

The Effects of “Coopetition” on Firm Performance among Local Coffee Shops

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— *Review of* —
**Integrative
Business &
Economics**
— *Research* —

ABSTRACT

Micro-, small-, and medium enterprises (MSMEs) are the most vulnerable segment of the business industry due to constraints such as limited capital, low adaptability, skill shortages, lack of economies of scale, and limited pricing flexibility. Efficient and effective strategies are essential for their survival, requiring adaptation to market trends and optimal utilization of internal and external resources. This study evaluated the existence of “coopetition” among local coffee shops in the Philippines and its positive impact on firm performance. Additionally, it investigates the moderating effect of foresight, risk aversion, and exploiting opportunities on the relationship between “coopetition” and firm performance. Surveying 291 local coffee shop owners and managers, questionnaires were distributed online and to nearby local coffee shops. Results, analyzed through simple and multiple linear regression, and moderation analysis, revealed a high level of “coopetition” positively affecting firm performance. Trust and commitment emerged as significant dimensions of “coopetition”, while exploiting opportunities moderated “coopetition” and firm performance. Recommendations include forming “coopetition” groups and disseminating “coopetition” ideals through coffee bazaars and seminars to enhance strategy adoption. The study provides a foundational guide for micro- to medium-scale coffee shops in the Philippines, with variables scalable and applicable to different nations, economic cultures, and industries.

Keywords: Coopetition, Firm Performance, Trust, Commitment, Exploiting Opportunities.

Received 21 September 2023 | Revised 28 January 2024 | Accepted 11 April 2024.

1. INTRODUCTION

Micro, small, and medium-sized enterprises (MSMEs) are widely recognized for their significant participation in sustainable development. They are the major driving force in attaining United Nations sustainable development goals (SDGs) that aim to alleviate poverty, create decent jobs, provide public goods and services, and promote economic growth (Liu, 2020). According to the Philippine Statistics Authority (PSA) 2021 List of Establishments, the Philippines consists of 99.58 percent Micro, small, and medium-sized enterprises (MSMEs), of which 90.54 percent are micro companies. MSMEs are defined by the Department of Trade and Industry (DTI) as enterprises with assets of less than 100 million pesos or with employees of less than 200 (Francisco & Canare, 2019). Start-ups and new firms, which generally belong to the micro- to small-sized category, are the leading

source of job creation in many countries and are considered as the main contributors to innovation and sustainability in the private sector (UNDESA, 2020).

The Asian Institute of Management (AIM) affirms that it can be counterproductive for Filipino businesses to respond to intense competition by cutting prices or costs. Doing so reduces revenues and quality, which is ultimately detrimental to the firm's health. Older and larger businesses are more likely to respond to intense competition with growth-supporting measures, such as product enhancements (International Trade Center, 2020). In the Philippines, micro to small firms fail during the first few months of existence due to a lack of capital and marketing strategies, while others fail a few years after their establishment (Malaluan, 2019). A business news article from The Manila Times states that in the Philippines, 90 percent of new businesses fail, with 10 percent failing within the first year. Seventy percent of startup failures occur between the second and fifth year, and only one-third make it to the ten-year mark (Cecilia, 2022). While another study showed that in South African counties, fifty percent of MSMEs failed on the first year, and seventy to eighty percent of new micro to medium-sized enterprises fails during the first three to five years (Feela, 2020). The Bureau of Labor Statistics (BLS) in the United States reports that in 2018 only 57.4% of small businesses managed to remain in operation for up to 5 years after opening. Businesses in this category often have a short lifespan due to the challenges of limited capital, low adaptability, lack of skill, and inability to compete with larger organizations due to a lack of economies of scale and the pricing flexibility required to attract more customers (Feela, 2020). The presented findings from different sources showed the struggles of businesses in the MSME category. This also indicates that most MSMEs are unable to survive during the crucial initial years of operation, which is a general business problem that affects coffee shop businesses as well.

Coffee is the second most traded commodity in the world and is one of the most popular drinks consumed worldwide. Coffee's economic significance is evident, as seen by its enormous global production of 9,513 million tons of coffee beans from almost 60 nations in 2017–2018, which brought in USD 200 billion annually. An astounding 500 billion cups of coffee are thought to be consumed every day (Czarniecka-Skubina et. al., 2021). Given coffee's enormous appeal and economic significance, coffee shops are important locations for “coopetition” analyses. These establishments combine industrial competition with cooperation in a unique way. Their dynamic feature, which is defined by rivals coexisting in common areas, makes them a perfect place to study “coopetition” tactics and their effects. Furthermore, the variety of coffee shop formats, from stand-alone cafés to large international chains, offers an abundance of data for researching different “coopetition” dynamics and tactics in the coffee sector. Coffee has been an essential component of the Philippine economy, boosting agricultural output and providing a steady stream of revenue for small-scale farmers and local enterprises. Several studies emphasize how coffee shops function as social hubs in the Philippines, where coffee consumption is a cultural norm. Remarkably, a study conducted by Luat et. al., (2021) discovered that 46% of their respondents in the Philippines mostly go to coffee shops for eating and drinking. Coffee shops are a great place to investigate business-to-business behavior and corporate interactions since they are well-liked to share similar goals and targets and facing similar challenges in dealing with larger enterprises. Their distinct attributes, such as their décor, food selections, and social vibe, offer insightful information on real-world consumer preferences and behaviors.

The coffee shop industry is highly competitive, and owners face significant challenges in sustaining their businesses due to factors such as intense competition and unpredictable customer preferences (Adeleke, 2019). This study aimed to demonstrate to

coffee shop owners that collaborative connections with competitors can be a viable approach. This can be a way of leveraging resources and protecting the firm's position. In business, “coopetition” is defined as a business planning technique in which organizations collaborate to improve their performance and build a unified strategy for the competitive marketplace (Avotra et al., 2022).

