringing the two literatures together therefore provides conceptual resources of mutual benefit for their respective research agendas.

Our interest in this issue was piqued by the relational element in the competitive dynamics of the industry we were studying. Reinsurance is a $260 billion financial market that insures insurance companies against large-scale losses. Its role in underpinning claims from the insurance industry makes it an economically and socially important market, helping societies to recover from disaster (Borscheid, Gugerli, & Straumann, 2013). Reinsurance is a syndicated market, where multiple competitors take shares in a deal at the same price (Bretz, 2015). Syndication is a way to share the risk and increase the chances that all competitors might survive any particularly large-scale catastrophic loss (Jarzabkowski, Bednarek & Spee, 2015). Syndication generates a relational incentive for competitors to "lift all boats" (Chen & Miller, 2015: 761) by keeping the price on a deal high through their individual quotes, which informs the eventual single market price, for the benefit of all competitors. A primary goal within pricing is, thus, to provide a good quality playing field for all competitors rather than necessarily to beat a rival. Syndication does not, however, mean a lack of competition as market players remain highly competitive in also wanting a share of the best deals (Ernst & Young, 2013).[1] Syndication is not particular to reinsurance, being prevalent in many financial markets, including the syndicated loans market (Hallak & Schure, 2011), venture capital investments (Lerner, 1994), and initial public offerings (Corwin & Schultz, 2005). Yet, despite their economic significance and prevalence (Thomson Reuters, 2015), syndicated markets have rarely been studied by strategy scholars and we lack explanations of competition in such contexts.

Our paper, based on a three-year global ethnography of the reinsurance industry, addresses this gap in relational competitive dynamics generally and within syndicated markets particularly. Based on our findings, we develop the concept of micro-competitions. These are the specific issues, such as an airline route, a particular product offering or, in our case, an individual reinsurance deal, that are the focus of the everyday competitive practices of multiple competitors. We show that, despite the overarching potential for relational competition, there is variation in relational or rivalrous competition by any individual competitor across the phases of a micro-competition, between competitors within a micro-competition, and across multiple micro-competitions. Our findings surface one rivalrous and four relational motivations for these shifting and varied competitive dynamics. Finally, we explain this variation through the interplay between the unfolding wider competitive arena, which we define as the multiple micro-competitions upon which all competitors act, and the unfolding implementation of each firm's

[1] Syndicated markets are regulated to prevent collusion. Reinsurers do not know their peers quotes on deals and a European Commission report (Ernst & Young, 2013) found no evidence of improper alignment of premiums, noting that the market is intensely competitive. More widely, post-2008, syndicated loans have been one of the most fiercely competitive areas in global finance (Corbett, 2008).

specific strategic portfolio. These findings are drawn together into a conceptual framework that is the basis for our contributions to: relational competition; reconceptualizing action and response within competitive dynamics; elaborating on the competitive dynamics awareness-motivation-capability framework; and understanding the recursive dynamic by which implementing strategy inside firms shapes, and is shaped by, the competitive arena.

THEORETICAL FRAMING

Competitive dynamics. Competitive dynamics, which focuses on "understanding what a firm does when it competes with specific rivals" (Chen & Miller, 2015, p.758), has moved the study of competition beyond static characterizations at the industry level of analysis (Chen & Miller, 2012). Its initial focus was on dyadic interactions between specific competitors (Baum & Korn, 1996, 1999; Chen & MacMillan, 1992). For instance, Chen and Miller (1994) explored retaliation by examining how observable moves by one airline, such as price cuts, represented attacks to which other airlines responded. More recently, studies have examined action-repertoires or sequences of competitive actions over time (Lamberg et al., 2009; Miller & Chen, 1994; Rindova et al., 2010). These provide important insights into how various team (Chen, Lin, & Michel, 2010; Hambrick, Cho, & Chen, 1996), firm (Chen & Hambrick, 1995) and market attributes (Baum & Korn, 1996; Chen & MacMillan, 1992), explain different types of competitive actions and responses and their correlation with various performance measures (Boyd & Bresser, 2008; Derfus et al., 2008). Ferrier's (2001) study is illustrative, showing that competitive attack, as a sequence of competitive moves differentiated by volume, duration, and complexity, explains performance and is informed by attributes such as team heterogeneity.

A focus on interaction between *specific rivals* as they engage in *observable* actions and responses is fundamental to competitive dynamics. For example, Kilduff *et al.* (2010) evoke the intense head-to-head competition between basketballers, Magic Johnson and Larry Bird, to explain their focus on a competitor's perceptions of their nearest specific rival. Other studies similarly focus on the dyadic interactions between pairs of Fortune 500 firms (Ferrier, 2001; Ferrier, Smith, & Grimm, 1999; Kilduff et al., 2016; Marcel et al., 2011; Rindova et al., 2010; Tsai, Su, & Chen, 2011). More recent efforts attempt to connect the actions of a wider array of competitors (Chen & Miller, 2012). However, such studies examine interactions between specifically defined sets of rivals within an industry (e.g., Derfus, 2008; Lamberg et al., 2009) rather than how competitive dynamics are shaped by interactions amongst competitors who do not interact directly. Furthermore, existing studies have focused on strategic actions that are "observable to customers, competitors and other industry players" (Ferrier et al., 1999, p. 378). For instance, the focus has been on changes in strategy reported in the business press, such as media announcements of new product/services or acquisitions (Chen & Miller, 1994; Ferrier, 2001; Ferrier et al., 1999; Rindova et al., 2010). This focus on observable actions between specific rivals is encapsulated in the central awareness-motivation-capability (AMC) framework in the competitive dynamics literature (Chen, 1996; Livengood & Reger, 2010; Yu & Cannella, 2007). This framework notes that competitors are only able to respond to actions of which they are aware, which is equated with actions that can be observed, on which they are motivated to react, and are capable of responding (Chen & Miller, 2012, 2015).

Existing studies, with the exception of those that examine stealth attacks (Chen & Hambrick, 1995), thus limit understanding of how competitors might behave when they do not have direct awareness of the specific actions of their competitors. Hence, competitive dynamics scholars call for a more expansive and global view of competing (Chen & Miller, 2012; 2015) that advances knowledge beyond observable actions and responses between a bounded set of specific rivals to encompass the more indirect and tacit competitive dynamics involved when competitors do not interact directly with, or directly observe all the significant actions of a wide set of potential competitors.

Relational competitive dynamics is proposed (Chen & Miller, 2015) as a means to go beyond existing studies of directly observable actions and responses between direct rivals (e.g., Chen, 1996; Chen et al., 2010; Hsieh, Tsai, & Chen, 2014; Kilduff et al., 2010; Nadkarni et al., 2016). Competitive dynamics have often been defined in war-like terms (Chen & Miller, 2015), such as "retaliation", "dethronement" (Chen & Miller, 1994; Chen & Hambrick, 1995; Ferrier et al., 1999); and "competitive attack" (Ferrier, 2001). Yet such rivalry is only one type of competing (Kilduff et al., 2016). Relational competition shifts focus to those competitive situations where the objective is to "lift all boats" and enable any value generated to be shared between competitors, rather than extracting value for one competitor at the expense of rivals (McGrath, Chen, & MacMillan, 1998).

In advancing a theory of relational competitive dynamics, Chen & Miller (2011; 2015) draw from but also go beyond views within the strategic management (e.g. Dyer & Singh, 1998) and sociological literature (Granovetter, 1985; Burt, 1992) on how value is captured by avoiding destructive wars (McGrath et al., 1999) and by privileging transactions and knowledge exchanges between specific parties in either dyadic or network-based relationships. For example, Ahuja (2000) examines how firms, in pursuit of their own competitive interest, may engage in joint ownership of relationship-specific assets. Such relationships and privileged positions within a network enable each partner to capture value from the transaction through joint use of complementary resources, whilst enjoying lower transaction costs than competitors (Dyer & Singh, 1988; Zollo, Reuer & Singh, 2002), and may also increase access to privileged information, knowledge exchange and learning (e.g. Granovetter, 1984; Ingram & Roberts, 2000; Inkpen & Currall, 2004). Such studies typically focus on formal alliances and examine how partners may increase transaction efficiency by leveraging vertical supply chain relationships (e.g. Dyer & Nobeoka, 2000; Dyer & Chu, 2003; Kotabe, Martin & Domoto, 2003), rather than addressing less formalized relationships, including those between competitors. However, some studies do examine how competitors can capture value through formal alliances (e.g. Gimeno, 2004; Zollo, Reuer & Singh, 2002). A few rare studies even go beyond these existing transactional explanations to examine how friendships between competitors who are not in a formal exchange relationship can still capture value because such relationships establish tacit norms of reciprocity in sharing information and avoiding price-cutting (Ingram & Roberts, 2000; Sonenshein, Nault, and Obodaru, 2017). Such studies are important in showing that firm-specific competitive interests may be advanced through dyadic and network based relationships.

Chen and Miller's (2011; 2012; 2015) definition of relational competitive dynamics goes even further, being grounded in a more holistic relational philosophy that extends this network approach to capturing value. Their framework conceptualizes individual firms as members of a wider, harmonious system in which each firm is defined and redefined by its relationship to others, including competitors, buyers, suppliers, and wider stakeholders rather than only focusing on direct rivals (Freeman et al., 2010). Their view also expands upon the existing, largely transaction-based understandings of relational competitive advantages arising from the specified value and interests of each party to a relationship. While not denying economic self-interest as the foundation of relational competition, they call for a more contextualized account of the important economic, but also, critically, social and ideological drivers of dynamics between competitors (Chen & Miller, 2011; 2015). They suggest that firms may engage in actions that do not have an immediate advantage and that do not maximize short-term value. Rather, they may be performed for the harmony of the wider system, which will have longer-term value for all members of the system even where a current specific exchange value is not evident. For example, competitors might work collectively to support each other's needs for legitimation in emerging markets (e.g. Aldrich & Fiol, 1994), and to influence standards that will benefit all parties within an industry, including buyers, suppliers and even rivals (e.g. Garud, Jain, & Kumaraswamy, 2002; King, Lenox, & Terlaak, 2005). In summary, Chen & Miller's (2015) framework emphasizes that relational competition covers an expanded set of stakeholders (Freeman, 1984) and that actions may be both competitive and collaborative and have inter-related short and long-term considerations (Chen & Miller, 2011). Their broader theorization of relational competitive dynamics encourages scholars to examine how value is captured not only by rivalry amongst competitors but also by normative obligations about how to treat each other and how to participate in the wider competitive system in which they and their wider stakeholders are embedded (Ingram &Roberts, 2000).

As yet there has been little empirical study of relational competitive dynamics despite their importance for understanding competition in a range of organizational contexts. To address this omission, we need studies that explore competitive actions that may have motivations beyond specific rivalry and that may not be directly aimed at a specific competitors as externally observably attacks or retaliations. Studying relational competing, thus, requires an expanded theory of action that can account for the indirect nature of actions and responses, as they unfold within broader relationships with both competitors and other stakeholders (Chen & Miller, 2012, 2015). We turn to the strategy-as-practice literature as an avenue through which to develop this broader approach to action. Strategy-as-practice offers conceptual resources for understanding indirect relational interactions between competitors within their everyday practices of competing as well as a complementary relational approach to strategic practice (e.g., Chia & Holt, 2008; Jarzabkowski et al., 2015; Schatzki, 2002) that can further expand our thinking.

Strategy-as-practice and competing. Strategy-as-practice, with its focus on strategy as something that *people do* in their everyday actions and interactions (Jarzabkowski, 2004; Whittington, 2006), is complementary to and extends the competitive dynamics perspective on competition as something a *firm does* (Chen & Miller, 2015). Strategy-as-practice is underpinned by a social practice theory of action (e.g., Feldman & Orlikowski, 2011; Giddens, 1984; Schatzki et al., 2001) that aims to explain broader phenomena such as competition within an industry as it is shaped by but also shapes the everyday actions of its actors (Nicolini, 2013; Schatzki, 2002). A practice approach lends itself to developing an expanded theory of action (Chen & Miller, 2012) because it is profoundly relational: viewing and explaining social phenomena as a dense nexus of relations (Cooper, 2005; Jarzabkowski et al, 2015; Nicolini, 2013). Rather than considering any phenomena, such as strategy or competition, as independent (Feldman & Orlikowski, 2011) this approach focuses on interdependence and "relations and practices over the individual or the organization" (Chia & Holt, 2006: 638). We suggest that this relational perspective provides one basis for studying relational competitive dynamics, because neither direct nor explicitly observable action is necessary to generate interaction or relations between competitors. Rather, such interactions and relations are considered part of the knowledgeable practices of actors who have a practical understanding (Schatzki, 2002) of "how to go on" (Giddens, 1984: xxii) in their industry (Jarzabkowski, 2004).

Based on this relational perspective, practical understanding of common practices within an industry or a profession thus facilitates interconnection and coordination of action, even when actors do not directly know each other or interact directly (Knorr Cetina, 1999; Lave & Wenger, 1991). These practical understandings are manifested widely within the everyday practices of actors located in different firms and geographical locations (Jarzabkowski et al, 2015; Nicolini, 2013). These actors need not interact directly, and their actions may not always be observable to others, yet their actions will come together to explain the overarching practices of a particular community. As Wenger (1998) shows in his practice-theory study of communities of learning, even a person sitting alone always interacts, through largely similar discourses and conceptual resources, with a wider group of actors. Jarzabkowski et al (2015) refer to this ability to interact without direct observable connection as relational presence, in which globally distributed individuals are connected not through common social ties or common technologies but through the nested relationships among their common practices (see: Knorr Cetina, 1999; Schatzki, 2002; Smets et al., 2015 for further empirical examples). In strategy-as-practice this perspective has been drawn upon to show how actors participate in and influence strategic planning in their firms through their practical understandings of wider strategic planning discourses (Knights & Morgan, 1991; Seidl & Whittington, 2014). Actors in different firms, even where they do not directly know or observe each other, interact in constructing a collective basis for inter-organizational strategizing - be that an industry (Vaara et al, 2004) or profession (Smets et al, 2013) - due to their common practical understandings about what doing strategy in their industry entails (Chia & Holt, 2006; Schatzki, 2002; Seidl & Whittington, 2014). The relational underpinning of the strategy-as-practice perspective (Chia & Holt, 2006; Nicolini, 2013; Schatzki, 2002) thus provides an important theoretical addition to Chen & Miller's (2015) call for an expanded theory of action to address relational competitive dynamics.

