Vol. 1, Issue I, 2022 (July – December)

International Journal of Politics & Social Sciences Review (IJPSSR)

Website: https://ijpssr.org.pk/ OJS: https://ojs.ijpssr.org.pk/ Email: info@ijpssr.org.pk

ISSN 2959-6467 (Online) :: ISSN 2959-6459 (Print)
ISSN 2959-6459 (ISSN-L)

The Influence of Horizontal Coopetition in Generic Advertising on the Profitability of Micro and Small Enterprises: A Case of Arusha Handicraft Industry

Twazihirwa Tunzo Mnzava[1], Dr. Gwahula Raphael[2] & Dr. Hawa Uiso[3]

[1] (Corresponding Author), The Open University of Tanzania Email: mnzavatt@gmail.com
[2] Senior Lecturer, Department of Accounting and Finance, the Open University of Tanzania
[3] Lecturer, Tumaini University, DSM College

Abstract

This study in the handicraft industry in Arusha, Tanzania, was done to determine the influence of coopetition in generic advertising on the profitability of Micro and Small Enterprises (MSEs). It employed the theory of coopetition and resource dependence theory as theoretical frameworks. The objective was to investigate the influence of horizontal coopetition in generic advertising on MSEs' profitability, with MSEs' resource interdependence moderating the influence. Data collected by survey approach were quantitatively analysed using the moderated multiple linear regression (MLR) model to test the hypotheses. The results demonstrated that coopetition in generic advertising positively and significantly influenced the MSE's profitability before and after moderation. The resource interdependence had no statistically significant moderating effect on the influence of horizontal coopetition in generic advertising on the MSE profitability. The results mean that coopetition occurs in all business cycle phases to create joint and firm profitability and that horizontal coopetition is a viable business model that can aid MSEs to be profitable and sustainable. More research needs to be done in a rural setting, involving more variables of coopetition in generic advertising and factoring in the MSE attributes as moderators. The study recommends similar studies on coopetition from industry-specific MSEs and in more tourist areas.

Keywords Generic Advertising, Handicraft, Horizontal Coopetition, Micro and Small Enterprise, Profitability

Introduction

Small and Medium Enterprises (SMEs) in different countries account for nearly 95% of all businesses (Appiah *et al*., 2018), contributing to about 30% of Gross Domestic Product (GDP) and absorbing over 60% of all employees in developed economies (Woźniak *et al*., 2019). In developing economies like most African countries, SMEs contribute over 60% and 70% of the GDP and total employment, respectively (Zafar and Mustafa, 2017), generating almost 80% of all employment (Santos, 2015). SMEs in Tanzania generate over 50% of GDP (Argidius, 2017; IFC, 2017; Nkwabi and Mboya, 2019). These statistics demonstrate that SMEs are one of the main drivers of the global economy (Ghalke *et al*., 2018)).

Micro and Small Enterprises (MSEs) make up the majority of SMEs in developing countries, as is the case in Tanzania (Argidius, 2017; Granata *et al*., 2018; and Mzomwe and Mutarubukwa, 2015). According to Feela (2020), 97% of MSEs are not profitable due to the global economic crisis, lack of support from the government and business development services, unskilled personnel running them, and competition from medium and large firms within the industry.

Although each type of SME impacts individuals, society, and the country's economy (Wayan *et al*., 2021), handicrafts are particularly relevant in emerging economies since they are both pro-poor and leverage the homestead economy (Tambwe, 2017). The handicraft industry is a sector severely impaired by a lack of external assistance and tough competition from medium and large businesses

(Yasa *et al*., 2017). These difficulties have significantly impacted their performance and development (Tambwe, 2017).

While economic crises, lack of support, inept employees, and tough competition were responsible for MSEs' poor performance, they were also significant drivers behind enterprises' desire to pool resources against giant firms' domination in the competitive market, according to Feela (2020). According to Cygler *et al*. (2018), competing firms' cooperation remains the only effective survival strategy for most businesses in today's changing economy. Cooperation between competing companies is known as coopetition. Coopetition is defined as paradoxical business relation between firms that create value through cooperative interaction while competing to capture part of the value (Bengtsson and Kock, 2014; Bouncken *et al*., 2015).

This study focused on coopetition on generic advertising. Jørgensen and Sigué (2015) define generic advertising as a marketing process aiming to enhance industry sales. According to (Friedman and Friedman, 1976), "the major goals of generic advertising are to enlarge an existing market, increase per capita consumption of the product and lengthen the product's life cycle" (p.2). Zheng *et al*. (2010) define generic advertising as the firms' cooperative effort to disseminate information to the current or potential customers about the underlying characteristics of nearly homogenous products they produce. In this study, generic advertising is defined as marketing where the product category is promoted to enlarge an existing market and increase the per capita consumption of the product.