Promoting sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all is Goal 8 of the United Nations' sustainable development goals. (Sustainable Development Goals: Goal 8, 2022). For a society to achieve equitable and sustainable economic growth, conditions must be established to provide people with high-quality jobs that stimulate the economy without negatively impacting the environment. All members of society must be included in the maintenance and growth of an equitable workplace. Thus, the integration of disadvantaged groups provides a chance to enhance economic and social growth by reducing inequalities. Small firms can increase their overall strength by cooperating with similar organizations. A steady commercial and mutually beneficial collaboration would result in the expansion of the participating companies, which would result in job creation and stable employment opportunities for the local workforce. Also, business owners will benefit from the partnership's growth, which will improve their standard of living and help other partnership members achieve a place on the open market.

According to Adeleke (2019), an effective marketing strategy utilizing “coopetition” may decrease the number of business failures, thereby enhancing the value and dignity of employees and lowering unemployment rates, which can lead to the strengthening of communities through gainful employment. This study will elaborate on opportunities for coffee shop owners to contribute to social change in their community by collaborating with other shops in the province, aiming to create new jobs, and contributing to provincial economic growth.

Business firms are collaborating to boost business performance through “coopetition”; they establish trust and dependence to grow their market share and business performance. Building trust is essential for “coopetition” success; it is the confident, positive expectation of another's behavior (Avotra et al., 2022). Relationships between businesses are practiced to the extent that they provide value for businesses. “Coopetition” enables partnerships to mutually benefit from resource sharing and market competition against larger competitors (Feela, 2020).

Having a study that establishes that “coopetition” can lead to business success would make coffee shop owners more optimistic about their business. The owner's ability to foresee the course of their firm, their risk tolerance, and their capacity to exploit opportunities would be tested if it improved the overall success of their company. The development of micro, small, and medium-sized enterprises (MSMEs) contribute greatly to job creation, economic well-being enhancement, and social stability, making their proliferation a positive thing. In nations such as Japan and the United States, MSMEs account for most business establishments and contribute to the introduction of innovative products and services, the creation of new jobs, and the opening of new markets (Feela, 2020).

Literatures on “coopetition” and firm performance

Coopetition. The phenomena of simultaneous competition and cooperation among organizations with the purpose of creating value. Literature argues that “coopetition” helps enterprises to pursue advanced technological progress and disruptive breakthroughs but is fundamentally difficult due to contradictory logics and paradoxes coming from the pursuit

of competition and collaboration simultaneously (Avotra et al., 2022; Sahlan et al., 2018). Raymond John Noorda, the CEO of the multinational American software and services company Novell, created the term "coopetition" in the 1980s (Chen, 2021). Brandenburger and Nalebuff, as cited by Gui (2021), used game theory to expound on the notion that "coopetition" is a sum-win game as opposed to a zero-sum game, in which competitors win even if rivals do not. Managers bypass traditional notions of competition by collaborating with rivals to produce value through strategic partnerships. This exemplifies the competing logics of competition and cooperation, whose interactions form the basis for "coopetition" (Gui, 2021).

Dimensions of "coopetition"

Trust. According to Susanty et al. (2018), there is no singular definition or meaning of trust. In the context of this study, trust is defined as the willingness of one party to be vulnerable to the actions of another party based on the expectation that the other party will engage in a particular activity that is significant to the trustor, regardless of the trustor's ability to monitor or control the other party. Trust is the conviction that the other person will behave in a just and moral manner (Anturi et al., 2018). Modern businesses are utilizing "coopetition" to boost business performance while working with a variety of stakeholders and in distinct target markets. However, this "coopetition" is not a simple task, as varied individuals are collaborating, which frequently results in cultural and social conflicts. Like the need for trust between "coopetition" partners to reduce social conflicts, trust must exist between "coopetition" partners (Avotra et al., 2022).

Mutual Benefit. Robert Sugden proposed the market morality of mutual benefit which was later called the Principle of Mutual Benefit. He believes that a goal distinct from both self-interest and altruism, aiming for the benefit of all parties in a transaction, can make the market really advantageous for everyone (Gui, 2021). Mutual benefit is doing one's part in a mutually beneficial practice that is frequently observed in that type of relationships, so that one's counterparts have reason to expect adherence. In the book entitled Encyclopedia of Evolutionary Psychology of Science, authors Shackelford T. and Shackelford V. (2021) discussed the mutualistic model of cooperation where individuals will maximize mutual advantages in reciprocal cooperation by selecting partners who give a fair distribution of benefits. Relationships between firms are pursued to the extent that they contribute to the firm's utility. Therefore, a relational connection must be beneficial to both participants, even if the advantages are unequal (Feela, 2020).

Commitment. Commitment indicates a member's willingness to make compromises for the group's benefit and their desire to remain with them. Affective commitment demonstrates a belief in an organization's goals and a readiness to actively engage in its improvement; normative commitment demonstrates a member's sense of responsibility to stay with the organization; and continuing commitment is the outcome of a member's assessment that abandoning the organization results in greater costs than benefits (Đorđević et al., 2020). Continuing commitment will be considered in the assessment of relationships for the existence of "coopetition" among local coffee shops in a community may it be online or physical groups. As the members perceive that their commitment to the group would mean more benefit to them, they will continue to participate in this arrangement.

The effects of "coopetition" on firm performance

Innovation Performance. The ability of MSMEs to adopt and integrate innovative information technologies becomes crucial for maintaining a sustainable competitive advantage in the evolving business environment. (Chen & Lai, 2022). The test of whether "coopetition" has a positive or negative effect on performance is still uncertain due to

varying the variables used in their study. At the international level, German companies show positive relationships when dealing with other European countries and the United States (Navío-Marco et al., 2019). A Taiwanese-based study conducted by Wang and Chen (2019) tested the relationship between “coopetition” and innovation, which resulted in a positive result confirming their hypothesis. “Coopetition” and innovation performance relationship will be tested as variables in this study.