The competitive dynamics focus on competition and inter-organizational dynamics also provides a conceptual impetus to advance strategy-as-practice research. While competitive dynamics focuses on *externally*-directed and observable actions, strategy-as-practice shows how everyday strategizing practices *inside* firms explain the dynamics of strategy formation and change (Vaara & Whittington, 2012). Existing studies explain how strategies are implemented during meetings and workshops (Jarzabkowski & Seidl, 2008; Johnson et al., 2010; Liu & Maitlis, 2014; Spee & Jarzabkowski, 2011), the importance of strategizing tools (Jarzabkowski & Kaplan, 2015; Kaplan, 2011; Whittington et al., 2006), middle manager sensemaking in strategy implementation (Balogun & Johnson, 2004; Rouleau, 2005; Rouleau & Balogun, 2011) and the role of discourses in legitimating strategies (Mantere & Vaara, 2008; Mirabeau & Maguire, 2014; Paroutis & Heracleous, 2013). However, there has been little reference within this literature to explicitly *competitive* practices. A rare exception is Ambrosini *et al's* (2007) study of two divisions of a firm, showing how superior service practices are framed relative to competitors and how these competitive practices shape inter-team coordination activities. Additionally, Salvato (2003) shows that unique design capabilities are a competitive advantage that arise from the micro-strategic actions within a firm. Such studies indicate that valuable insights into competition can be gained from detailed study of the strategizing practices inside firms, yet this line of research remains underdeveloped, (Jarzabkowski & Spee, 2009) with the exception of Vaara *et al.*, (2004), who explain how alliances became a legitimate strategy within the airline industry over a 20-year period. They showed how actors from multiple airlines promulgated discursive practices of problematization and naturalization that legitimated alliances as a form of competition. However, as recent research agendas note, strategy-as-practice largely has failed to live up to the promise of its practice-theory underpinnings to explain large-scale phenomena such as competition within an industry (Jarzabkowski, Balogun, & Seidl, 2007; Johnson et al., 2007; Seidl & Whittington, 2014; Suddaby, Seidl, & Lê, 2013; Vaara & Whittington, 2012; Whittington, 2006).

We suggest that bringing the competitive dynamics and strategy-as-practice literatures together will fruitfully extend both. The study of competitive dynamics shifts strategy-as-practice to focus on the externally-oriented nature of strategic action. At the same time, the theory of action in strategy-as-practice provides conceptual resources for understanding relational competition, whereby competitive actions taken inside firms involve consideration of a wide array of competitors and stakeholders, with whom they may not directly interact, and whose actions may not always be directly observable. We therefore address the following question: "*how do relational competitive dynamics unfold in the everyday practices of actors across an industry?"*

RESEARCH CONTEXT AND METHODS

The empirical setting: competing for deals within a relational market

Reinsurance is an industry that insures insurance firms for large-scale disasters. It does so via bespoke reinsurance deals which transfer risk of a large claim from insurance companies (clients) to reinsurers in return for a premium. For example, a client could reinsure a portfolio of Florida property insurance contracts from hurricane damage where total losses exceed US$5 million. The risk of this loss is transferred into the reinsurance industry, with individual reinsurers allocating some of their finite capital to cover that risk. Reinsurers compete with each other to allocate their capital to these deals at a price they find attractive. These deals are therefore the micro-foundations of competition in this industry and we label them micro-competitions.

The historical antecedents of relationality. The reinsurance industry is characterized by high uncertainty (Ayling, 1984) as the events, such as earthquakes or terrorist attacks, that trigger reinsurance claims are unpredictable. In response to the potential market instability arising from such large-scale but uncertain events the industry has evolved an historically-embedded and largely tacit set of relational principles for competing that include i) bearing risk collectively; ii) trading risk at a single market price; and iii) relying on long-term trading relationships.
First, no reinsurer takes an entire deal but will take a share of that deal with competitors (Borscheid et al., 2013). Such syndication developed to spread risk, with different competitors taking small shares in many different deals, although no reinsurer will be on all of the thousands of deals in the market. This means that if any deal suffers a loss each competitor has only limited exposure to that particular loss. This approach has deep historical roots, originating in early marine reinsurance when ship cargoes were seen as so volatile and valuable that no single investor would take the full risk (Kopf, 1929). Syndication became consolidated as an industry norm following major disasters, such as the 1906 San Francisco earthquake, when the collapse of some reinsurers and associated failure to pay claims threatened industry viability. It became more entrenched as the growing globalization of insurance risk post World War 2 and new unexpected risks such as terrorism threatened the viability of even the larger reinsurers (Borscheid et al., 2013). Second, to ensure equity the ultimate market price offered on a deal is the same for all parties in the syndicate. As a reinsurer explained to us "we all have equal skin in the game" (Interview), ensuring that they all have the same incentive to trade and to bear any subsequent losses (Boyer & Dupont-Courtade, 2013; Jarzabkowski et al, 2015).

These two features of syndication – multiple competitors taking a share of the same financial deal at the same price - mean that there are inherent opportunities for relational competing. As one reinsurer notes: "It's an industry where we are competing with each other but we are not trying to kill each other" (Interview). These historic norms cultivate a relational dynamic whereby all competitors can benefit from rate increases on the risks they share (Chen & Miller, 2015). However, it also requires reinsurers to 'trust' the pricing of others with whom they share a deal. They must assume their competitors are pricing to reflect the possible severity of losses, rather than cutting prices recklessly, which might potentially expose a market segment to collapse (Borscheid et al, 2013). The industry has thus developed a range of largely informal communication and knowledge sharing processes. Multiple trade journals flood email inboxes with headlines daily and there are key annual conferences where competitors meet to debate issues, exchange information and engage in industry gossip. All of which helps with informally "coordinating activities and carefully monitoring the competition" (Gugerli, 2013, p. 152; Jarzabkowski et al., 2015).

Third, as major events are infrequent but have severe effects on industry capital (Froot, 2007), profitability arises from long-term client relationships (Doherty & Smetters, 2005). If a deal is affected by a loss there is a tacit expectation between reinsurers and their clients that the price will increase in subsequent years to "pay back" long-term reinsurers and ensure that the deal remains profitable over time: "the price of those covers, once they're impacted, will then go up to get renewed. The market wants the payback!" (Interview). Respecting long-term client relationships is thus another social norm in this market.

These three relational principles are all underpinned by tacit socialized understandings – so-called "gentleman's agreements" (Baker, 1996; Bernstein & Zekoll, 1998) – rather than contractual obligations. For example, there is no formal mechanism preventing a rival from undercutting a competitor (see also Ingram & Roberts, 2000). This is in part because a competitive market cannot risk collusion (Ernst & Young, 2013; Stigler, 1964). Rather, relational principles are largely self-reinforcing cultural norms that carry an expectation of reciprocity from competitors (Gugerli, 2013). Through repeat interactions over time, reinsurers make individual assessments about whether different competitors uphold these norms.

The process of trading deals via syndication. Reinsurance deals are renewed annually at one of four main renewal deadlines, meaning thousands of these micro-competitions occur at roughly the same time. The specific details and composition of each deal such as its price and exactly which reinsurers will compete for it fluctuate each year. There is a specific process for trading these deals (Figure 1). First, a selection of reinsurers receive a deal on which they provide independent quotes specifying the price at which they are willing to reinsure that deal. To ensure the competitive basis of the industry, they do so without knowing their competitor's quotes. Second, the client receives these varied quotes and selects a single market price. While they do not want to pay too much, the lowest quote is usually not the market price as this may mean too many reinsurers will decline to take a share of the risk (Mango, 2007)[2]. The reinsurer who provided the specific quote that is selected as the market price is then known as the "lead" reinsurer or competitor on that particular deal and their capital is allocated at the share and price they indicated. Third, the client sends the deal back to the other reinsurers, including some who did not participate at the quoting phase, at this single market price. Multiple reinsurers then notify the client whether they want a share of the deal at that price and if so what size share, say 10%, they would like. Fourth, the client allocates the shares across the various competing reinsurers. They can allocate a reinsurer their requested share or give them less than requested, including none at all. At this point, a reinsurers' capital is committed to covering the reinsurance deal. Even as an individual deal is "closed" reinsurers never find out exactly what their competitors quoted or how large a share of the deal all their competitors received.

INSERT FIGURE 1 ABOUT HERE

Data collection and analysis

We conducted a global ethnography into the reinsurance industry focused on the main trading hubs: London, Bermuda, Continental Europe (particularly Zurich, Paris, and Munich), and Asia Pacific (particularly Singapore). Data collection unfolded in two stages, first in London and Bermuda (2009-10) then Continental Europe and Asia-Pacific (2011-12). This allowed us to follow several trading periods during which competition takes place. Data-collection focused on the everyday practice of reinsurance underwriting managers as they priced, negotiated, and allocated their firms' capital to deals. We had access to 22 reinsurance and three brokerage firms[3], covering 60 subsidiaries globally. Both authors were immersed in the field, with the first author conducting some interviews or observation in every company, supported by three other

[2] Offering the same price to everyone is a social norm. While individual quotes are not shared, the final market price of a deal is not confidential, and while not officially "published", can be freely discussed, including in the media, enabling all parties to reinforce this taken-for-granted norm.

[3] Reinsurance brokers may be engaged by the client (insurer) to help facilitate the distribution of the deal to multiple reinsurers as part of the process described in Figure 1.

experienced researchers to enable the global breadth of the study (see Jarzabkowski, Bednarek & Cabantous, 2015 for detailed description of methods).

We conducted 935 observations, each comprising an uninterrupted segment of observation such as a meeting but most often a half-day of shadowing a particular underwriter. We audio-taped and took rich fieldnotes during observations, with time markers that enabled us to revisit specific sections of the audio-recording. We also conducted 382 audiotaped and transcribed interviews with senior executives, underwriting managers, and analysts in reinsurance firms, as well as brokers. Finally, we attended 146 social events, such as conference meetings, dinners, and parties, making retrospective field notes. These data sources enabled triangulation that enhanced our data trustworthiness and analysis (Lincoln & Guba, 1985; Yin, 2009).

Deep immersion in the field sparked our interest in how reinsurers compete, despite the fact that their different quotes were ultimately settled in a common price for a deal. Moving between the literature and our data we began to focus on what constitutes competitive practices in a market with opportunities for relational competing (Chen & Miller, 2015). Our analysis unfolded in stages (Langley, 1999). First, we engaged in data reduction by surfacing broad categories associated with competitive practices (Miles & Huberman, 1994). With the support of post-doctoral research fellows our data was entered into NVivo and coded for broad themes such as "submitting quote", "desired share", or "talk about competitors". We then focused on the elements of this data structure that were most relevant to competing, specifically coding: 1) stages where reinsurers compete to shape the price of deals (quoting) and for the share they are allocated (capital allocation); 2) references by reinsurers to their competitors; 3) interactions with clients (or brokers) about share and price; 4) discussion of or reaction to the eventual market price; 5) discussions of "share" or "price"; 6) data about "winning", "losing", and "walking away" from deals; and 7) assessments of the wider environment such as "hard/soft market" or "reading industry news". Specific key-word searches in NVivo based on these themes were then used to access text that might have been missed in the initial coding, generating a focused dataset for the analysis below.

Second, we focused on the empirical process of competing on deals, which we conceptualized as the specific micro-competitions where competition played out. As we coded for the various competitive activities, we clustered them temporally into phases of competing (Brandenburger & Stuart, 2007) and thematically into types of practices (Gioia, Corley, & Hamilton, 2013). We found two phases of competing: *competing to shape the price* by quoting on any particular deal (Phase 1) and *competing for share* by allocating capital to any deal (Phase 2). We also saw that these activities clustered into three distinct types of competitive practices. Initially, we identified two types of practices: *positioning* practices are taken by reinsurers to position themselves relative to their competitors; for instance, positioning their quote competitively vis-à-vis other reinsurers to either win a share of a deal and/or help push the price up. *Leveraging* practices are taken by reinsurers to leverage any competitive advantage in their relationship with a client (McGrath et al., 1998; Sirmon, Hitt, & Ireland, 2007), such as a long-term relationship or a large amount of capital, to influence the potential price or their share of a deal. A third theme emerged as our data showed that the above practices were underpinned by persistent information collection to gain an impression of the wider market and competitor's actions and by information release to shape the impressions of others about the market. We labeled this third category *environmental scanning and shaping* practices. Through rounds of analysis, we confirmed the consistency of these three practices across the data set: all reinsurers engaged in these practices in similar ways, as shown in the findings and Tables 1-2.

Third, analysis of this coded data showed variation *between* competitors in how they competed: on any micro-competition, different reinsurers did not apply these practices to the same degree or in the same way (Chen & Miller, 2015). We classified data according to variation of competitive moves across the two phases of competing. During Phase 1, influencing price, we found four categories in how reinsurers competed: A) firms that tried to *both* influence the price upwards and gain share by quoting high but not too high; B) firms only interested in shaping an increase in price and so quoted high; C) firms that aimed to quote low because they were competing for a share rather than price; and D) firms that declined to quote and were non-competitors at this phase. During Phase 2, competing for share, we classified this variation according to: E) those who competed for a large or increased share; F) those who competed for a moderate or reduced share; G) those who decided the price was too low to take a share and became non-competitors (see Table 3).

Fourth, to understand this variation we returned to our theoretically-informed insight of this market as containing opportunities for relational competing (Chen & Miller, 2015). In Phase 1 we observed a clear opportunity for relational competition, as many competitors aimed to raise the price for their collective benefit. However, we found that there was a mix of rivalrous and relational competing within the micro-competition. Phase 2, competing for share, was more apparently rivalrous. However, we found actors sometimes acted relationally in taking a share even when they disliked the price. In this action, they often referred to their relationships with their clients. Turning again to the literature on relational competing, we understood this as a shifting relational focus towards other non-competitor stakeholders (Chen & Miller, 2011), in our case from competitors (Phase 1) to clients (Phase 2).

We interrogated these various dynamics by iterating with the literature on motivations behind relational competing, referring to both the historical background of our industry (Baker, 1996; Boyer & Dupont-Courtae, 2013; Gugerli, 2013), and the literature on ideological, social and economic reasons for relational competition (Chen & Miller, 2015; Dyer & Singh, 1998; Ingram & Roberts, 2000). Our in-depth immersion gave us insight into *why* actors competed in the way they did.[4] We surfaced a persistent rivalrous motivation for share, at the expense of competitors, which we labelled *market-share* motivation as well as four relational motivations (see Table 3 & 4). We labeled these relational motivations: 1) *pricing* motivation (the opportunity for competitors to collectively "raise all boats" for an overall price rise benefit); 2) *market* motivation (the obligation to price high to reflect the perceived risk, for the health and sustainability of the market even at the expense of individual position); 3) *normative* motivation (building on the socialized historical notion of this as a "relationship" market, with a tacit normative obligation not to undermine competitors, particularly on their long-term client relationships); and 4) *client* motivation (supporting one's long-term client relationships, even if the price is unattractive).[5]

---

[4] Underwriting managers frequently explained to us what they were doing on deals and why. They also justified their actions on deals to their colleagues at weekly underwriting meetings or in written reports which we observed. We also observed them talking with colleagues informally, as a sounding board about specific deals. Finally, in interviews we asked them to reflect on their decisions on specific deals.

[5] We attempted clustering to see if some firms were rivalrous or relational as a general tendency or whether these orientations were dictated by the type of deal. However, we found that firms could be relational on some deals, rivalrous on others and frequently shifted these orientations on any particular deal over time.

Fifth, we sought a deeper explanation of these variations in competing (Wolcott, 1994). We located the variation and shifts in competition on any particular micro-competition in the interplay between the unfolding *competitive arena* and the unfolding implementation of firm-specific *strategic portfolios*. By competitive arena we mean the wider corpus of micro-competitions, which shifts over the trading period as certain deals close at particular prices. This unfolding competitive arena has implications for each reinsurer's firm-specific strategic portfolio. This portfolio, specific to each reinsurance firm, arises from the annual strategic planning cycle and involves strategic decisions about diversification and growing, decreasing or exiting certain areas of the market. Underwriting managers implement this strategic portfolio by competing to fill their firm's targets whilst not going over target (Mango, 2007). Inability to achieve these targets impacts firm performance by under-utilizing capital but exceeding them is equally serious as it could generate over-exposure to one region or risk, precipitating financial collapse. Bringing these two themes together provided a foundation to conceptualize the recursive dynamic between the actions of, and interactions between, individual firms across micro-competitions and how these shape and are shaped by the wider competitive arena (see Table 5).