Financial Performance. In the world of business competition, companies need to not just keep but also boost their profits. To review on how profitable a company is involves validating different factors, like how it's doing internally with its finances and considering outside factors such as the overall economy (Susan et al., 2022). From a relational point of view, firm success has been measured by the benefits of working together, such as the length of time, the goals, and the financial performance (Crick, 2020). Collaborative benefits also assess how organizations must establish mutually advantageous performance outcomes while collaborating with their partners. Although some studies support that competition established through trust is beneficial (Pekovic et al., 2019; Garri, 2020). It was then challenged in a study conducted by Crick (2018) that emphasized that when sharing resources and capabilities, some competitors may not be careful with these assets, resulting in conflicts and financial repercussions between two or more competitors. Thus, the examination of the effect of “coopetition” on financial performance will be tested in local coffee shops in an online and physical community.

Job Performance. In the study conducted by An et al. (2020), they investigated the effect of “coopetition” on job performance by testing its significance to individual productivity by introducing inter-team cooperation and competition. Both tests significantly affected the overall productivity, highlighting the positive influence of “coopetition” within a firm. The association between competition and customer satisfaction has proven excellent and substantial (Crick, 2020). The enterprises would be better able to serve the demands and needs of their end users than if they relied solely on their resources and competencies. It was tested that “coopetition” positively impacts job performance for small wine producers, as studied by Crick (2020). It is expected to get the equivalent yield varying the population to coffee shops. This hypothesis will be included and tested in this study.

Strategic Performance. All the performance indicators mentioned above contribute to the firm's overall strategic direction. The strategy for how the company will perform to its full potential will increase the likelihood of success. Having a “coopetitive” mindset boosts the behavioral perspective in partnerships with similar firms. Some research has previously demonstrated that perceived benefits and strategic fit converge into one concept of rational strategic decision-making (Czakon et al., 2019). For pharmaceutical and technological firms, cooperating with competitors became critical, especially during the Covid-19 pandemic (Crick & Crick, 2020). This behavioral approach gave hope to humanity, highlighting the importance of cooperation during an emergency, thus highlighting the significance of “coopetition” in critical times. In a study conducted by Feela (2020) entitled “Effects of Coopetition on Firm Performance and Implications for Economic Growth for SADC Countries” upgraded the framework done by previous studies by categorizing firm performance into other sets of variables which are financial, job, innovation, and strategic performance. The author used structural equation modeling (SEM) to analyze the survey which consisted of small to medium size firms. The author investigated the “coopetition” on cross country relationship within SADC countries which includes exports, imports, access to bigger markets through competitive partners, cross country learning, access to new technology and skill, and promotion of innovation. The

study confirmed that all his alternative hypotheses are accepted, where his H_0 is stated as “coopetition” does not have positive and significant effect in firm performance.

Moderators of “coopetition” and firm performance

Risk Aversion. The uncertainty that comes in deciding for a corporate direction can be considered as a risk. But the gain in value-added investments makes people more likely to take risks. So, corporate risk-taking is a way to measure a company's ability to take on uncertain projects. Even though you can't see someone's ability to take risks, you can see how taking risks affects earnings (Shahzada et al., 2019). A person needs to have a low risk aversion to be an entrepreneur, and even more so to be a successful entrepreneur. “Coopetitive” entrepreneurs must share a similar risk aversion in necessary for the partnership to succeed, and the level of risk aversion will determine whether players drift toward the desirable balance of collaborating while competing to achieve the desired results (Feela, 2020).

Foresight. Foresight is the capacity to gain insights into future options and utilize them to create or renew enterprises that will be relevant in the future and have a competitive edge over the long term. As industries expand and change, businesses utilize corporate foresight to identify variables that drive environmental change, anticipate future market changes, and determine a preferable course of action (Rohrbeck et al., 2018). Strategic foresight includes the identification, observation, and interpretation of change-inducing factors, environmental scanning on short-term (track changes) and long-term (pattern recognition) bases, detection of opportunities and threats through emerging trends, and determination of possible implications and strategic responses that augment the process of strategic agility, thereby enhancing superior firm performance (Arokodare & Asikhia, 2020).

Exploiting Opportunities. The notion that entrepreneurs exploit opportunities to earn wealth extends back centuries. Under these conditions, individuals identify defects in the market and seek to profit from them. Numerous studies have examined how entrepreneurs exploit opportunities and their implications, from the establishment of market equilibriums to technological advancement and the business cycle (Feela, 2020). The ability of top managers, policymakers, and academics to exploit opportunities gives them the advantage of enhanced decision-making insights and a benchmarking foundation to improve the performance of their manufacturing organizations (Kumar et al., 2019).

1.1 Conceptual Framework

The study is anchored in the paper of Dr. Tshepo Feela, entitled “Determinants of Successful Coopetition between SMEs in SADC Countries – Implications for Strategy and Firm Performance.” In this study, the author tested the moderating factors identified as risk aversion, exploiting opportunities, and foresight. The author first investigated the relationship between “coopetition” and firm performance through the independent variables: mutual benefit, trust, and commitment. Figure 1 below presents the conceptual framework used by the reference paper. The author proved that there is a strong “coopetition” relationship among SMEs in SADC countries, and it significantly affects firm performance. According to the study, the moderating variables (risk aversion, exploiting opportunities, and foresight) do not affect this relationship. However, the author found out that risk aversion has a direct effect on firm performance.

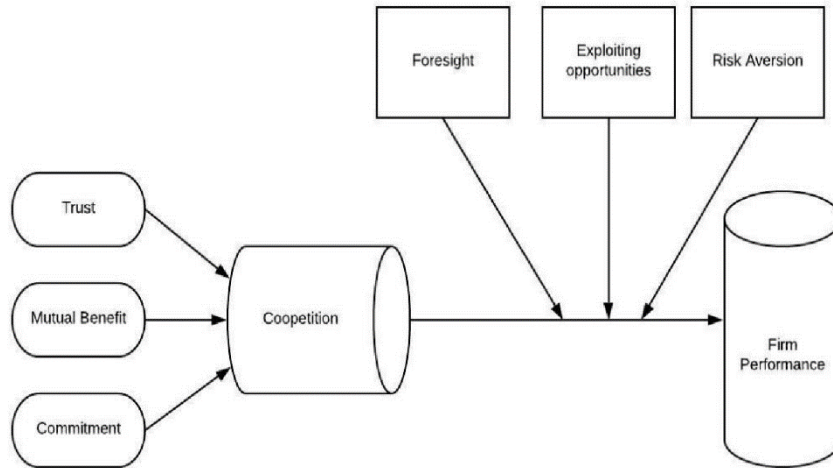


Figure 1. Conceptual Framework. (Feela, 2020)

1.2 Operational Framework

While the study of Feela (2020) was conducted in southern African development community (SADC) countries, this study dwelt in the Philippines and focused on a single industry. This study focused on local coffee shops in the country within the micro to medium size scale. Using the same variables, the proponent investigated whether there was a significant relationship with “coopetition” and performance and determined the moderating effects of foresight, risk aversion, and exploiting opportunities. The study tested whether the identified variables have significant moderating effect to the success of “coopetition”. The study applied the operational framework illustrated in Figure 2. The moderating variables adapted from the study of Feela (2020) were also applied to determine its moderating effect on “coopetition” and firm performance.

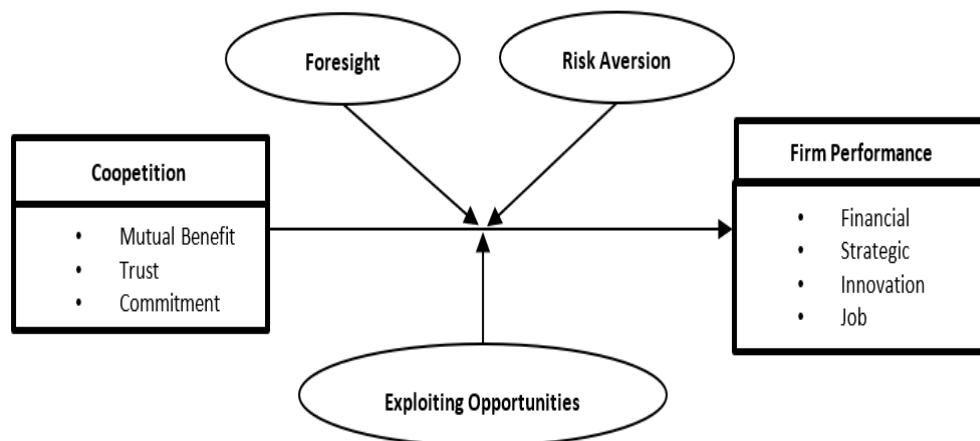


Figure 2. Operational Framework

1.3 Objectives of the Study

Various studies investigated the effect of “coopetition” and firm performance on a large scale; some were inter-country (Feela, 2020), while others focused on inter-team relationships within the organization (An et al., 2020). This study investigated the relationship between “coopetition” and firm performance in the country, and the variables

that moderate this relationship. The research design is aimed at meeting the following objectives:

1. Determine the perception of respondents on “coopetition” in terms of trust, mutual benefit, and commitment.
2. Determine the perception of respondents on firm performance in terms of financial, strategic, innovation and job.
3. Determine the perception of respondents on risk aversion, exploiting opportunities, and foresight.
4. Determine if “coopetition” dimensions such as trust, mutual benefit and commitment have a significant effect on firm performance.
5. Determine if “coopetition” has a significant effect on firm performance.
6. Determine if foresight, ability to exploit opportunities, and risk aversion moderates the relationship between “coopetition” and firm performance.

1.4 Hypotheses

To address the need of the study, the following null hypotheses are tested:

H₀₁: “Coopetition” does not have a significant effect on firm performance.

H_{01a}: Trust dimension of “coopetition” does not have a significant effect on firm performance.

H_{01b}: Mutual benefit dimension of “coopetition” does not have a significant effect on firm performance.

H_{01c}: Commitment dimension of “coopetition” does not have a significant effect on firm performance.

H₀₂: Foresight does not moderate the relationship between “coopetition” and firm performance.

H₀₃: Ability to exploit opportunities does not moderate the relationship between “coopetition” and firm performance.

H₀₄: Risk aversion does not moderate the relationship between “coopetition” and firm performance.

2. METHODS

2.1 Research Design

The purpose of this study is to determine if “coopetition” will significantly affect firm performance and examine whether an entrepreneur’s foresight, ability to exploit opportunities, and risk aversion will influence the success of “coopetition” among local coffee shops in the country. The questionnaire items were adapted from the study of Feela (2020); the demographic factor was revised to align the study in the scope. Variables on risk aversion, foresight, and exploiting opportunities were tested to see if they could act as moderators between the dependent and independent variables.

2.2 Locale of the Study

The author wanted to make sure that this research was relevant to coffee shop owners and managers all over the country, that is why a nationwide survey was conducted. This allowed data gathering from respondents in different regions, which gave the author a better understanding of the effects of “coopetition” on firm performance in the country. The expansion of the scope also increased the scalability of the findings. This approach maximized the generalizability of the research findings while maintaining reliability and relevance.

2.3 Respondents of the Study

In the Philippines, asset size and number of employees are two commonly used parameters on identifying micro-, small-, and medium enterprises (MSMEs). This study will adapt the definitions of Francisco & Canare (2019) where they classified MSMEs as businesses with less than 100 million pesos asset and less than 200 employees. The survey targeted local coffee shops in the Philippines that are part of the MSME category and should not be franchises of international brands. Only the manager or owner of each coffee shop was allowed to participate in the survey as they are the primary decision-makers and have the authority to implement policies and strategies for business growth. Their insights into business operations were crucial for the study.

2.4 Sampling Design

The quantitative research methods were utilized in carrying out this study. The author conducted an online and in-store survey to collect data from the identified population. This study centered on gathering data from respondents within the micro-, small-, and medium-sized enterprises (MSMEs), with a particular concentration on local coffee shops. By focusing on this industry, the research findings became more relevant to the group of interest, therefore contributing to a more in-depth understanding of the current challenges and opportunities within the local coffee shop industry. The author used purposive convenience sampling. Accessible local coffee shops were visited while others were facilitated online through social media pages and group chats. Google Forms was utilized to conduct the survey during the data gathering. A specific number of days were allotted to collect responses from the participants who confirmed their participation.