We ensured the trustworthiness of this analytic process in several key ways (Lincoln & Guba, 1985). First, we kept a careful trail of all data and the iterative rounds of coding so allowing us to revisit any aspect of the analysis and coding. Second, these phases in the thematic coding process (Langley, 1999) unfolded through many coding meetings where the emerging themes were challenged and refined. The primary role of the second-author was to progress the initial coding while the first-author interrogated the emerging themes based on knowledge of the data set and immersion in the field. Third, at various points we used coding discussions with team-members familiar with the wider global ethnography project, who acted as informed outsiders in querying our codes. Finally, our empirical findings were presented to industry participants in our study, to help confirm veracity with the field (Weick, 1989). Their positive feedback constituted a final form of member-checking regarding our categories and themes.

FINDINGS

Competitive Practices

Competition unfolded through three distinct practices (see Tables 1 & 2). First as reinsurers never have complete information about how their competitors are quoting they are continuously *scanning the environment* to gain an impression of how the overall market of deals is unfolding (the competitive arena). This includes a range of information from the closing price of some (but not all) deals, to press releases by market actors, to informal gossip gained through social interaction. Individual firms are also *shaping the competitive arena*, by releasing information, such as making formal statements at conferences suggesting that prices should increase. For example, we observed Fred summarizing to his team the industry conference he had just attended. He held up an "Insurance Day" news article from a conference, which suggested that prices were unlikely to increase this year. Fred said unfortunately this mirrored his discussions at the conference [environmental scanning]. A colleague asked "but are we doing any market lobbying to try and push the market to be a bit tougher about this [prices]". Fred replied that he was going to "speak loudly" to make the point that price increases were needed and they should all do the same [environmental shaping] (fieldnote).

Second, *positioning* practices are actions taken by reinsurers to position themselves relative to their competitors in order to shape the price of deals and win a share of those deals they find attractive. Positioning takes place relative to their general impression of the competitive arena gained through environmental scanning and shaping practices. For example: "We do not know the existing quotes [of competitors] but we might say 'given what we know about the current market situation, ours [quote] is going to be too expensive. We have to give a discount to come closer to what we believe the current market price would be' (Interview).

Third, reinsurers use *leveraging* practices to gain any competitive advantage in their position with a client, such as a long-term relationship or a significant amount of capital, to either increase price or win the share they want. For instance, here a reinsurer is leveraging the capital they have available to try and increase the price of a deal: "I just put the cards on the table [to the client]. I said that if you're able to pay what we quoted we have a lot more [capital] available for you than we did last year" (Interview). These three practices unfold between reinsurers over the two phases of competing. Further examples of these environmental scanning and shaping, positioning and leveraging practices are provided in Table 1 (Phase 1) and Table 2 (Phase 2).

[Insert Table 1 & 2 about here]

Relationality and rivalry: Variation in competitive motivations

These three practices manifest in different relational and rivalrous motivations across the two phases of competing on a deal, which we label a micro-competition (Table 3). Our findings show that in Phase 1 there is a relational opportunity for all players to raise price but only some competitors act relationally while others act in a rivalrous manner. In Phase 2, where the opportunities for relationality amongst competitors are less apparent, we show that actors' main relational motivation may shift from their competitors to their clients. These competitive practices and motivations vary between competitors on any micro-competition (Table 4).

[Insert Table 3 & 4 about here]

Phase 1: A relational opportunity. During the quoting phase of the micro-competition there is an explicit opportunity for relational competition in order to increase prices for all competitors. One reinsurer cannot establish the price alone but does so relative to, and relying on those with whom they compete. We observed three relational motivations towards increasing price and one rivalrous motivation to undercut others that unfolded through the actions of competitors (see Table 3 & Table 4, Phase 1).

First, competitors through their individual quotations have an opportunity to influence the price of a deal upwards for their collective benefit as the eventual market price is influenced by the range of quotes received. We label this *pricing motivation*, which is premised on the notion of "raising all boats" (Chen & Miller, 2015) as higher quotes from all competitors are mutually beneficial in achieving an overall higher price for all of them. Second, competitors might have a primary *market motivation* to position their quotations to protect and sustain the health of the overall market. A competitor might feel that quoting high reflects their analysis of the underlying risk, even if this jeopardizes them getting a potential share of a deal or being undercut by other competitors. For example, in 2009 we observed an underwriter manager quote high on Japanese deal, which were trading at a low price prior to the 2011 earthquake, as he felt existing pricing did not reflect the potential loss to the industry if there was an event: "I COULD take a lower price [to win business] but it is NOT right. This risk is badly underpriced" (fieldnote). Third, reinsurers can position their quotes based on relational norms that form a tacit code of conduct that competitors should treat each other fairly. This includes respecting competitors' long-term client relationships when they have suffered a loss on a deal, allowing them to benefit from rate increases afterwards rather than undercutting them on price to win business in a rivalrous manner. For example, Ben, reflected on a deal which he could price cheaply to win a share, yet to do so would be "really unfair to the other reinsurers who suffered the loss" (fieldnote). These *normative motivations* arise from socialized understandings about what constitutes fair play and assumed reciprocity that others will treat you similarly. As Ben explained, he maintained relational norms of not undercutting competitors because otherwise "people will say 'those buggers at BigRe, they're undercutting the market'. This market is all about relationships" (fieldnote). Finally, despite the opportunity for relationality in this phase, some actors display rivalrous *market-share motivations* to beat their competitors for an eventual share of the deal, as we explain below (see also Table 3 A-D and Table 4, Phase 1).

As our finding of three relational and one rivalrous motivation show, acting on the opportunity for relationality in this phase is not straightforward. Quoting is competitive and reinsurers do not know what others are quoting when they position their own quotes. Furthermore, different reinsurers have different motivations according to their specific interests in the micro-competition. In particular, these varied motivations unfold through four different categories of competing (see Table 3, A-D). Generally, reinsurers want to increase the price of any deal for everyone, including themselves. Consequently, on any micro-competition many competitors position their quotes on the high side to influence the price of a deal upwards. However, to influence the price and get an eventual share of any deal managers need to be within the ballpark of overall quotes for that deal. They therefore, cannot risk being too high relative to competitors if they are also competing for an eventual share (allocated in Phase 2): "If everybody quotes 5 and you're quoting 20 [more expensive], then you know that you are totally out [e.g., no share]" (Interview)[6]. Therefore, many competitors balance the desire to push for a higher price for the collective good (relationality) with their desire to beat competitors for a

[6] In reinsurance, the price is reflected as a rate on line. This is a measure of the premium required for a deal relative to the risk limit. It shows the how much premium a reinsurer is getting as a percentage of the risk being carried. A figure of 20 therefore provides more premium for the reinsurer than one of 5.

future share of the deal (rivalry) (Table 3, A). They aim to quote *within* the ballpark: neither too high nor too low. For example, as Henry submitted his quote on a deal he explained that it was a little on the high-side in an effort to increase the price. He felt that to make this market segment sustainable in the long-term he and other reinsurers needed to price the risk more sensibly (market motivation). Yet, as he also wanted to increase his eventual share on that deal he had not been radically high in his pricing (market-share motivation) (fieldnote).

Other reinsurers compete with a sole relational focus on increasing the price, albeit that their specific motivations might vary (Table 3, B; Table 4). This could be a pricing motivation, as increases are good for everyone. As an underwriter manager stated, he would "do my bit and push for the rate increases. We just need to stand strong together" (fieldnote). In another example, relational competing reflected normative motivations about how competitors should treat each other. Late one night an underwriter manager pondered the positioning of his quote. As a new competitor on the deal, he had not suffered the loss caused by paying claims on a major industrial fire last year. He could price the deal low and perhaps get a large share of the deal for the first time: "this is my moral dilemma. Do I want to undercut other reinsurers?" (fieldnote). Abiding by the norms of appropriate behavior vis-à-vis competitors, he decided that "the right thing to do" was to quote high rather than undercutting his competitors, despite this meaning he might not get a share of the deal.

Despite the relational opportunity to lift price there are always some competitors who act in a rivalrous manner. They position what they think will be a low quote to undercut their competitors and, hopefully, ensure themselves a larger share in Phase 2 of the micro-competition (Table 3, C). A less-expensive quote might help a reinsurer to secure the desired share at the expense of another competitor. We observed two underwriting managers discussing the rivalrous positioning practices of their colleague, who had just submitted a low quote: "He's an idiot for doing it – manipulating the price downwards. Why is he doing it? He's destroying the market [absence of market relationality]" (Underwriting Manager 1). "Because he has guaranteed his 20% share of the deal by doing so" (Underwriting Manager 2) (fieldnote). Such competitors prioritize their rivalrous market-share motivations on a micro-competition.

Finally, for each deal there are also non-competitors, who decline to quote (Table 3, D). These reinsurers are not interested in competing to shape the price: "some deals I say 'listen, we're not quoting this year'" (Interview). All such "non-competitors" indirectly influence the micro-competition. While neither relational nor rivalrous, not competing reduces the client's pricing options and indirectly indicates overall competitive interest in the deal.

As these examples illustrate, different competitors have different relational or rivalrous motivations informing how they compete on any micro-competition (see Table 4). During Phase 1 reinsurers are also competing for the eventual share of deals that they find attractive, which will be allocated in Phase 2. Based on such considerations, on any micro-competition different reinsurers can compete relationally, through a high quote that helps increase the price for everyone, compete in a rivalrous manner through a quote that might ensure their future share by undercutting their competitors, can compete via a mix of relational or rivalrous motivations, or, indeed, not compete at all.

Phase 2: Competing for share. Competing for a share of a deal is the sole focus once the market price is established (see Figure 1). As a manager explained: "we're all going to get the same price. The difference is how much we get out of that deal" (Interview). A reinsurer has to compete for a share as a client can decide to allocate a reinsurer no share or a smaller share of the deal than the reinsurer requested, instead giving that share to one of the reinsurer's competitors. There is therefore an inherently rivalrous element as a share to any particular reinsurer is, per force, a share that cannot go to their competitors.

Despite the overall rivalrous nature of competing during this phase we also found a new *client-motivated* relationality, in which a reinsurer might consider the needs of the client and the duration of their trading relationship. For example, a reinsurer could take a small share on a deal with an otherwise unacceptably low price in order to support a long-term client relationship; "we view first the client, the relationship, and not the relationship of today but the relationship of the past and the prospect of the future" (Interview; see also Table 4). Such relational motivations thus shift to focusing on the needs of other stakeholders, namely clients (see Table 3 and 4; Phase 2). Hence, despite the predominant rivalry, Phase 2 again shows different rivalrous and relational motivations by different competitors within any micro-competition, as we explain below (see Figure 4, Phase 2, for additional representative examples).

We found three different relational or rivalrous motivations reinsurers can enact through their competitive practices on any particular micro-competition (see Table 3; E-G). First, some competitors find the price of a deal acceptable and will compete in a rivalrous fashion to win a large or increased share (Table 3, E). We observed reinsurers leveraging their capital and positioning themselves to try and take share from competitors, as with this reinsurer pressuring a client for share: "It's a bit of a pain if we can't do better [in terms of our share]. Sign those greedy Competitor-A people down [give them less of a share], especially if they've been mucking you around" (fieldnote). This competitor has a primary market-share motivation; getting the desired share at the expense of a competitor. Losing a desired share to rivals is felt keenly. For example, one evening an underwriting manager received an email that he had been allocated a greatly reduced share on a deal. Groaning "We lost our share on DealX to EuropeRe [competitor]; Why why?" he collapsed at his desk, with his head in his hands.

Second, reinsurers might compete for a small or reduced share of a deal even when they do not find the price attractive (Table 3, F). We found that one key motivation for this was the *client relationship*. For example, we observed Stan explain to his boss that despite better-priced deals being on offer, he was taking a small share of a poorly-priced deal: "I won't go to zero but I'll write a very small line". His boss asked "why not go to zero if it is so crap?" Stan shrugs saying he wants to support this old client with whom they have a long-term business relationship: "I want to offer some continuity" (fieldnote). The reinsurer's relational motivation was focused on maintaining a long-term relationship with an existing client, despite considering the price of the deal unattractive. A secondary reason for taking a small share was grounded in the market health motivation we described earlier. Competitors build up different impressions of individual competitors. If the lead competitor on the deal, whose quote was selected as the price, is widely regarded as sensible in their pricing, as opposed to "stupid" (fieldnote) in undermining the health of the market, competitors will be willing to 'follow' that price with some of their own capital. This motivation can be based in a specific knowledge of individuals, or a more generally-informed impression of a competitor organization, built up over repeated social interactions in different market forums, and across many deals over years. Such knowledge informed Franz, an underwriter manager who we observed taking a share of a deal: "AgileRe [competitor], they're sound blokes: really bright and really careful. And you sort of think well yeah, they've done it…(shrugs)" (Interview). Reinsurers can thus enact a relational motivation towards taking a share on a lower-priced deal if they trust that the specific lead competitor is not acting in a way that undermines the health of the market.

Finally, yet other reinsurers, even if they quoted during Phase 1, may become non-competitors on a deal if they consider the market price unattractive (Table 3, G). For example, a manager explained that she would not be taking a share, despite this being a long-standing client: "we did draw a line in the sand with [DealA]…it just got to a tipping point where we said "no". There is a point where we just can't sell at that price and we had to walk away from it" (Interview). Such non-competition affects the micro-competition, as the initial shares offered by these firms who are now no longer competing can be allocated to other competitors. Hence, even not competing shapes the micro-competition.

Summary of variation on phases of micro-competitions. `We found one rivalrous and four relational motivations that vary across the two phases of any micro-competition. This variation is exacerbated across the corpus of micro-competitions, as competitors do not have a consistent motivation across the micro-competitions on which they compete or indeed on any one micro-competition. Rather they make different competitive moves on different micro-competitions. For example, one manager describes being motivated to compete relationally on some deals but not others: "For some clients you clearly have the walk away price and say 'that's it'. For others, you are more prepared through the overall partner relationship to support them" (Interview). Competitors are not relational or rivalrous per se but shift in their motivations across the phases of competing in any specific micro-competition and also between multiple micro-competitions.

Unfolding competitive dynamics

In this section, we illustrate the shifting nature of competing across the phases of a particular micro-competition (Figure 2, A), and across multiple micro-competitions. We show that such shifts are grounded in the interplay between the unfolding competitive arena (defined as the corpus of micro-competitions within the inter-organizational environment; Figure 2, B) and the firm-specific strategic portfolio of each competitor, which they implement by competing on different micro-competitions (Figure 2, C). This link between the unfolding competitive arena and the various individual firms' strategic portfolios is constituted within the way each competitor acts, through the environmental scanning and shaping, positioning and leveraging practices introduced above, upon the various micro-competitions.

[Insert Figure 2 about here]

Shifting relational and rivalrous competitive dynamics [Figure 2A]. The competitive practices of individual competitors can shift based on their evolving relational or rivalrous motivations on any micro-competition. We provide an indicative example in this illustration of a reinsurer's decreasing competitive interest in a particular micro-competition (DealA).