2.5 Research Tools and Instruments

A seven-point Likert scale questionnaire was utilized to measure the perception of the respondents. The independent variable, “coopetition”, had 10 items in the questionnaire while the dependent variable, firm performance, had 13 items. Moreover, the moderating variables, namely, risk aversion, foresight, and exploiting opportunities, all had 3 items. All variables were measured by asking respondents to indicate how strongly they agree or disagree with statements presented. The breakdown of the questionnaire and the number of items is shown in Table 1.

Table 1: Questionnaire Specification

Part	Variable	Item No.
I. Coopetition	Trust	1 to 3
	Mutual Benefit	4 to 7
	Commitment	8 to 10
II. Firm Performance	Financial	11 to 13
	Innovation	14 to 16
	Strategic	17 to 20
	Job	21 to 23
III. Moderators of coopetition and firm performance	Foresight	24 to 26
	Exploiting Opportunities	27 to 29
	Risk Aversion	30 to 32

To test the reliability of the questionnaire, pilot testing was conducted on 30 respondents. Cronbach alpha values 0.60-0.70 can be tolerated and be accepted but any values higher than 0.70 is ideal and considered reliable (Suruku & Maslakci, 2020). Table

2 results revealed that all the items are reliable, and each variable yields a Cronbach's Alpha greater than 0.70.

Table 2: Construct reliability statistics

Variable	Cronbach's Alpha
Trust (TR)	.795
Mutual Benefit (MB)	.713
Commitment (CM)	.708
Financial Performance (FP)	.907
Innovation Performance (IP)	.928
Strategic Performance (SP)	.832
Job Performance (JP)	.777
Foresight (FT)	.869
Exploiting Opportunities (OP)	.730
Risk Aversion (RA)	.745

2.6 Data Analysis and Interpretation

Multiple statistical analyses were conducted in testing the relationship between the variables mentioned. The mean values were calculated to assess the average response of the respondents and its translation based on the verbal interpretation presented. Simple linear regression analysis was used to test whether "coopetition" will have a significant effect on firm performance. Multiple linear regression was used to examine the effects of the dimensions of "coopetition" on firm performance and to determine if foresight, exploiting opportunities, and risk aversion moderate competition and firm performance.

To interpret the ratings of the respondents on the variables, the mean was calculated for each section. The results were summarized and classified according to a range with response categories from 1 (strongly disagree) to 7 (strongly agree). The verbal interpretation shown in Table 3 varies depending on the variable being tested. For "coopetition", the level of collaboration and competition was tested. The firm performance variables were tested on how "coopetition" impacted their performance. Lastly, the moderating variables were tested to interpret their response on how frequently they apply the variable.

Table 3: Verbal interpretation of the survey questionnaire

Likert Scale	Interval	Response	Verbal Interpretation for Coopetition	Verbal Interpretation for Firm Performance	Verbal Interpretation for the moderators
1	1.00-1.85	Strongly disagree	Very low level	Extremely decreased	Never applied
2	1.86-2.71	Disagree	Low level	Moderately decreased	Hardly applied
3	2.72-3.57	Slightly disagree	Moderately low level	Slightly decreased	Less often applied
4	3.58-4.43	Neutral	Neutral	Neither increased nor decreased	Sometimes applied
5	4.44-5.29	Slightly agree	Moderately high level	Slightly increased	Often applied
6	5.30-6.15	Agree	High level	Moderately increased	Most often applied
7	6.16-7.00	Strongly agree	Very high level	Extremely increased	Always applied

2.7 Ethical Considerations

This research was conducted in accordance with the guidelines provided by De La Salle Lipa. Necessary ethics clearances were also acquired prior to the conduct of the survey. All respondents were given the right to anonymity, and all questionnaires were disposed of and deleted without any physical or electronic trace upon the completion of the study to prevent data leakage and promote data privacy. An informed consent form was provided to properly explain the study's goals, who was behind it, and how the data would be shared and used.

Written permission was obtained from the author of the reference paper, Dr. Tshepo Feela, to use his study as a basis of this research. Permission was also obtained for the use of his questionnaire and was applied to this research. The author's cooperation and support are appreciated.

3. RESULTS AND DISCUSSIONS

This research was structured based on the study conducted by Feela (2020) who investigated the moderating effect of foresight, exploiting opportunities, and risk aversion between “coopetition” and firm performance. The initial steps taken were to investigate whether there is “coopetition” in local coffee shops followed by the test of the moderating effects. A total of 291 responses were received from online and actual visits to different coffee shops. The regression and moderator analyses were performed using SPSS AMOS in the conduct of the research.

3.1. The effects of “coopetition” on firm performance:

Table 4 presents the perception of respondents on “coopetition”. Most respondents perceive a high level of “coopetition” with the statements used to measure trust (M=5.37). The same holds true for mutual benefits (M=5.36) and commitment (M=5.65). The results indicate that the majority of respondents tend to agree with the statements of “coopetition” (M = 5.45) which mean that there is a high level of “coopetition” in the industry. The result indicates that “coopetition” is perceived to be practiced on a high level in the coffee shop industry. These findings are consistent with the results of other studies about “coopetition”. Feela (2020) found that “coopetition” exists on SMEs in the South African countries, Fernandes et. al. (2019) found similar results in Portuguese companies, and Sahlan et al. (2018) in the Malaysian halal mart retailers.

Table 4: Mean and standard deviation: Coopetition

	Mean	Std. Deviation	Interpretation
Trust	5.37	1.23	High Level
Mutual Benefit	5.36	1.44	High Level
Commitment	5.65	1.14	High Level
Overall Mean	5.45	1.3	High Level

Respondents perceived a moderate increase in innovation performance (M = 5.34), a slight increase in strategic performance (M = 5.10), job performance (M = 4.98), and financial performance (M = 5.00). The overall mean results (M = 5.10) showed that most of the respondents observed that firm performance slightly increased. These results are consistent with the findings of other studies on “coopetition” and firm performance (Crick & Crick, 2020; Garri, 2020; Pekovic et al., 2019).

Table 5: Mean and standard deviation: Firm Performance

	Mean	Std. Deviation	Interpretation
Financial Performance	5.00	1.23	Slightly increased
Innovation Performance	5.34	1.22	Moderately increased
Strategic Performance	5.10	1.3	Slightly increased
Job Performance	4.98	1.38	Slightly increased
Overall Mean	5.10	1.29	Slightly increased

Regression Analysis

The variables of “coopetition” and firm performance were tested using the SPSS AMOS. Table 6 shows the relationship of “coopetition” dimensions on firm performance. Results showed that trust dimension has a significant effect on firm performance as its p-value is lower than 0.05. This is also true for the commitment dimension; it was found that commitment has significant effect on the firm performance. The mutual benefit dimension resulted in a p-value of 0.160, which is greater than 0.05 which can be interpreted as not significant in the relationship with firm performance.

Table 6: The effects of coopetition dimensions on firm performance

		Estimate	S.E.	C.R.	P	Interpretation
Firm Performance <---	Trust	.377	.040	9.413	***	Significant
Firm Performance <---	Mutual Benefit	.072	.051	1.406	.160	Not Significant
Firm Performance <---	Commitment	.444	.044	10.094	***	Significant

Note: “***” indicates a p-value at the 0.001 level.

The results of the multiple regression conducted showed that the effects of the dimensions on trust and commitment dimensions are significant when tested with firm performance. This implies that these dimensions of “coopetition” play an important role in attaining a competitive advantage in the target industry. Indeed, organizations working on the “coopetition” strategy seek decisions made with collaborative effort and shared information, which helps to strengthen the power of good decisions for firm performance (Avotra et. al., 2022). These decisions not only improve firm performance but also play an important role in enhancing the connection between businesses.

Findings show that trust between coffee shops owners and managers is beneficial in attaining their performance goals with p-value of less than 0.05, therefore H_{01a} is rejected. The study suggests that the application of trust dimension of “coopetition” could provide a positive significant impact to the overall performance of the business. These results are aligned with various studies conducted in different subject locale (Anturi et. al., 2018; Feela, 2020; Susanty et. al., 2018). Hence, trust-based “coopetition” can also be implemented in coffee shops to improve firm performance.

For the commitment dimension, the idea that the other party is committed to enhancing not only their own position but also the relationship's position appears to be one of the main drivers in this relationship. Hence, commitment is perceived to aid in the “coopetition's” success and help achieve market advantage of competing businesses (Feela, 2020). Findings show that members of “coopetition” have a sense of obligation and responsibility for goals and activities that contribute to relationship outcomes as opposed to individual organizational outcomes alone. Based on the results shown on Table 6, the p-

value for commitment dimension is less than 0.05, thus null hypothesis (H_{01c}) is rejected as well.

This study found that mutual benefit dimension was not significant for local coffee shop owners and managers with p-value of 0.160, thus the finding suggests failure to reject H_{01b} . This means that the expectation of benefits from other members does not affect their cooperation efforts. One possible reason for this result is that local coffee shop owners and managers are already aware of the benefits of “coopetition”, and do not need to expect immediate benefit. The difficulty of measuring the impact of this dimension on firm performance can be another possible reason for this result which implies that the benefits of “coopetition” are not easily quantified.

Although the findings suggest that only trust and commitment are the significant dimensions in “coopetition” among local coffee shops, still, the relationship built through these dimensions can make businesses be more productive which will further increase mutual benefits among cooperating businesses and may impose growth in the long run.

Table 7 shows that “coopetition” has a positive and significant effect on firm performance as its p-value (.000) is lower than .05. The Beta value was computed at .692 and it means that when “coopetition” increases by 1-unit, firm performance also increases by .692 and it is expected to be true 95% of the time. This means that H_{01} is rejected.

Table 7: The effect of coopetition and firm performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Interpretation
	B	Std. Error	Beta			
(Constant)	-0.1	0.321		-0.311	0.756	
Coopetition	0.965	0.059	0.692	16.31	0	Significant

Notes: Dependent Variable: Firm Performance; $R=.692$; $R^2=.479$; Mean Sq=118.445; F-value=266.020; p-value=.000

The significance of the study is anchored ultimately on whether “coopetition” positively affects firm performance. This is primarily intended to stimulate MSME strategy formulation as they strive to compete in a complex market. Previous chapters described in depth the challenges encountered by the majority of MSMEs in the country, and the research confirmed the effect of “coopetition” on firm performance which rejected the null hypothesis (H_{01}) and concluded that “coopetition” has a positive and significant effect on firm performance. This means that “coopetition” is still a viable strategy for coffee shops to adopt. Proven that there is a significant, positive relationship between “coopetition” and innovation performance, this concurred in the study made by Bouncken et. al. (2019), Wang and Chen (2019), and Navio-Marco et. al. (2019). It implies that by using this strategy, it can give businesses a greater chance of gaining access to new markets, launching new products, enhancing production efficiency, and adopting new technologies.

Strategic performance factors such as customer satisfaction, product development, and employee satisfaction received positive perceptions coming from the respondents. This means that the respondents agree that by applying “coopetition” in their businesses, they were able to gain an additional number of new products and customers while lessening customer complaints which aligns to the study made by Feela (2020) and Crick & Crick

(2020). The overall strategic performance gained an increase in general customer satisfaction.

Additionally, most respondents affirm that “coopetition” has resulted in an increase in sales-related revenue. A portion of the growth can be attributed to enhancements in the value chain because of innovation performance and access to resources that are only available to individual companies gained by cooperating with them; this includes new customers, technical knowledge, and management skills. Given a positive effect on job performance, it also implies an increase in employment as the information and knowledge are readily available for cooperating businesses. These results are aligned with the study of Pekovic et. al. (2019) and Garri et. al. (2020). These results negated the study conducted by Crick (2018) which found that entrusting one's business to competitors may result in conflict and financial percussions.

Findings in this study can translate into creation of new employment which is the Goal 8 of SDG by the United Nations that promotes sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work. So, the ability of local coffee shops to create new job opportunities through collaborative efforts is a noteworthy accomplishment.