> <u>Deal A, Phase1 [early November]:</u> An underwriting manager, Bob, prepares his quote for DealA (European Wind), explaining: 'We like this deal. Where we struggle is all our competitors want a share, so the price is always lower than we'd like.' While Bob wants to push for better pricing through his quotes, he also wants to try to get a big share of this deal. We classify this reinsurer as having both relational and rivalrous motivations: competing to increase the price and wanting to get a bigger share than his competitors (Table 3, A).
>
> <u>Deal A, Phase2 [early-December]:</u> The price on DealA came in lower than Bob expected. Having failed to influence the price, he discusses the deal with his manager who advises the "relationship with this client is quite small, so don't feel like you are ruining a relationship by quitting" (no relational motivation). Bob had done well generally with this European wind part of his strategic portfolio, having won a share of a number of better priced deals through his actions on other micro-competitions. Hence, Bob informed his manager later: "We got off [DealA]" (fieldnote).

Here Bob shifts from his relational but also rivalrous motivation in Phase 1 (Table 3, A), to deciding that the client relationship is not strong enough to motivate him to compete at all in Phase 2 (Table 3, G). Such shifting competitive practices and their relational or rivalrous motivation characterize each micro-competition. Even as Bob's interest in competing for this deal decreased, other firms maintained or increased their share on the same deal. This underlines that specific firms are neither relational nor rivalrous in their competitive practices, but that their motivations frequently change, even within any particular micro-competition.

Unfolding competitive arena and strategic portfolio [2B-2C]. These shifts in competing can be explained through the interplay between two elements (see Table 5; Figure 2 B & C). The unfolding competitive arena, which comprises the corpus of micro-competitions in the market, and the unfolding implementation of firm-specific strategic portfolios, in particular, how much capital a reinsurer has left to devote to any particular micro-competition depending on what they have already allocated. For instance, in the example of Bob above, between Phase 1 and Phase 2 on DealA the competitive arena had evolved in a particular way: pricing on European Wind had increased across most deals. This meant he had already implemented his strategic portfolio by allocating his available capital on attractive European Wind deals. This in turn meant DealA became *less* important in relation to his strategic goals and explained the shift in competitive practices from competing (Table 3, A) to not-competing in Phase 2 (Table 3, G).

[Insert Table 5 about here]

First, we describe the competitive arena, which reinsurers seek to get information about and influence via their environmental *scanning and shaping* practices (see Table 1-2). Reinsurers' positioning and leveraging practices on any one micro-competition is relative to how competition is unfolding on the wider corpus of micro-competitions that constitute the competitive arena. For instance, as prices often increase following an event a reinsurer might hope prices in CountryA will go up by 300% following an earthquake in that region.[7] They act on that understanding by competing to influence the competitive arena, quoting high on micro-competitions from that region in an effort to push prices up. Reinsurers also continuously scan the environment for what others are saying about that region and how prices on such deals are unfolding (see Table 2). If their actions are less effective than hoped such scanning could provide feedback that prices seem to be increasing by only 50%. A reinsurer then has two choices (see Table 5). To further perpetuate the particular way the competitive arena is unfolding by positioning their own quotes lower on remaining deals from this region, so further shaping the competitive arena by consolidating the modest price rises. Or instead attempt to alter the unfolding competitive arena in their individual actions by declining to compete on such deals in CountryA. For example, we observed an underwriter manager, Sarah, resist a particular manifestation of the competitive arena by declining business where she had originally hoped for a share. She explains that a few months ago they wanted to increase their share on many deals and increase their overall market share in the particular region, as "we felt discussion would be about how much the price rise would be.' However, since then, "There are some very hungry people for share [competitors]. We are seeing flat pricing in the current results" [i.e. no price

[7] This generic example is based on our observations of competitive dynamics after the following natural disasters: Chile, Japanese and New Zealand earthquakes (2010-2011); Copenhagen, Queensland & Thailand floods (2011);

increases]. With these less attractive prices, Sarah is now considering not competing on certain deals where she had originally hoped to increase share. (Fieldnote). Such attempts to alter the competitive arena may or may not influence price increases, depending on whether enough competitors individually take such an action versus perpetuating the more modest rate increases. Each competitor's actions, while only one of many on each micro-competition, come together to construct broad pricing increases or decreases in the competitive arena through their *environmental scanning* of that arena and their various relational or rivalrous efforts at *shaping* it, *positioning* their firms and *leveraging* any advantage they have with clients on each micro-competition.

This relationship between specific actions of individual competitors and the wider competitive arena is therefore recursive. As actions on the various micro-competitions play out they shape how the competitive arena unfolds. The actions of individual competitors are also shaped as they reflect their environmental scanning of the competitive arena in their individually varied and shifting competitive practices and motivations towards the different phases of any micro-competition. For instance, in the example of Bob above, European wind deals had generally risen and he and other competitors had all priced high. This shaped both the competitive arena within the region as well as changed how he competed on a particular lower-priced micro-competition during Phase 2. A firm's competitive practices on specific micro-competitions can also change as their actions fail to influence the competitive arena as anticipated, as the competitive arena can only be influenced by the wider actions of multiple competitors. For instance, contrary to our example of Sarah above, a manager could perpetuate the unfolding competitive arena by instead adjusting her firm's actions on individual deals (see Table 5 for additional examples). The adjustment of the positioning practices on specific micro-competitions by an individual competitor reflects their environmental scanning of the competitive arena and also simultaneously shapes that arena by becoming part of its collective consolidation.

Second, firms implement their individual *strategic portfolio* in relation to this unfolding competitive arena. Reinsurers have firm-specific strategic portfolios with goals to gain different market shares of different types of deals in different regions, which they implement by competing for those deals they regard as most desirable. One firm might have a strategic portfolio aimed at competing mainly in North America while another might have a more global strategic portfolio. Firms resource this strategy by dedicating specific pots of capital and employees (time/expertise) to those parts of the market in which they are most interested. Reinsurers do not want to over-extend their resources beyond that strategic portfolio (i.e., deploy more capital than they have) or be left with unused resources, particularly capital, that is not making their firm money. Hence implementing the strategic portfolio also impacts the shifting competitive practices of reinsurers on any micro-competition.

Specifically, the more that a firm implements any part of their strategic portfolio, the less interested they are in competing for other deals in that market segment, so changing their competitive practices on such deals. This was shown in Bob's declining interest in DealA; he already had enough well-priced European Wind. It is also explained below:

> Reinsurers say "I've got this much money I'm willing to devote to Japanese windstorm" and if you suddenly find that they've got a couple of big deals […] they may find they've used up all their Japanese wind storm … and say 'Sorry guys, we can't do any more, we're closed (Interview).

By contrast, having spare resources for a particular market segment that has not yet been filled within their strategic portfolio can mean that a reinsurers' interest in a deal increases and they compete on micro-competitions they might otherwise decline. For example, a reinsurer might lose a share on one deal to a competitor and thus need to allocate it elsewhere. This was the case of Mike, an underwriting manager, who had declined to quote on DealC in Phase 1. However, during Phase 2, Mike took a share of the deal because: "I've got spare capacity [in his strategic portfolio] and my balls were getting a bit heavy, so I took it" (fieldnote). As Mike had failed to use his resources on other deals, his strategic portfolio was not yet implemented, which changed how he competed on a deal. As these examples show, the degree to which a reinsurer has implemented the firm-specific strategic portfolio influences their competitive practices within any micro-competition (see Figure 5 for additional examples).

In summary, the unfolding competitive arena and an individual firm's strategic portfolio indirectly shape each other. Indeed, as competitors scan the competitive arena they might also decide to re-shape their strategic portfolio based on shifts in that competitive arena. This is shown in this example of a firm with only a moderate strategic interest in Japanese business. Based on their *environmental scanning* practices vis-à-vis the unfolding competitive arena in Japan where rates were increasing, they adapted their strategic portfolio. They increased their allocation of capital, a move that required senior executive support for extra resources, specifically allocating "an additional $XX0 million for Japan" (Interview; Underwriter Manager 1):

> A lot of Japanese business before the quake had no profit margin. Now it's more than double [unfolding competitive arena]. As a result, we've gone from having very little Japanese business to…well I've just put down a $75 million share an hour ago and another $40 million on another deal 20 minutes ago [changed strategic portfolio]." (Interview; Underwriter Manager 2)

Thus, in their competitive practices on any micro-competition, each reinsurer seeks to shape and also respond to the unfolding competitive arena as they implement their own unfolding strategic portfolios. The collective effect of these actions on different micro-competitions is an increase or decrease in price on the corpus of deals within any particular part of the market, so shaping the competitive arena. This competitive arena in turn shapes each firm's strategic portfolio as firms decrease or increase their capacity in certain regions, such as Japan, in response to how the competitive arena is unfolding during any trading period. The competitive arena and strategic portfolio are entwined within the actions of competitors on the various micro-competitions.

DISCUSSION AND CONTRIBUTIONS

We draw these findings together into a conceptual framework (Figure 3). At the heart of our framework are the many specific micro-competitions, on each of which competitors display different relational, rivalrous or non-competitive dynamics (Figure 3-A). As the multiple iterations of the curved arrows show (Figure 3, i-iv), this is a dynamic process in which competitors' relational or rivalrous motivations or non-competing actions may shift as any particular micro-competition unfolds in relation to the unfolding competitive arena and the strategic portfolios of individual firms. These shifts arise from the interaction between each competitor's implementation of their individual strategic portfolio (Figure 3, B), whereby their (in)ability to gain advantage in one micro-competition might alter their interest in another. Hence, there is a recursive interaction between the practices of competitors in shaping specific unfolding micro-competitions as they seek to implement their strategic portfolios (Figure 3i) and, in turn, how these different micro-competitions unfold, shaping the ability of any firm to fulfil their strategic portfolios (Figure 3ii).

Our framework also illustrates a second recursive dynamic between specific unfolding micro-competitions and the competitive arena. Actors' competitive practices in responding to the unfolding outcomes of the different micro-competitions shape the wider competitive arena, either perpetuating or attempting to alter it (Figure 3iii). These multiple micro-competitions collectively comprise the unfolding competitive arena (Figure 3C), which as it unfolds also has an effect on how individual competitors interact within specific micro-competitions, through their competitive practices (Figure 3iv). As shown in our framework, these interactions over micro-competitions are at the heart of the recursive relationship between the ongoing implementation of each individual firm's strategic portfolio and the unfolding competitive arena. This recursive dynamic, in which competitors' varying relational and rivalrous motivations to and competitive practices on different micro-competitions shifts, is not the property of one competitor or one micro-competition but is a complex and dynamic process of multiple competitors acting on multiple different micro-competitions.

[INSERT FIGURE 3 ABOUT HERE]

Relational framework of competing. We develop the nascent concept of relational competition (Chen & Miller, 2015) by showing that it: i) is not devoid of rivalry even when explicit opportunities for relationality exist; ii) has multiple economic and social motivations; and iii) involves dynamically shifting competitive moves. This extends understanding of the relationships between competitors beyond those addressed in existing studies of rivalry (Chen, 1996; Kilduff et al., 2010; Nadkarni et al., 2016; Tsai et al. 2011) and of the competitive advantage accruing from relationships (e.g., Dyer & Singh, 1998; Ingram & Roberts, 2000).

First, our finding of a rivalrous market-share motivation unfolding alongside relational motivations, shows that even in contexts with an overarching rationale for relational competition, such as our syndicated market, all actors are not motivated to act relationally. Relational competing is, thus, never devoid of rivalry as each micro-competition is a complex milieu of varying inter-organizational actions from rivalrous to relational. We thus extend Chen & Miller's (2015) framework, by showing that actions are not just competitive or cooperative according to a rival's reactions to them, but also that individual competitor's actions are not rivalrous or relational *per se*. Instead individuals may act in a relational or rivalrous fashion and this varies in the moment-by-moment unfolding of their actions over many micro-competitions that do not directly react to any particular competitor. Each micro-competition constitutes potentially relational or rivalrous moments that unfold and change dynamically and in varied ways between competitors (Figure 1, as shown by the iterations of the recursive arrows in i). We thus extend existing notions of relational competing by showing that it unfolds as moment-by-moment shifts in relational and rivalrous motivations and actions within a series of rapidly unfolding micro-competitions.

Second, we develop the notion that relational actions may be grounded in social, ideological, and economic reasons (Chen & Miller, 2015; Dyer & Singh, 1998; Ingram and Roberts, 2000) into a multi-faceted framework of four different motivations to act relationally. In *pricing* motivations competitors have an economic rationale that it will be good for both them and their rivals to "lift all boats" (Chen & Miller, 2015, p.761); being motivated by a desire to do well for one's own firm, even if this also generates benefits for competitors (McGrath et al., 1998). *Market* motivations to price according to the perceived risk, rather than undercutting rivals to win business, also contain an economic element since a deteriorating market is not good for anyone (Boyer & Dupont-Courtae, 2013; Gugerli, 2013). However, they also include broader considerations about social obligation to the collective and long-term health of the market rather than individual advantage being the primary focus. *Normative* motivations are a deep-seated cultural and historical sense of what constitutes 'right' behaviour towards competitors (Dyer & Singh, 1998), sometimes referred to as 'gentlemans's agreements' (Bernstein & Zekoll, 1998). Here relational actions are taken to uphold certain norms of behaviour amongst competitors that others have found within friendship groups (e.g. Ingram & Roberts, 2000). Our findings go further in showing that such motivations may be deeply-socialized across an industry, beyond specific known 'friend' competitors, to tacitly sustaining relationally-oriented norms about how competitors should act towards even unknown 'others' within a globally distributed industry. *Client* motivations further extend theoretical understanding, by showing that relational motivations are not restricted to competitors but also consider wider stakeholders (Chen & Miller, 2015; Løwendahl & Revang, 1998); specifically long-term client relationships. These may be grounded in both a socialized norm of how to treat clients through the 'good' and the 'bad' times, and also engender longer-term economic advantage through customer loyalty (Bednarek, Burke, Jarzabkowski & Smets, 2016).

Such complex motivations provide deep insights into how relational competition may be grounded in deep-seated ideological and social understandings about how to act in relation to others, both competitors and clients, that may also sustain longer-term economic benefits (Chen & Miller, 2011). This expanded view of relational motivations provides a conceptual basis to consider the "other-centric" nature of relational competition (e.g. Wenger, 1998), and to study broader motivations, beyond those associated with immediate value capture (Chen & Miller, 2011; Ingram & Roberts, 2000), as competitive dynamics may consider a broad set of stakeholders including rivals, customers, or wider society (Chen & Miller, 2015). Our conceptual framework shows a complex entanglement of social and economic motivations to act relationally. These are not fixed either within a single micro-competition or to a specific competitor. Rather, they shift dynamically in ways that make the competitive practices of any competitor heterogeneous and difficult to predict_Future research might build on our findings to elicit additional relational motivations, examine how firms prioritize different relational or rivalrous motivations towards different stakeholders, and use these variations to explain the different choices made by similar competitors (see Freeman et al, 2010).

Reconceiving the basis of action and response. Our practice-based approach extends the fundamental concept in competitive dynamics of action and response (e.g. Chen et al, 1992; Rindova et al, 2010) to: i) encompass everyday strategy implementation; ii) that is part of indirect, not necessarily observable interactions and relationships; and iii) hence, may be studied within the micro-competitions at which different competitors' action-repertoires are directed. Through this we have developed a view of competitive interactions as more indirect and opaque than that illuminated by the existing competitive dynamics literature, with its focus on explicit and clearly observable competitive moves (e.g., Chen, 1996; Kilduff et al., 2010; Nadkarni et al., 2016; Tsai et al. 2011).