3.2 Moderators of “coopetition” and firm performance

The results shown in Table 8 imply that most of the respondents most often applied the statement used to measure foresight (M=6.09). The respondents agreed with statements such as “I systematically scan all, the short-, medium-, and long-term opportunities”. Exploiting opportunities (M=5.49) was also found to be most often applied. The respondents tend to agree on the statement like “I am best at exploring our current markets and adjacent to our current markets” which indicates that local coffee shop owners most often applied this ability and utilizes the advantages available in the industry. With lesser agreement compared to other moderators, it was found that the respondents tend to slightly agree on the risk aversion statements. This translates that respondent often applied the risk aversion characteristic with an overall mean of 4.95.

Table 8: Mean and standard deviation: Moderators of coopetition and firm performance

	Mean	Std. Deviation	Interpretation
Foresight	6.09	0.98	Most often applied
Exploiting Opportunities	5.49	1.21	Most often applied
Risk Aversion	4.95	1.34	Often applied

Moderation Analysis

Moderation analysis was conducted using SPSS AMOS to test the moderating effects of foresight, risk aversion and exploiting opportunities on the relationship between “coopetition” and firm performance. The p-values of the relationship are expected to be less than 0.05 to assume the moderation effect of the variable while any p-value above 0.05 indicates that there is no moderation. The results of the multiple regression analysis are presented in Table 9.

The findings showed that only exploiting opportunities moderates the relationship between “coopetition” and firm performance. It was confirmed by its p-value of less than 0.05 which means that H_{O3} was rejected. On the other hand, foresight got a p-value of 0.137 while risk aversion has a p-value of 0.095 which means that both tested moderating

variables do not significantly affect “coopetition” and firm performance. Thus, these results failed to reject both H₀₂ and H₀₄.

Table 9: Results of the moderation analysis

			Estimate	S.E.	C.R.	P	Interpretation
Firm Performance	←	Coopetition	.827	.055	15.035	***	Significant
Firm Performance	←	Foresight	.097	.043	2.264	.024	Significant
Firm Performance	←	Exploiting Opportunities	.232	.041	5.656	***	Significant
Firm Performance	←	Risk Aversion	.037	.045	.808	.419	Insignificant
Firm Performance	←	Coopetition x Foresight	.027	.018	1.489	.137	Insignificant
Firm Performance	←	Coopetition x Exploiting Opportunities	.055	.020	2.778	.005	Significant
Firm Performance	←	Coopetition x Risk Aversion	-.054	.033	-1.668	.095	Insignificant

Note: R=.740; R²=.548; Chi Sq=708.589; DF=21; Probability level=.000; “***” indicates a p-value at the 0.001 level.

Foresight. The results from the analysis above showed that foresight does not moderate the relationship between “coopetition” and firm performance which conforms with the results in the study of Feela (2020). This indicates that in local coffee shops in a “coopetitive” environment, foresight is not perceived as important when making business decisions. It is assumed that coffee shop owners and managers don’t see that this skill is worthy of being shared in a collaborating group and should be honed independently.

Exploiting opportunities. The ability of the owner or manager to perceive opportunities was found to have a moderating effect on “coopetition” and firm performance. Their ability to take advantage of what they thought would be beneficial for their firms converted its result to a significant moderating factor in this analysis. The current setup of “coopetition” with other businesses is by joining online groups and forums wherein members came from the same niche and interests. Everyone is free to ask questions and give opinions which translates to the exchange of ideas and knowledge. This gives members of this group a chance to gather relevant information that is suitable for running their businesses. Setting “coopetition” as the pillar of their interactions, other members willfully give out their experiences and are expecting to receive ideas also from other members. Findings suggest that exploiting opportunities moderates “coopetition” and firm performance. This concurs in the study of Benitez et. al. (2018) which found that the ability to exploit opportunities boosts the performance and survival of businesses.

Risk Aversion. Inherent in MSMEs are risk and uncertainty. Given limited resources, they have opted for cooperative strategies to minimize their exposure to risk. Managers and owners of coffee shops in the Philippines chose the riskier approach of doing business. The results found that risk aversion does not moderate “coopetition” and firm performance. We can conclude that coffee shop owners and managers are risk takers rather than risk averse. In one item about risk aversion on the survey, respondents were asked to rate “I generally take high risks” and the mean score was concluded at 5.21 which means that the respondents take high risk often. This implies that most of the respondents tend to tolerate the effects of high-risk decisions.

These results are in contrast from the respondents in the study conducted by Feela (2020) where his study revealed that most of the South African SMEs tend to be reluctant to take risks and it has a positive effect on firm performance. The study conducted by

Shahzada et al. (2019) on stock exchange managers in China stated that for an entrepreneur to succeed, business owners must take risks. The study concluded that risk-taking has important implications for business growth, future performance, future risk-taking measures, and identity survival as well.

4. CONCLUSION

The purpose of this study was to investigate “coopetition” as a strategy for entrepreneurs in the coffee industry, specifically those who are involved in coffee shop businesses in the country. “Coopetition” has been described in the literatures as one of the emerging and popular business strategies. It comprises cost-cutting techniques as well as resource efficiency and most importantly, skill transfer. Given the many problems that MSMEs encounter in the Philippines, “coopetition” can assist local coffee shop businesses in overcoming some of these obstacles. With an estimated 70% of MSMEs failing during the first two to five years, an intervention strategy to support MSMEs is required.

The research aimed to investigate whether “coopetition” exists among local coffee shops in the Philippines. It also aimed to determine whether “coopetition” has a positive effect on firm performance and to identify the variables that moderate this relationship. In addition, the research aimed to create a business model that utilizes “coopetition” as a strategic advantage.

“Coopetition” could help local coffee shops achieve improved firm performance. This is because “coopetition” allows coffee shops to share resources and expertise, which can lead to cost savings, and improved efficiency. It also allows coffee shops to access new markets and customers, which can lead to increased sales and revenue. Additionally, “coopetition” can help coffee shops to develop new products and services, which can lead to increased customer satisfaction and loyalty. In conclusion, “coopetition” can help coffee shops to improve their brand image and reputation, which can lead to increased market share and profitability.

Local coffee shops often have limited resources and face extreme competition from larger firms. This makes it difficult for them to survive and compete on their own. However, by participating in “coopetition”, local coffee shops can gain access to the resources and expertise that they need to succeed. This can help them to improve their efficiency, performance, and chances of survival.

The research concluded that “coopetition” exists among local coffee shops in the Philippines. Trust and commitment as dimensions of “coopetition” were found to have a significant effect in attaining an increased firm performance. Overall, this study showed that “coopetition” has a positive effect on firm performance, and that the ability to exploit opportunities moderates this relationship. This suggests that the ability to exploit opportunities is important because it allows coffee shops to maximize the benefits of “coopetition”. Coffee shops owners can exploit opportunities by taking advantage of the knowledge and information that can be acquired from other owners. This can be done through online interactions and online lectures. Coffee shop owners can multiply the benefits if they join a dedicated group and participate in the discussions. And by doing so, coffee shops can improve their performance and increase their chances of success. They may benefit in terms of reduced costs due to increased numbers of available suppliers, increased efficiency by lowering the chance of first-hand failure, and improved customer service by adapting the best practices of other owners.

Overall, “coopetition” established through the pillars of trust and commitment is a new business strategy that offers various benefits for MSMEs. It can increase firm

performance in the form of revenue, decrease operational costs, and improve overall profitability. It can also have a positive effect on customer satisfaction, product innovations, job creation, and strategic formulation.

The study's findings indicate that businesses who invest on trust and commitment can expect to obtain greater rewards. They gain access to the benefits of additional resources and markets, improved consumer satisfaction, and a stronger financial position. This implies that collaboration may assist local coffee shops in addressing difficulties and challenges in the business environment. The more local coffee shops that survive and flourish, the better for the economy; unemployment may decrease, and the amount of capital lost from failing coffee shops business is expected to decline.

Finally, a “coopetition” group could help local coffee shops to challenge larger enterprises in the industry. By working together, local coffee shops can pool their resources and expertise to create a more formidable force. They can also share information and best practices, which can help them to improve their products and services.

This study on “coopetition” in the Philippine setting offers valuable insights that can extend beyond the context of local coffee shops. This contributes to the broader literature on business strategy, marketing, and management. By examining the dynamics of collaboration and competition among local coffee shops, this research puts emphasis on the value of “coopetition” as a strategic approach for Micro, small, and medium-sized Enterprises (MSMEs) as adapted to the mother research that dwells on various industries and wide geographical settings. The findings feature the universal relevance of trust, commitment, and opportunity exploitation in fostering cooperative relationships among competitors and enhancing firm performance. Furthermore, by emphasizing the practical applications of “coopetition”, such as cost reduction, revenue improvement, and innovation stimulation, this study provides actionable insights applicable to MSMEs worldwide, regardless of their industry or location.

5. RECOMMENDATION

Form a “coopetition” group. This involves identifying potential partners, reaching out to them, and developing a “coopetition” agreement. Once a “coopetition” group is formed, members can work together to share resources, develop new products and services, and promote the group. A formal “coopetition” group managed by officers who uphold the virtues of trust and commitment is recommended to be established. These officers will be responsible for overseeing the group's activities, ensuring that its members are working together effectively, and mediating any conflicts that may arise.

Develop a comprehensive membership and promotional program for coffee shop owners. Various benefits will be offered to coffee shop owners who wish to join the “coopetition” group. This may include special discounts, exclusive promotions, and a membership pass to the online “coopetition” group wherein members can maximize the benefits of “coopetition” through the exchange techniques, skills, and relevant information. The group will create a dedicated website or social media page that aims to highlight the advantages gained and activities conducted within the “coopetition” community. All members shall be encouraged to promote the “coopetition” group through various methods, which may include advertising during industry events, referring to neighboring coffee shops, utilizing paid advertisements, and implementing online marketing campaigns.

Host bazaars and workshops on “coopetition”. Direct marketing strategies like bazaars and workshops have a strong influence on individual's attitude and perceived control (Adan, et al., 2023). These programs may increase the popularity of “coopetition”

through direct strategy ambassadorship. Promoted gatherings like coffee bazaars and workshops could attract coffee shop owners and managers who are interested in learning new techniques and strategies that can be applied to their own businesses. These events will serve as platforms for collaboration among coffee shop owners, industry professionals, and suppliers. By engaging in conversations and exchanging ideas, coffee shops owners and managers can learn from each other's experiences, gain insights into industry trends, and explore potential partnerships. The organizers are tasked to ensure that the attendees will understand the importance of “coopetition” and the benefits that they may gain by participating in it. After the event, attendees should be convinced that this strategy can be a new way of managing their business in the market.

Limitations

The limitations of the study are geographic bias and low sample size. Majority of respondents came from provinces near and accessible to the researcher. This may have skewed the results, making them more reflective of those provinces with larger percentages of participants. It is recommended that future studies have an equal number of respondents from each province. This will help to ensure that the results are more representative of the entire population of local coffee shops in the Philippines. Also, the study had a relatively small sample size. Future studies could collect a larger sample size to add depth to the findings. This will help to ensure that the results are more reliable and generalizable.

ACKNOWLEDGEMENT

I dedicate this research to Almighty God, my guiding force, providing good health, unwavering faith, and talents for my journey. My heartfelt thanks go to my beloved family, fiancée, colleagues, and friends for their unwavering support. Their encouragement, prayers, and thoughtful messages have been the driving force behind my success. A special thanks to Dr. Jaylen Fampo, my co-author, for being an invaluable mentor and partner, and Dr. Allan Rodelas, my statistics adviser, for helping me navigate the complexities of data analysis. Much gratitude to my thesis panel—Dr. Santos, Dr. Delica, and Dr. Buenafe—for their expert guidance. I also appreciate the constant support from Dr. Maloles and Dr. Castro, my Teachers-in-Charge, and the respondents who contributed their time and insights. Special acknowledgement and deep appreciation to the RIBER editor, Dr. Fung, for his support and guidance in the publishing of this research, as well as to the anonymous reviewers who devoted their time to reviewing our research work. This thesis wouldn't be possible without their collective wisdom, belief, and encouragement.

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