First, we show that the everyday practices of implementing a firm's strategic portfolio, which are not necessarily fully observable as explicit competitive moves, are the foundation of competing. The existing competitive dynamics literature has looked outside the firm for evidence of competitive actions, at externally observable attacks, responses, and counter-attacks between rivals, such as changes in product lines, market expansions, and mergers that competitors observe, usually as moves reported in newspapers, and to which they respond (e.g., Chen et al., 1992; Ferrier et al., 1999; Rindova et al., 2010). Our study shows that even when firms implement their existing strategy as part of their mundane everyday practices, they are competing (e.g. Ambrosini et al, 2007; Salvato, 2003). We therefore deepen understanding of competition as not simply rivalrous "moves" represented by externally observable changes or adjustments (Chen & MacMillan, 1992; Hambrick et al., 1996) but also as encompassing the everyday actions associated with strategy implementation such as the everyday pricing of deals in our case. Thus, rather than being able to directly observe the salient competitive moves, competitors in many contexts, such as in reinsurance, respond to more generalized and indirect *cues* about the competitive practices of their competitors. This suggests that much explanatory insight can be gained from shifting the unit of analysis through which to study competitive dynamics from explicit external moves (such as announcing an alliance) to internal everyday strategy implementation (such as conversing with colleagues about pricing a deal).

Second, we elaborate on competitive dynamics in the context of less directly observable actions that, hence, do not elicit specific responses from rivals. While specificity is fundamental to competitive dynamics, our strategy-as-practice approach deepens understanding about to *whom* and *what* a competitor responds beyond the existing dominant focus on "understanding what a firm does when it competes with *specific* rivals" (Chen & Miller, 2015; emphasis added). We show how competing involves responding to the collective and shifting result of the actions of those multiple competitors that make up a micro-competition, not all of whom are known or part of direct interactions. Our findings illustrate that a response is not necessarily linked to a specific action but rather to a myriad of unfolding actions, of which each competitor is only partially aware but that shape the collective competitive context to which they all respond (Feldman & Orlikowski, 2011; Whittington, 2006). In particular, each firm has its own action-repertoire (Ferrier, 2001; Rindova et al, 2010) of shifting rivalrous and relational moves on each micro-competition. However, these action-repertoires are not direct responses to specific rivals, whose action-repertoires may consist of less observable actions and be too variable both within any micro-competition and across micro-competitions to be discernible as patterns to others. Rather, different competitors' action-repertoires are simultaneously shaping and also responding to the way a specific micro-competition unfolds and also to the general unfolding of multiple micro-competitions within the competitive arena. We thus extend existing competitive dynamics research, which has largely focused on explicit attacks and responses by known rivals (e.g., Baum & Korn, 1999; Hsieh et al., 2014; Kilduff et al., 2016; 2010), to incorporate the practice-based concept of acting on and responding to a broader competitive context being constructed by the wider set of competitors, including those not known or directly observed.

Third, our concept of micro-competition extends understanding about how the indirect and at best partially observed action-repertoires of different competitors are brought together for the purposes of competing. The shifting relational and rivalrous dynamics of competitors on any micro-competition are their individual action-repertoires (e.g., Chen & Miller, 2012; Rindova et al., 2010). Our framework illustrates how these action-repertoires are directed at specific micro-competitions, which are constructed at the nexus of multiple different firms' action-repertoires. Building from our practice-based theoretical framing of how actors interact indirectly through their knowledgeable practices to construct their wider social context (Jarzabkowski et al., 2015; Nicolini, 2013), we propose that these micro-competitions are part of the inter-organizational competitive arena constructed by competitors in their indirect and not necessarily fully observed action-repertoires. Furthermore, as a micro-competition is shaped by the full set of action-repertoires of potential competitors, our framework also encompasses 'not competing' as a competitive move (see Figure 3). Our findings show that the choice not to compete at particular moments in a micro-competition also constitutes part of a firm's action-repertoire and shapes the wider unfolding of that micro-competition.

In summary, previous competitive dynamics theorizing, with its focus on explicit, observable actions between specific rivals, has not been able to account for actions that are indirect and less explicitly observable as competitive moves, for non-competition as an action, or for the interplay between competitors who do not know each other or who are not directly interacting rivals. We address this gap by showing that, rather than only interacting directly through explicit and observable actions, competitors may direct their rivalrous, relational or non-competitive actions at specific micro-competitions rather than specific competitors. This complex myriad of actions over micro-competitions comprises the common practical understandings through which competitors who do not know each other, and do not interact directly, are able to coordinate action, relationally, with competitors and across an industry (Chia & Holt, 2006; Jarzabkowski et al, 2015; Nicolini, 2013; Schatzki, 2002). Our concept of micro-competition provides grounds for future research into micro-competitions in other industries, such as an airline route or specific product category, including how less externally observable elements of competitors' action-repertoires, including not competing, play out in shaping and responding to the dynamics of these unfolding micro-competitions.

Elaborating on the Awareness, Motivation, Capabilities (AMC) Framework. We contribute to the competitive dynamics literature by elaborating on the awareness and motivation elements of the AMC framework. This foundational framework outlines that individual competitors must be *aware* of the actions of rivals, *motivated* to act upon them, and have the *capability* to do so (e.g., Chen, 1996; Chen & Miller, 2012; Livengood & Reger, 2010; Yu & Cannella, 2007). First, our finding that everyday strategizing practices are part of competing extends the existing concept of awareness in competitive dynamics. Our review of practice theory suggests that all action is based on awareness of, and is oriented towards, others (Lave & Wenger, 1991; Wenger, 1998) including those unknown others with whom there is no direct interaction and yet who also shape the collective context (Giddens, 1984; Schatzki, 2002). This expanded concept of awareness broadens the potential set of parties of which any actor is aware to include those not known, not competing, or even to other stakeholders, such as clients. We have shown that firms act in any moment based on their general awareness of the unfolding micro-competition and how this relates to the unfolding wider competitive arena rather than direct awareness of the specific actions of a rival to which they respond. Our practice theory approach, thus, extends understanding through emphasising that awareness includes not only the direct and observable actions of rivals but also general awareness of possible actions by those who are not specifically known or who are not competing. Our study thus goes beyond geographical proximity and repeated social relationships (e.g., Dyer & Singh, 1998; Ingram & Roberts, 2000) and allows us to conceptualize awareness as a broader industry concept.

Second, as our finding of four different motivations for relational action and their entanglement with rivalrous motivations showed, there is a complex range of incentives, stakeholders and cultural factors at play in the motivation to act relationally (Chen & Miller, 2015). We illustrated how these relational motivations may generate normative motivations to act relationally even where such actions might not hold immediate economic advantage for a particular firm. Furthermore, our study shows how particular motivations might be focused on the potential future actions of a firm, so incorporating longer-term concepts of action that are particularly germane to relational competition (Chen & Miller, 2011; 2012; 2015). For instance, normative motivations to avoid price-cutting or poaching long-term clients can be oriented towards sustaining longer-term reciprocal obligations for fair play amongst competitors (Ingram & Roberts, 2000). Our paper has thus expanded the range of interrelated economic and social motivations to act relationally, whilst also showing that these motivations are highly dynamic, shifting within and across micro-competitions and competitors.

Our study provides grounds to further expand upon the capability aspect of the AMC framework (Chen, Kuo-Hsien, & Tsai, 2007). While beyond the scope of our paper, we suggest that the capability to maintain awareness of a range of potentially relevant parties and shift relational motivations towards these different parties according to a firms' changing priorities might be a critical capability (Dyer & Singh, 1998). We hope that future research will build from our empirical findings and conceptual resources to further develop the AMC framework.

Strategy-as-practice. Our study makes three inter-linked contributions to the strategy-as-practice literature: i) extending strategy implementation to incorporate competition; ii) analyzing inter-organizational strategizing; and iii) framing the recursive, dynamic process through which everyday practices inside firms shape and are shaped by the wider competitive arena.

First, we show that the everyday practices of implementing a firm's strategic portfolio are explicitly competitive. While competition is central to the very notion of strategy (Porter, 1985), strategy-as-practice has neglected its study. Although many studies have examined strategizing practices that are a response to changes in the competitive environment, such as sensemaking about strategic change (e.g. Balogun & Johnson, 2004; Rouleau, 2005; Spee & Jarzabkowski, 2017), or changing strategy discourses (e.g. Mirabeau & Maguire, 2014; Paroutis & Heracleous, 2013), they have neglected to engage with these practices as explicitly *competitive*. Our insight that everyday practices involved in implementing a firm's strategic portfolio are also part of their externally-focused competitive moves thus provides an important theoretical extension to the strategy-as-practice literature: strategy is not implemented within a vacuum, but rather to enhance a firm's competitive position. This reconceptualization provides grounds for future research to examine how strategy implementation practices, including those discursive, sensemaking, and material practices already studied in strategy-as-practice (see Balogun et al, 2014) both respond to and create changes in the competitive environment in ways that are intended to enhance a firm's position. Including competition as both a fundamental driver and consequence of such strategizing practices is an important shift in the conceptualization of strategy implementation within the strategy-as-practice literature.

Second, our concept of micro-competition provides the conceptual apparatus for strategy-as-practice scholars to study the important but neglected topic of inter-organizational strategizing (Seidl & Whittington, 2014; Vaara & Whittington, 2012). The concept of micro-competition provides a specific point of inter-organizational connection around which the internal strategy practices of different firms are focused and at which actors direct their competitive practices. While the micro-competition was a financial deal in our study, it could be other specific points of inter-organizational competition in other contexts, such as particular airline routes (e.g. Vaara et al, 2004), products (e.g. Salvato, 2003) or service offerings (e.g. Ambrosini et al, 2007), within which the strategizing practices of different firms connect. While these few strategy-as-practice studies have attempted to address how competitive advantage or competitive context are constructed within organizational practices, they have had limited resources for studying externally-directed strategizing practices across a corpus of organizations: their inter-organizational strategizing. Our framework helps to define the parameters of inter-organizational strategizing. As we show, different micro-competitions are interconnected in the competitive practices of individual firms as they implement their strategic portfolio (see Figure 3, A, B). Inter-organizational strategizing thus comprises each specific micro-competition and also the interaction between these micro-competitions, as they are constructed within the practices of a shifting set of strategic actors, each with different motivations to compete according to their particular strategic portfolio. The micro-competition is thus an empirically identifiable point of interconnection between the practices of different firms, enabling strategy-as-practice scholars to study inter-organizational strategizing.

Third, our study provides the conceptual scaffolding to examine the *recursive and dynamic processes of social construction* at the heart of strategy-as-practice theorizing (e.g. Jarzabkowski, 2004; Whittington, 2006 (see esp. Figure 1); 2007; Seidl & Whittington, 2014). A core tenet of strategy-as-practice is that the strategic actions of individuals both shape and are shaped by the wider social order of, for example, institutions (Smets et al, 2015) and industries (Vaara et al., 2004). Scholars have thus studied how discourses inside firms shape and are shaped by wider strategy discourses (e.g. Mirabeau & Maguire, 2014; Paroutis & Heracelous, 2013; Vaara et al, 2004) or analysed the success of different strategizing practices in relation to the relative institutionalization of the strategic context (Jarzabkowski, 2008). Such research has, however, struggled to show correspondence between the actual practices of actors across multiple organizations and the broader competitive domain. In particular, existing empirical studies treat the wider environment in an abstracted and largely reified way as a particular entity (Feldman & Orlikowski, 2011), such as a discourse or institution (e.g., Paroutis & Heracelous, 2013; Vaara et al., 2004) whilst focusing analysis on the dynamic practices inside a firm (e.g., Jarzabkowski, 2008). Our study, by contrast, illustrates the complexity of these recursive dynamics, as the shifting moment-by-moment actions of actors in multiple individual firms both shape and are shaped by the unfolding of specific micro-competitions (Figure 3, i, ii) and also links these shifting actions across multiple micro-competitions to the way that individual actors perpetuate or attempt to alter the competitive arena (Figure 3, iii, iv). Our concept of micro-competition thus links these layers of dynamism from individual actions taken in firms to the wider competitive arena. This competitive arena is itself is under continuous (re)construction within actor's efforts to perpetuate or alter it, so moving beyond existing treatments of it as an entity that exists "out there" separate from the actions within which it is constructed (Feldman & Orlikowski, 2011). Further, we emphasize the complexity of this process as there is no easy correspondence between any individual firm's actions and the unfolding competitive arena. Rather, it unfolds through the actions of multiple actors in many different firms. Other scholars may build on our framework to further explore this critical recursive dynamic in strategy-as-practice (Seidl & Whittington, 2014), particularly the conceptual element of our model regarding the specifics of how multiple micro-competitions come together to form particular manifestations of the competitive arena.

CONCLUSION

This paper has developed a practice-theoretical conceptual framework for understanding competitive dynamics as they unfold within a relational industry context. In doing so, we have addressed important gaps in both the competitive dynamics and strategy-as-practice literatures, responding to calls to expand understanding of competitive dynamics beyond rivalry (Chen & Miller, 2015) and understanding of strategy practices beyond the intra-organizational level (Vaara & Whittington, 2012). Our study was conducted within the context of a syndicated market, where competitors takes shares in a product at the same price (Bretz, 2014). Explicit rivalry, at least on price (Sonenshein et al., 2017), is less relevant in these contexts as all competitors stand to gain from establishing the highest price possible. Further study of syndicated markets will be insightful for the strategy literature and for competitive dynamics particularly. Despite forms of syndication underpinning not only reinsurance but also the fiercely competitive (Corbett, 2008) syndicated loans market (Hallak & Schure, 2011), venture capital investments (Lerner, 1994), and initial public offerings (Corwin & Schultz, 2005) such contexts have rarely been studied by organizational scholars. While our study is grounded in the reinsurance industry our findings are likely to be relevant to other syndicated markets.

The explicit focus on relationality in this paper can also further understanding of relational competition in other contexts where a few competitors in a market set prices, such as energy markets (Joskow, 1996) and other essential infrastructure sectors. Our expanded view of relationality can also provide fresh insights into the dynamics that replace rivalry in contexts where a small pool of competitors, who meet across multiple market contexts, seek to avoid head-to-head competition (Baum & Korn, 1999; Tieying, Subramaniam, & Cannella, 2009). Such mutual forbearance minimizes the price-reducing effects of competition, enabling all players to capture higher returns (Baum & Greve, 2001; McGrath et al., 1998), and may also display some elements of the simultaneously rivalrous and relational activity that we found. In addition, it might enable us to study relational competitive dynamics more generally, such as those at play in relationships between competitors striving for individual advantage even as they jointly try to establish the legitimacy of an emerging market (Aldrich & Fiol, 1994), or how common industry standards of mutual benefit are established through interactions between rivals who also have individual competitive interests (Garud et al., 2002; King et al., 2005).

Our practice-based approach to competitive actions that are not observed directly by specific rivals may also provide useful insights into competitive dynamics in those many contexts where competitor's strategic moves cannot be directly observed. For example, competing through blind auctions or when professional service firms (e.g., architectural firms) are tendering to win a piece of business. While the inability to observe competitors' actions might undermine relational dynamics, for example eroding mutual forbearance (Greve, 2008), our practice-based concept of awareness of even those competitors not directly known, might also help to explain why competitors avoid head-to-head rivalry in other contexts (e.g., McGrath et al., 1998). We have much still to learn about the practice-based dynamics of relational competition in a range of contexts. We hope that our framework, and its implications for the mutual constitution of both firm actions and the wider competitive arena, will provide a valuable micro-foundation for studying competitive dynamics specifically and inter-organizational strategizing more broadly. Future research might use our conceptual framework to further flesh out the link between particular constellations of micro-competitions and particular competitive arenas in a wide array of settings that could inform future competitive dynamics and strategy-as-practice scholarship.

REFERENCES

Aldrich, H. & Fiol, C. 1994. Fools rush in? The institutional context of industry creation. *Academy of Management Review,* **19**(4): 645-670.

Ahuja, G. 2000. Collaboration networks, structural holes, and innovation: A longitudinal study. *Administrative Science Quarterly*, **45**(3): 425-455.

Ambrosini, V., Bowman, C., & Burton-Taylor, S. 2007. Inter-team coordination activities as a source of customer satisfaction. *Human Relations,* **60**(1): 59-98.

Ayling, D. 1984. *Underwriting decisions under uncertainty: the catastrophe market.* London: Gower Pub Co.

Baker, D. 1996. The effect of evidence of industry custom and practice and the parties' course of dealing on the " follow the fortunes" in reinsurance contracts. *Tort & Insurance Law Journal*: 947-956.

Baum, J., & Greve, H. 2001. Multiunit organizations and multiunit strategy. *Advances in Strategic Management,* **18:** 1-28

Baum, J.A., & Korn, H.J. 1996. Competitive dynamics of interfirm rivalry. *AMJ,* **39**: 255-291.

Baum, J.A., & Korn, H.J. 1999. Dynamics of dyadic competitive interaction. *Strategic Management Journal,* **20**: 251–278.

Bednarek, R., Burke, G., Jarzabkowski, P., & Smets, M. 2016. Dynamic Client Portfolios as Sources of Ambidexterity: Exploration and Exploitation Within and Across Client Relationships. Long Range Planning, 49(3), 324-341.

Bernstein, H., & Zekoll, J. 1998. Gentleman's Agreement in Legal Theory and in Modern Practice: United States, The. *Am. J. Comp. L. Supp.,* **46***:* 87.

Borscheid, P., Gugerli, D., & Straumann, T. 2013. *The Value of Risk: Swiss Re and the History of Reinsurance.* Oxford: Oxford University Press.

Boyd, J.L., & Bresser, R. 2008. Performance implications of delayed competitive responses: Evidence from the U.S. retail industry. *Strategic Management Journal,* **29**: 1077-1096.

Boyer, M., & Dupont-Courtade, T. 2013. The Market for Reinsurance. *CIRANO-Scientific Publications.*

Brandenburger, A., & Stuart, H. 2007. Biform games. *Management Science,* **53**(4): 537-549.

Bretz, O. 2015. Competition law and syndicated loans: identifying the regulatory risks. *Comp Law*. 231-36. Burt, R. S. 1992. Structural holes: The social structure of competition. Cambridge: Harvard University Press.

Chen, M.-J. 1996. Competitor analysis and interfirm rivalry: Toward a theoretical integration. *Academy of Management Review,* **21**(1): 100-134.

Chen, M.-J., Kuo-Hsien, S., & Tsai, W. 2007. Competitive tension: The awareness-motivation-capability perspective. *Academy of Management Journal,* **50**(1): 101-118.

Chen, M.-J., Lin, H.-C., & Michel, J.G. 2010. Navigating in a hypercompetitive environment: the roles of action aggressiveness and TMT integration. *Strategic Management Journal,* **31**(13): 1410-1430.

Chen, M.-J., & MacMillan, I. 1992. Nonresponse and delayed response to competitive moves: The roles of competitor dependence and action irreversibility. *Academy of Management Journal,* **35**(3): 539-570.

Chen, M.-J., & Miller, D. 1994. Competitive attack, retaliation and performance: An expectancy-valence framework. *Strategic Management Journal,* **15**(2): 85-102.

Chen, M.-J., & Miller, D. 2011. The relational perspective as a business mindset: Managerial implications for East and West. *The Academy of Management Perspectives*, **25(**3): 6-18.

Chen, M.-J., & Miller, D. 2012. Competitive dynamics: Themes, trends, and a prospective research platform. *The Academy of Management Annals,* **6**(1): 135-210.

Chen, M.-J., & Miller, D. 2015. Reconceptualizing competitive dynamics: A multidimensional framework. *Strategic Management Journal,* **36**(5): 758-775.

Chen, M. J., & Hambrick, D. C. 1995. Speed, stealth, and selective attack: How small firms differ from large firms in competitive behavior. *Academy of Management Journal,* **38**: 453-482.

Chia, R., & Holt, R. 2006. Strategy as practical coping: A Heideggerian perspective. *Organization Studies,* **27**(5): 635-655.

Corbett, C. 2008. Competition for Syndicated Loans. *The Banker.* 3rd November.

Corwin, S., & Schultz, P. 2005. The role of IPO underwriting syndicates: Pricing, information production, and underwriter competition. *The Journal of Finance,* **60**(1): 443-486.

Derfus, P.J., Maggitti, P., Grimm, C.M., & Smith, K.G. 2008. The red queen effect: Competitive actions and firm performance. *Academy of Management Journal,* **51**: 61-80.

Doherty, N., & Smetters, K. 2005. Moral hazard in reinsurance markets. *Journal of Risk & Insurance,* **72**: 375-91.
Dyer, J.H., & Singh, H. 1998. The relational view: Cooperative strategy and sources of interorganizational competitive advantage. *Academy of Management Review,* **23**(4): 660-679.
Dyer, J.H., & Chu, W. 2003. The role of trustworthiness in reducing transaction costs and improving performance: Empirical evidence from the United States, Japan, and Korea. *Organization Science*, **14**(1): 57-68.
Dyer, J.H., & Nobeoka, K. 2000. Creating and managing a high-performance knowledge-sharing network: the Toyota case. *Strategic Management Journal*, **21**(3): 345-367.
Ernst & Young. 2013. Study on co(re)insurance pools and on ad-hoc co(re)insurance agreements on the subscription market. Luxembourg: European Commission.
Feldman, M. & Orlikowski, W. 2011. Theorizing practice and practicing theory. *Organization Science,* **22**(5): 1240-53.
Ferrier, W.J. 2001. Navigating the competitive landscape: The drivers and consequences of competitive aggressiveness. *Academy of Management Journal,* **44**(4): 858-877.
Ferrier, W.J., Smith, K.G., & Grimm, C.M. 1999. The role of competitive action in market share erosion and industry dethronement: A study of industry leaders and challengers. *Academy of Management Journal,* **42**: 372–388.
Freeman, R.., Harrison, J., Wicks, A., Parmar, B., & De Colle, S. 2010. *Stakeholder theory: The state of the art.* Cambridge: Cambridge University Press.
Garud, R., Jain, S., & Kumaraswamy, A. 2002. Institutional entrepreneurship in the sponsorship of common technological standards: The case of Sun Microsystems and Java. *Academy of Management Journal,* **45**(1): 196-214.
Giddens, A. 1984. *The constitution of society: outline of the theory of structuration*. Cambridge: Polity.
Gimeno, J. 2004. Competition within and between networks: The contingent effect of competitive embeddedness on alliance formation. *Academy of Management Journal*, **47**(6), 820-842.
Gioia, D., Corley, K.G., & Hamilton, A.L. 2013. Seeking qualitative rigor in inductive research: Notes on the Gioia methodology. *Organizational Research Methods,* **16**(1): 15-31.
Granovetter, M. (1985). Economic action and social structure: The problem of embeddedness. *American Journal of Sociology*, **91**(3): 481-510.
Greve, H.R. 2008. A behavioral theory of firm growth: Sequential attention to size and performance goals. *Academy of Management Journal,* **51**(3): 476-494.
Gugerli, D. 2013. Cooperation and competition. Organization and risks in the reinsurance business 1860-2010. In *The Value of Risk: Swiss Re and the History of Reinsurance*, Borscheid, P., Gugerli, D., & Straumann, T. (eds). Oxford: Oxford University Press: 145-233.
Hallak, I., & Schure, P. 2011. Why larger lenders obtain higher returns: evidence from sovereign syndicated loans. *Financial Management,* **40**(2): 427-453.
Hambrick, D.C., Cho, T., & Chen, M.-J. 1996. The influence of top management team heterogeneity on firms' competitive moves. *Administrative Science Quarterly,* **41**: 659–684.
Hsieh, K.-Y., Tsai, W., & Chen, M.-J. 2014. If they can do it, why not us? Competitors as reference points for justifying escalation of commitment. *Academy of Management Journal,* **58**(1): 38-58.
Ingram, P., & Roberts, P.W. 2000. Friendships among Competitors in the Sydney Hotel Industry. *American Journal of Sociology*, **106**(2): 387-423.
Inkpen, A., & Currall, S.C. 2004. The coevolution of trust, control, and learning in joint ventures. *Organization Science*, **15**(5): 586-599.
Jarzabkowski, P. 2004. Strategy as practice: Recursive, adaptive and practices-in-use. *Organization Studies,* **25**(4): 529-560.
Jarzabkowski, P., Balogun, J., & Seidl, D. 2007. Strategizing: The challenges of a practice perspective. *Human Relations,* **60**(1), 5-27.
Jarzabkowski, P., Bednarek, R., & Cabantous, L. 2015. Conducting global team-based ethnography: Methodological challenges and practical methods. Human Relations, **68**(1), 3-33.
Jarzabkowski, P., Bednarek, R. & Spee, P. 2015. *Making a Market for Acts of God: The Practice of Risk Trading in the Reinsurance Industry.* Oxford, UK: Oxford University Press.
Jarzabkowski, P., & Kaplan, S. 2015. Strategy tools-in-use: A framework for understanding "technologies of rationality" in practice. *Strategic Management Journal*, 36(4), 537-558.

Jarzabkowski, P., & Seidl, D. 2008. The role of meetings in the social practice of strategy. *Organization Studies,* **29**(11): 1391-1426.
Jarzabkowski, P., & Spee, P. 2009. Strategy- as- practice: A review and future directions for the field. *International Journal of Management Reviews,* **11**(1): 69-95.
Johnson, G., Langley, A., Melin, L., & Whittington, R. 2007. *Strategy as practice: Research directions and Resources*. Cambridge: Cambridge University Press.
Johnson, G., Prashantham, S., Floyd, S. W., & Bourque, N. 2010. The ritualization of strategy workshops. *Organization Studies*, **31**(12): 1589-1618.
Joskow, P. 1996. Introducing competition into regulated network industries: from hierarchies to markets in electricity. *Industrial and Corporate Change,* **5**(2): 341-382.
Kaplan, S. 2011. Strategy and PowerPoint: An inquiry into the epistemic culture and machinery of strategy making. *Organization Science,* **22**(2): 320-346.
Kilduff, G., Galinksy, A., Gallo, E., & Reade, J. 2016. Whatever it takes to win: Rivalry increases unethical behavior. *Academy of Management Journal.* **59**(5): 1508-1534
Kilduff, G.J., Elfenbein, H.A., & Staw, B.M. 2010. The psychology of rivalry: A relationally dependent analysis of competition. *Academy of Management Journal,* **53**(5): 943-969.
King, A., Lenox, M., & Terlaak, A. 2005. The strategic use of decentralized institutions: Exploring certification with the ISO 14001 management standard. *AMJ,* **48**(6): 1091-1106.
Knights, D., & Morgan, G. 1991. Corporate Strategy, Organizations, and Subjectivity: A Critique. *Organization Studies (Walter de Gruyter GmbH & Co. KG.),* **12**(2): 251-273.
Knorr Cetina, K. 1999. *Epistemic cultures*. Cambridge, MA: Harvard University Press.
Kotabe, M., Martin, X., & Domoto, H. 2003. Gaining from vertical partnerships: knowledge transfer, relationship duration, and supplier performance improvement in the US and Japanese automotive industries. *Strategic Management Journal*, **24**(4): 293-316
Kopf, E. 1929. Origin and Development of Reinsurance. *Proceedings of the Actuarial Society,* **16**, 22-91.
Lamberg, J.A., Tikkanen, H., Nokelainen, T., & Suur- Inkeroinen, H. 2009. Competitive dynamics, strategic consistency, and organizational survival. *Strategic Management Journal,* **30**(1): 45-60.
Langley, A. 1999. Strategies for theorizing form process data. *AMR,* **24**(4): 691-710.
Lave, J., & Wenger, E. 1991. *Situated learning: Legitimate peripheral participation*: Cambridge University Press.
Lerner, J. 1994. The syndication of venture capital investments. *Financial Management*, **23**(3): 16-27.
Lincoln, Y.S., & Guba, E.G. 1985. But is it rigorous? Trustworthiness and authenticity in naturalistic evaluation. In D.D. Williams (Ed.), *Naturalistic evaluation*. San Francisco: Jossey-Bass.
Liu, F., & Maitlis, S. 2014. Emotional dynamics and strategizing processes: a study of strategic conversations in top team meetings. *Journal of Management Studies,* **51**(2): 202-234.
Livengood, R.S., & Reger, R.K. 2010. That's our turf! Identity domains and competitive dynamics. *Academy of Management Review,* **35**(1): 48-66.
Løwendahl, B., & Revang, Ø. 1998. Challenges to existing strategy theory in a postindustrial society. *Strategic Management Journal*, **19**(8): 755-773.
Mango, D. 2007. *Reinsurance Market microstructure*. Paper presented at the ASTIN Colloquia, Florida, USA.
Mantere, S., & Vaara, E. 2008. On the problem of participation in strategy: A critical discursive perspective. *Organization Science,* **19**(2): 341-358.
Marcel, J.J., Barr, P.S., & Duhaime, I.M. 2011. The influence of executive cognition on competitive dynamics. *Strategic Management Journal,* **32**(2): 115-138.
Marcus, G.E. 1995. Ethnography in/of the world system: the emergence of multi-sited ethnography. *Annual Review of Anthropology*. **24:** 95-117.
McGrath, R.G., Chen, M.-J., & MacMillan, I.C. 1998. Multimarket maneuvering in uncertain spheres of influence: Resource diversion strategies. *Academy of Management Review,* **23**(4): 724-740.
Miles, M., & Huberman, A. 1994. *Qualitative data analysis : an expanded sourcebook* (2nd ed.). CA: Sage.
Miller, D., & Chen, M.-J. (1994). Source and consequences of competitive inertia: A study of the U.S. airline industry. *Administrative Science Quarterly,* **39**: 1-23.
Mirabeau, L., & Maguire, S. 2014. From autonomous strategic behavior to emergent strategy. *Strategic Management Journal,* **35**(8): 1202-1229.
Nadkarni, S., Chen, T., & Chen, J. 2016. The clock is ticking! Executive temporal depth, industry velocity, and competitive aggressiveness. *Strategic Management Journal,* **37**(6): 1132-1153.
Nicolini, D. 2009. Zooming in and out: Studying practices by switching theoretical lenses and trailing connections. *Organization Studies,* **30**(12): 1391-1418.

Paroutis, S., & Heracleous, L. 2013. Discourse revisited: Dimensions and employment of first- order strategy discourse during institutional adoption. *Strategic Management Journal,* **34**(8): 935-956.
Porter, M.E. 1985. *Competitive advantage: Creating and sustaining superior performance.* New York: Free Press.
Rindova, V., Ferrier, W. & Wiltbank, R. 2010. Value from gestalt: how sequences of competitive actions create advantage for firms in nascent markets. *Strategic Management Journal,* **31**(13): 1474-1497.
Ring, P.S., & Van de Ven, A. 1994. Developmental processes of cooperative interorganizational relationships. *Academy of Management Review,* **19**(1): 90-118.
Rouleau, L. 2005. Micro-practices of strategic sensemaking and sensegiving: How middle managers interpret and sell change every day. *Journal of Management Studies,* **42**(7): 1413-1441.
Rouleau, L., & Balogun, J. 2011. Middle Managers, Strategic Sensemaking and Discursive Competence. *Journal of Management Studies,* **48**(5): 953-983.
Salvato, C. 2003. The Role of Micro- Strategies in the Engineering of Firm Evolution. *Journal of Management Studies, 40*(1): 83-108.
Schatzki, T. 2002. *The site of the social: A philosophical account of the constitution of social life and change.* Pennsylvania, PA: Penn State University Press.
Schatzki, T., Knorr-Cetina, K., & Savigny, E. 2001. *The Practice Turn in Contemporary Theory.* London: Routledge.
Seidl, D., & Whittington, R. 2014. Enlarging the Strategy-as-Practice Research Agenda: Towards Taller and Flatter Ontologies. *Organization Studies,* **35**(10): 1407-1421.
Sirmon, D.G., Hitt, M.A., & Ireland, R.D. 2007. Managing firm resources in dynamic environments to create value: Looking inside the black box. *Academy of Management Review,* **32**(1): 273-292.
Smets, M., Jarzabkowski, P., Spee, A.P., & Burke, G. 2015. Reinsurance trading in Lloyd's of London: Balancing conflicting-yet-complementary logics in practice. *AMJ,* **58**(3): 932-970.
Smets, M., Morris, T., & Greenwood, R. 2012. From practice to field: A multi-level model of practice-driven institutional change. *Academy of Management Journal,* **55**(4): 877-904.
Sonenshein, S., Nault, K., & Obodaru, O. 2017. Competition of a Different Flavor: How a Strategic Group Identity Shapes Competition and Cooperation. *Administrative Science Quarterly*, online before pring: 0001839217704849.
Spee, A.P., & Jarzabkowski, P. 2011. Strategic planning as communicative process. *Organization Studies,* **32**(9): 1217-1245.
Stigler, G.J. 1964. A theory of oligopoly. *Journal of Political Economy*, **72**(1): 44-61.
Suddaby, R., Seidl, D., & Lê, J. 2013. Strategy-as-practice meets neo-institutional theory. *Strategic Organization,* **11**(3): 329-344.
Thomson Reuters. 2015. Global Syndicated Loans Review. New York: Thomson Reuters.
Tieying, Y., Subramaniam, M., & Cannella, A. 2009. Rivalry deterrence in international markets: Contingencies governing the mutual forbearance hypothesis. *AMJ,* **52**(1): 127-47.
Tsai, W., Su, K.-H., & Chen, M.-J. 2011. Seeing through the eyes of a rival: Competitor acumen based on rival-centric perceptions. *Academy of Management Journal,* **54**(4): 761-778.
Vaara, E., Kleymann, B., & Seristö, H. 2004. Strategies as discursive constructions: The case of airline alliances. *Journal of Management Studies,* **41**(1): 1-35.
Vaara, E., & Whittington, R. 2012. Strategy-as-practice: taking social practices seriously. *The Academy of Management Annals,* **6**(1): 285-336.
Weick, K. 1989. Theory construction as disciplined imagination. *AMR* **14**(4): 516-531.
Wenger, E. 1998. *Communities of Practice: Learning, Meaning and Identity.* Cambridge: Cambridge University Press.
Whittington, R. 2006. Completing the practice turn in strategy research. *Organization Studies,* **27**(5): 613-34.
Whittington, R., Molloy, E., Mayer, M., & Smith, A. (2006). Practices of Strategising/Organising: Broadening Strategy Work and Skills. *Long Range Planning,* **39**(6): 615-629.
Wolcott, H. 1994. *Transforming qualitative data: Description, analysis and interpretation.* CA: Sage Publications.
Yin, R.K. 2009. *Case study research: Design and methods* (4th ed.). Thousand Oakes: Sage.
Yu, T., & Cannella, A.A. 2007. Rivalry between multinational enterprises: An event history approach. *Academy of Management Journal,* **50**(3): 665-686.
Zollo, M., Reuer, J.J., & Singh, H. 2002. Interorganizational routines and performance in strategic alliances. *Organization Science*, **13**(6): 701-713.

Figure 1. Quoting and allocating capital on reinsurance deals

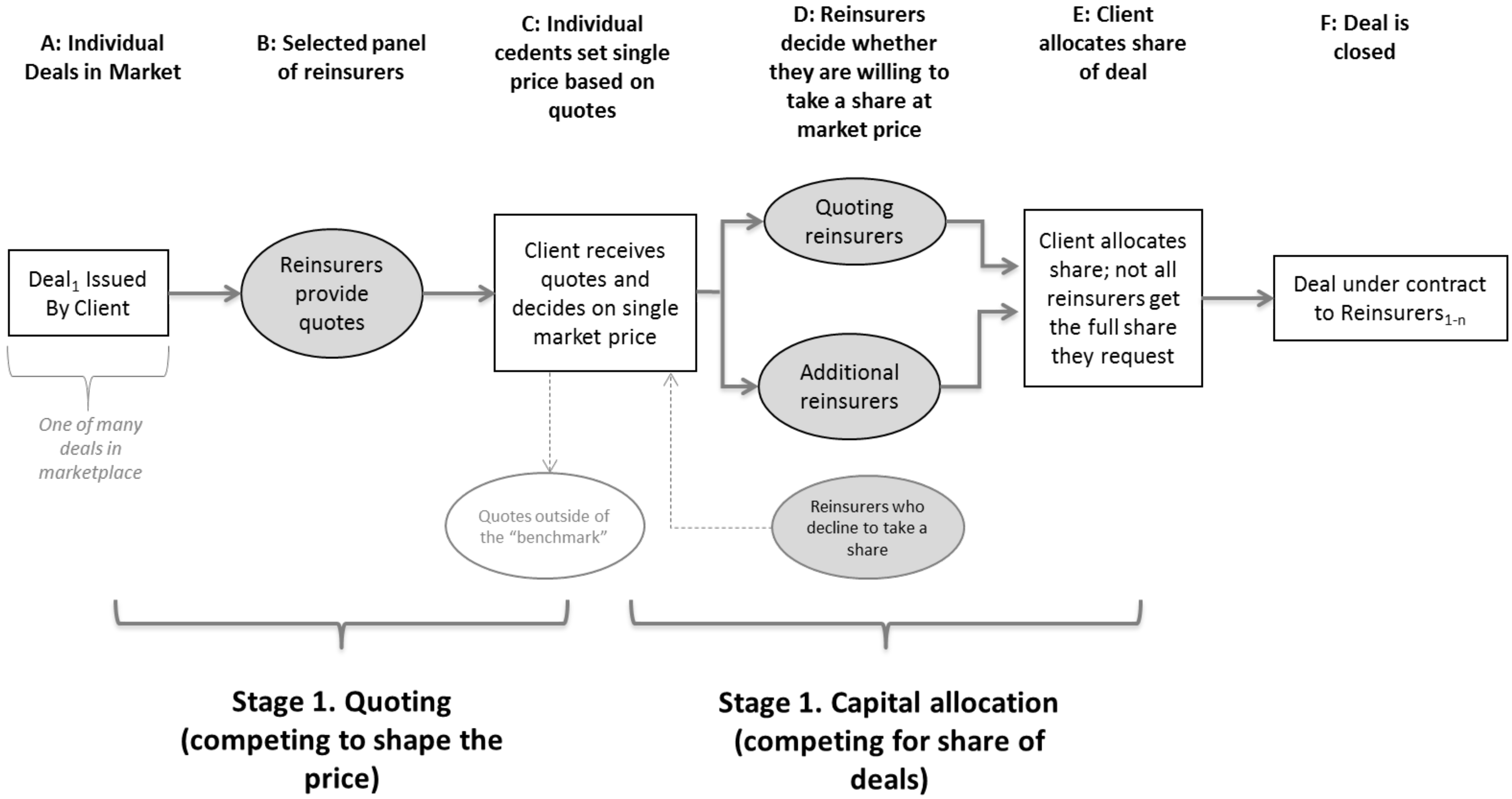

Figure 2. Competing in the reinsurance industry over two phases

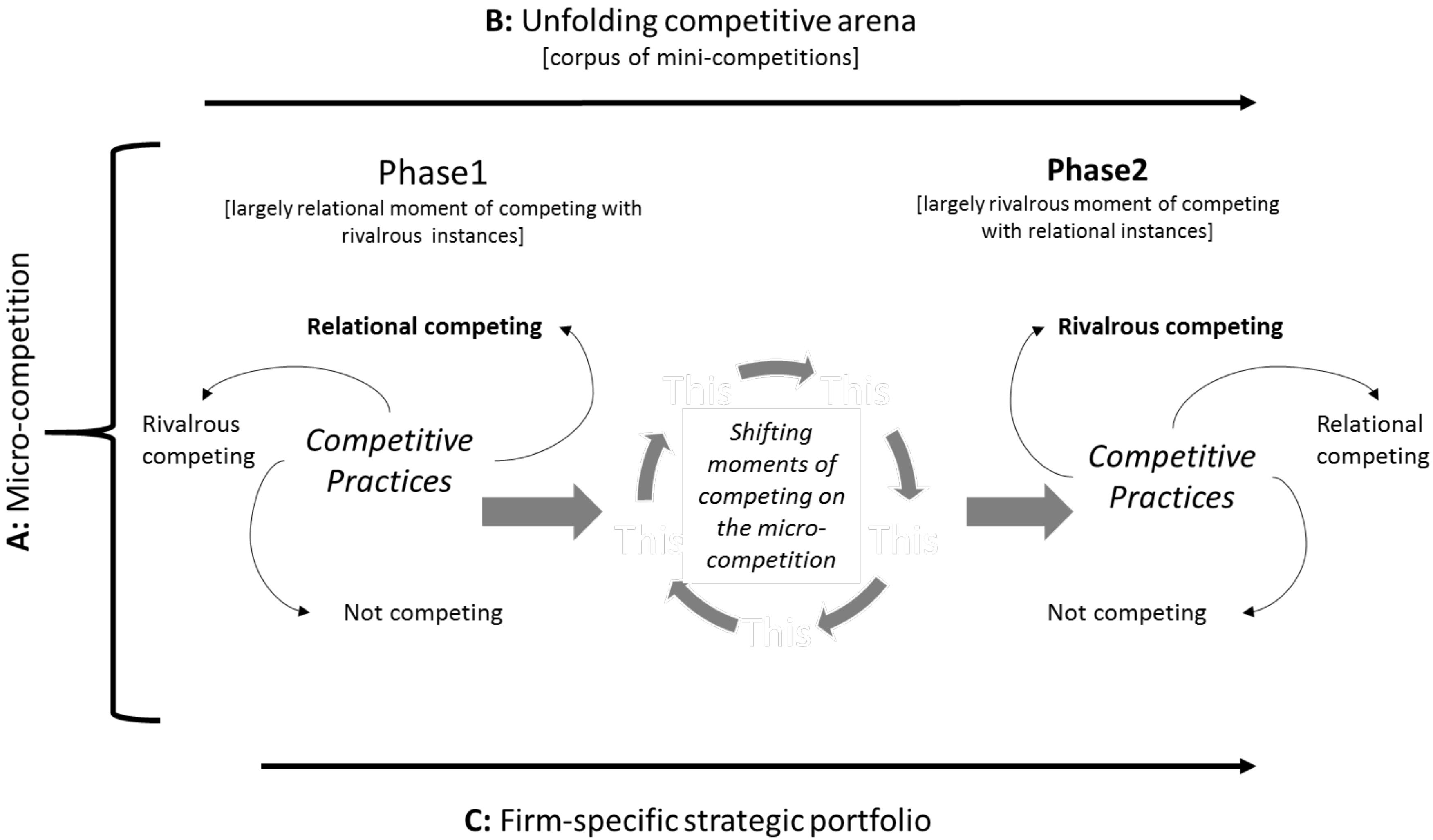

Figure 3: A practice-theory framework of competing

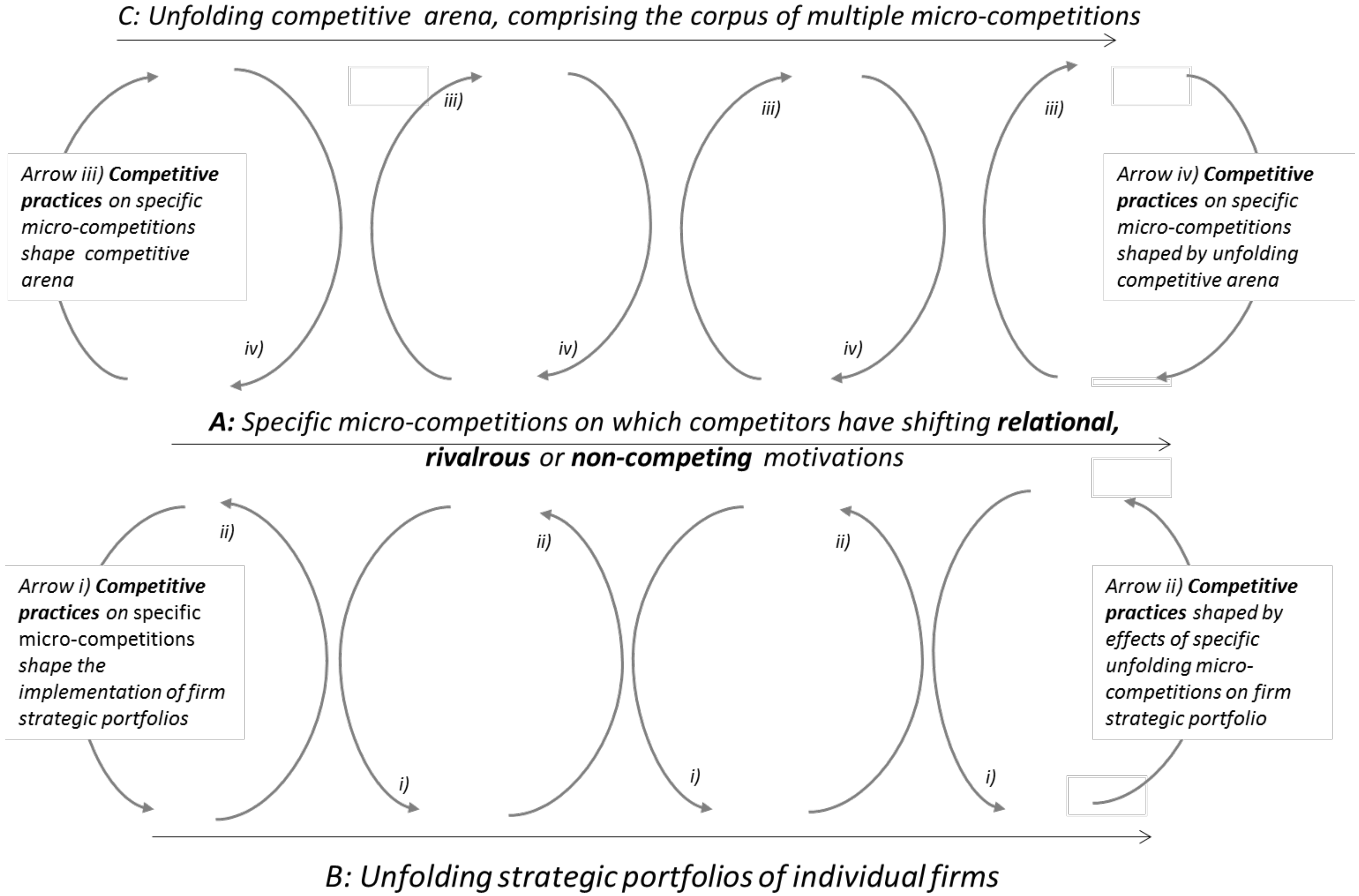

Table 1. Competing during quoting

	Summary of activities	Representative data
A – Phase 1 Environmental scanning & shaping Actions to collect and release information in an effort to understand and influence the market	**A1.** Collecting and releasing information about the market while interacting with competitors/clients at conferences, social settings and formal meetings. **A2.** Seeking and releasing industry news media (newspapers, press releases etc.). **A3.** Collecting and reacting to information about the price of some (never all) of the deals that have closed	**A1.** That's what Baden Baden's [large industry conference] about…"what do you think, where's it [the market] going to go; is it going up, is it going down?" They'll be saying 'our guys downstairs think prices next year will go up 5.' So you've got all this going on (Interview) **A2.** Bob explains that this morning he was reading a press release from [Competitor A] saying that they are not renewing/withdrawing in [RegionA]. (Fieldnote) **A3.** The word was that nothing would go below two [price], but news has come through that BigRe has written something at 0.3. Manager1 jokes: "that's because they don't understand the business." Manager2 states that "the chances are we won't get back on either the Dutch or Belgium deals. Might have some more luck with the Dutch, because SuperRe is coming off but BigRe is also trying to get back on these deals". (Fielednote)
B – Phase 1 Positioning Actions taken by reinsurers to position themselves relative to their **competitors**	**B1.** Adjust pricing on specific deal based on information received as part of A (above) **B2.** Positioning quoting ***high*** (increasing price); ***within the ballpark*** or ***low*** (undercut competitors) **B3.** Not quoting, but staying connected to information [see D1]	**B1.** An underwriter describes that "you start with the modelled price (or some firm-specific "loss curves" where business is unmodellable) and then put your experience on top. The specific price you then give to the client deviates from the model, according to how the competitive arena is unfolding; which you pick up from all the conversations you have" (fieldnote). **B2. Quoting high:** They looks at the spreadsheet: "this client should pay a bit more." Therefore he will "push more for the rate increases". He decides to , therefore, provide a quote more expensive than last years' market price (fieldnote). **B2. Within the ballpark:** If you quote, even if the final price is not your quote but it's still within the range, and then you wish to have a share, then usually you get a share. If you quote, usually you will get a share if you are still within the market and not too far off (Interview) **B2. Quoting low.** Jake is providing the details of DealB to his colleagues. Some of the competitors have come back with their prices, "they've drowned out our voices wanting a raise." He shakes his head. "This situation is a classic example of where you want smart competitors." (fieldnote) **B3 (also applies to E2 below)** "where we have only a very small share, then we normally wouldn't quote first (Interview)
C – Phase 1. Leveraging Actions taken by reinsurers to leverage any advantage in their position with a ***client***	**C1.** Leveraging long-term relationship to client to influence price within client interactions. **C2.** Leveraging the (large) amount of capital the reinsurer can provide the client (e.g., quoting a large share) **C3.** Leveraging the depth of knowledge and additional expertise that can be provided	**C1.** "We quoted and the client had brought in a new reinsurer who was 50% below our quote. So we said sent them an email with a few choice words about historical relationships to make our case. And they came to 1% of our quote. We can now put a 20 million dollar line down." (fieldnote, internal meeting). **C2.** We've very large capacity. [Client A], we have put up $50million. That extra heft is important (Interview). **C3.** We have services around the main product as well for clients […] the real value is our technical expertise, that we understand what he is doing… we convinced them that we're a viable partner for that kind of thing. That's the work we're trying to do is to position ourselves so that they'll come in to talk to us when they want that kind of input. (Interview)

Table 2. Competing during capital allocation

	Summary of activities	Representative data
D – Phase 2. Environmental scanning & shaping	***On-going seeking and release of information as per above A 1-3 above.*** **D1.** Changing actions at point of capital allocation in response to information received (also see Table 5)	**D1.** The conversation then continues about the inflation, because Senior Manager had hoped to incorporate that into the pricing and had threatened the client that they would drop the deal, because "if inflation goes up then we don't actually have money to pay the claims." The underwriter states "our US competitors don't think that inflation will happen" and it was not reflected in the price of the deal. The Senior Manager sighs "we may be thinking of it but we can't put it in to the price or expect it because competitors don't". They agreed to accept the deal and wouldn't include it in their next quote [e.g., A3].
E- Phase 2. Positioning	**E1.** Requesting large/increased share [see Stage D, Fig.1]] **E2.** Requesting a small/reduced share (often also communicating displeasure in price) or by coming on as a following player (e.g., only participating at Phase 2) **E3.** Walking away if price is not right (perhaps to influence price increase next year)	**E1.** Toby then explains how this deal would fit in to his personal portfolio and emphasizes that he really wouldn't want to be signed down on this deal (Fieldnote) **E2.** After studying it for a minute or so, Ben lets the client know that he "wouldn't want any more on this and if it's a 25 percent reduction in price we'd actually have to scratch our heads, we wouldn't necessarily come off it but we may well wish to reduce our line" (fieldnote) **E3.** Henry says he doesn't like DealA, which is "a piece of shit". Bob says "well decline it then. Just decline it and move on." Henry says, "That's what I am going to do" (fieldnote).
F – Phase 2. Leveraging	**F1.** Leveraging longevity of client relationship within negotiation (including knowledge of deal) for desired share within client interactions **F2.** Leveraging size of capital you can offer for desired share **F3.** Leveraging capital & service provided on *other* deals to client for desired share (including threatening to withdraw this support.	**F1.** The client swings the conversation back to relationships: "the reason we come to you is for partnering: solutions and meeting out needs." The underwriting manager states that long-term they [the client] have to protect the relationship (fieldnote, client meeting). **F2.** Underwriting manager outlines his main worry regarding his requests for small shares on deals: "If you're trying to keep a small share and they want you to write more you worry about being kicked off" (fieldnote). **F3.** Martin has always declined the Cat deal (Deal B) in the past; but the client is finding it hard to place so Martin has said "let us see Deal A and then we'll have a think about the Deal B." He explains to us that most of the (European) Cat they see in Europe (versus the US Property) is also not the best priced Cat. So there has to be a quid-pro-quo; they need to get something else for going on these deals. "We'll say give us 2.5% (share) on the per-risk (Deal A, attractive) and then we can do a bit on the Cat (Deal B, less attractive)." (fieldnote).

Table 3. Relational and rivalrous competitive dynamics and their motivations

	Relational or Rivalrous Competing (A-G)	Motivations
Phase 1. Competing during quoting to influence price	**A. Competing for price & share** *(simultaneous relational & rivalrous competing on micro-competition)* Sticking within the ballpark of quotes to help increase price while ensuring the quote does not jeopardize ability to get a share of the deal	**Rivalrous motivation** *Market-share motivation* (competing so eventual share gets allocated to you not to your competitor).
	B. Competing for price (*mainly relational competing on micro-competition*) Seeking to increase or stabilize the price up by quoting high	**Relational motivation**; any mix of: **1.** *Pricing motivation* (raising all boats) **2.** *Market motivation* (obligation to protect the health of the market rather their own individual position); **3.** *Normative motivation* (social norms influencing competitor interactions)
	C. Competing for share (*mainly rivalrous competing on micro-competition*) Attempting to beat competitors for share by quoting low.	**Rivalrous motivation** *Market-share motivation* (as above).
	D. Not-competing Declines to quote	*Not motivated to compete*
Phase 2. Competing for share at capital allocation	**E. Competing for share** *(mainly rivalrous competing on micro-competition)* Focused on beating competitors for a desired large or increased share	**Rivalrous motivation** *Market-share motivation* (as above).
	F. Competing for a small or reduced share *(elements of relational competing on micro-competition)* Relational considerations sway a reinsurer to compete for a small share	**Relational motivation** **4 -** *Client motivation* (offering a small share on unattractive deal for the sake of the client relationship); *plus lingering market motivation [2]*
	G. Not competing Declines a share as the price not is right	*Not motivated to compete*

Table 4. Relational & rivalrous motivations during each phase of competing

	Representative data
Phase 1:influencing price	**Rivalry: Market-share motivation (e.g.,** *undercutting competitors to win share despite relational opportunity)* - "It is going to be touch and go this year regarding pricing" Mark states, "especially if competitors are going to come in and undercut everyone." (fieldnote) - On this deal Sarah thinks their competitors are just pushing for growth [in share]; which, she notes, will push the price "down down down." (fieldnote); **Relationality 1: Pricing motivation (all competitors benefiting from price increases) within any micro competition:** - Bill states he is trying to push prices up on the Euro wind; looking for a 5-10% rate increase. However, on the UK treaty deals prices are not going up that much (0-5% rate increases). "We want to quote though to help push the price up a little bit higher." (fieldnote) - Tony states "people [competitors] are so soft. We just need to stand together. Now is the time to push for rate rises" (fieldnote) **Relational 2: Market motivation (collective responsibility for the health of the market) within any micro-competition:** - A manager explained: "these people [client] should pay a bit more; people need to start paying for non-correlating [earth]quake." He felt he had an obligation to the market to quote high to better reflect the true nature of this risk; meaning enough capital was being exchanged to sustain the potential loss if a catastrophe occurred (fieldnote) - Lack of this relationality: "there are muppet [stupid] reinsurers out there who just stick their head in the sand and write it at these prices. We might just part ways with a lot of Florida business" (fieldnote). **Relationality 3: Normative motivation (market norms about relationships and fairness)** - Tim outlines "the rumor is that the incumbent leader - EuropeRe - have staying firm about not decreasing price. So their client might feel they are no longer suitable. So the question is does UK-Re support rate increases or do they undercut the lead and get a bigger share." He makes his decision really clear, saying "this market's too small to fall out with someone like Marcus [from EuropeRe] over this." Tim says he doesn't want to be seen as undercutting Marcus or taking his business "people say will 'those buggers at UK-Re, they're undercutting EuropeRe.' The market is all about relationships". (fieldnote) - The aviation [sub-market] is small, so whoever's done the last stupid thing is shouted at quite loudly for a while … it's always 'Oh why do we want them on there because they've just undercut us on this or that"'. (Interview)
Phase 2: competing for share	**Rivalry: Market-share motivation** - "Yessss! - 'MegaReinsurer; I screwed them. I got an extra $206,000 share off them [CompetitorX]!' (Fieldnote) - <u>Email 1 (broker):</u> The client has told me that it appears that DealA will be over placed [hard to get a share on]. Consequently, reinsurers who also offer support on DealB will get preferential signing [share of DealA] […] We therefore ask you to take a bit of time and have a better look at DealB […] <u>Email 2 (reinsurer):</u> Further to your email, I can confirm that we would like to offer a 3.00% share on DealB at our earlier price. Trust that this is of some help and will assist in our getting a share on DealA (fieldnotes) **Relationality 4: Client motivation (prioritizing long-term relationship with clients)** - It's multi-year: it's a partnership with the client without any end (Interview) - Underwriting manager: "we struggled with DealY last year. We took a share just for the benefit of the client relationship but it was poor. We made sure they got the message that they need to increase price." Senior Manager: "it's a small supporting line – from the relationship side it's still worth supporting." (fieldnote) **Relationality 2: lingering market motivation (assessing quality of lead competitor)** - Despite his initial concern [during Phase 1] about the deal, Tim states that [CompetitorX] is the lead. "There is a lot of rivalry between our two companies - sometimes they lead, sometimes we lead. But I know they are good underwriters and they will have been tough on the price and clear on the wording, so them as lead is a good sign". (fieldnote)

Table 5. Unfolding interplay between strategic portfolio and competitive arena and fluctuating competitive dynamics

	Representative data
Unfolding competitive arena	**Competitive arena shaping competitive dynamics on any specific deal:** - It [social interactions] gives you a general feel as to what everybody in the market is talking about (…) if there's been a big hurricane, people will be talking about the rates, some correction in price (…) But it's really giving a general feel as to whether people consider the price be the right level or whether they're pushing for price increases. We would then start making a judgment of where the market sits (Interview) - You start with the modelled price and then put your experience on top. Price you then put to the market then deviates according to your sense of where in the insurance cycle the market is" (e.g., high prices or low prices (Underwriter Manager, fieldnote). **Shifting competitive interest shaped by unfolding competitive arena :** - **Perpetuating unfolding competitive arena in competitive practices:** Dan emphasizes to his colleague 'we've quoted on a few deals since the conference and the prices when they came back were flat'. He's emphasizing that they should quote accordingly if they want to get a share of any deals (Fieldnote). - **Attempting to alter unfolding competitive arena (shift to "not competing").** Alex reports back his summary of the conference "of all the reinsurers at the conference we were probably the most defensive because we said we would reduce capacity if price doesn't increase" (fieldnote, internal meeting). At this stage there was still hope from Alex and others that pricing might increase if reinsurers collectively held strong (relationality). However, over the course of this renewal the competitive arena unfold differently to expectation, so shaping their own interest in deals, as another person from Alex' team stated: "Henry and I have just been declining business everywhere. The pricing is just not good enough" (fieldnote).
Unfolding strategic portfolio	**Strategic portfolio shaping competitive dynamics on any specific deal:** - The underwriting manager decides to write it at the same share as last year (7.5%). It is a good deal: just over 11 million premium and is non-correlating with their other business, plus they have ample capital in Hawaii and this is really just keeping one piece of their capital pot filled […] the price came in about where he hoped and he is just going to make his offer for a large share and get the business done (Fieldnote) - Tina explained to her assistant that while they won't get the price they want on DealB, she will still take it as "we only have 2 pieces of Portuguese business" so far this year (fieldnote). **Shifting competitive interest shaped by unfolding implementation of strategic portfolio:** - **Implementation of strategic portfolio increases interest in deal:** "The final market price for USDealA has arrived. We planned to reduce our line (share); but with the cancelation of our business on USDealB I think it is prudent, given the price, to maintain our current share. This is 2.5 million above plan but addresses the shortfall [Large Client] left." (fieldnote) - **Implementation of strategic portfolio decreases interest in deal:** Sarah had competed for DealC at Phase1 however, as she said to a client on the phone "there is a capital change" which had made capacity in her firm for this region more scarce. Given this she is not sure she still wants to compete for DealC as "I'm not giving any sweethearts [cat capacity] away" for anything but the best price (fieldnote).