Literature Review

Coopetition on generic advertising is studied using the theory of coopetition (TOC) and resource dependence theory (RDT) as the frameworks. TOC is believed to have its roots in Raymond John Noorda's initial use of the term in the 1980s (Bouncken *et al*., 2015). Brandenburger and Nalebuff (1995) built the theory on the foundation of game theory. The basis of coopetition is the idea that cooperation creates value while competition appropriates it (Bengtsson and Kock, 2000; Brandenburger and Nalebuff, 1996). The value-net structure, in which participants in the company include suppliers, substitutors (traditionally referred to as competitors), complementors, and consumers, serves as the basis of coopetition's value offer (Brandenburger and Nalebuff, 1995,1996).

Coopetition can be horizontal (competing and cooperating on the same activities, in the same market, and/or for the same product) or vertical (rival firms involved in a supplier-retailer relationship for a specific product). Horizontal and vertical cooperation can boost a company's innovativeness, market placement, and profitability (Feela, 2020). Firms can coopete in pre-production, production, and/or post-production processes to improve their performance (Flanagan *et al*. 2018). Except for some service enterprises, pre-production and production processes are accomplished away from the customers, and post-production processes are performed near them.

The research on the influence of horizontal cooperation in generic advertising on the profitability of handicraft MSEs focused on competitive businesses that cooperate to be powerful enough to profit by obtaining market share for their crafts. Cooperative and competitive behaviours are integrated to generate the main advantages of coopetition in terms of performance. TOC proposes a theoretical model which suggests that coopetition will add value and provide more significant results when compared to cooperation and competition models (Robert *et al*., 2018). The competitive aspect of coopetition is essential in avoiding complacency and maintaining creative friction among the firms involved.

Enterprises access and exploit more resources during coopetition to achieve efficiency and high performance (Bouncken *et al.*, 2015; Ritala, 2012). Coopetition is about focusing on the customers' demands. It perceives participants as complementors, co-value producers, and appropriators to bring in more customers, resulting in timely, more sales and more profits. When a company cooperates with a competitor, the goal is to assist the customer in appreciating the competitor's products more when the customer has the competitor's products than when the customer has the competitor's products alone (Bouncken *et al.*, 2015). TOC asserts that it is competition and cooperation attributes that can uniquely interplay simultaneously to create a coopetition mechanism, making it the best strategic option and the most efficient way of the relationship between firms that can generate profitability among the players (Gnyawali and Charleton, 2018; Le Roy and Czakon, 2016; Walley, 2007).

The four constructs of coopetition are the simultaneous occurrence of competition and cooperation, the paradoxical character of coopetition, value creation intention, and value

appropriation purpose (Bengtsson and Raza-ullah, 2017; Gnyawali and Charleton, 2018). These constructs produce two main variables: coopetition (also known as value creation intention and appropriation) as a predictive variable and performance (in this study, profitability) as a dependent variable. Coopetition happens throughout firms' activities in pre-production, production, or post-production phases, where various coopetition components impact the firm's performance. The coopetition in this study takes place during the firm's post-production phase. The coopetition's element under investigation was generic advertising.

Brandenburger and Nalebuff (1996) claimed that in any phase of the business cycle, complementors and competitors play interchangeably to create value large enough to benefit all by bringing in more customers. According to the RDT, a firm's performance is determined by its capacity to acquire and control essential external resources (Pfeffer and Salancik, 1978) and the market for its products (Davis and Cobb, 2009). According to Frączkiewicz-Wronka and Szymaniec (2012), RDT describes how the mutuality and interdependence of enterprises affect the operations of organisations.

The RDT explains bilateral resource exchange for power through mutual reliance and power imbalance between two participants, as well as a circumstance in which bilaterally connected actors have control over a third-party actor due to dependency (Jen-Yin *et al*., 2017). In the first situation, RDT conceptualises a way for actors to exchange and share resources and use them to obtain power used to influence one another. In the second situation, the RDT conceptualises a way for actors to exchange and share resources and use them to get the power used to influence third-party actors (Casciaro and Piskorski, 2005). The degree of interdependence between enterprises determines their willingness to cooperate. According to the RDT, interdependence is contingent on mutual power between firms, which is contingent on the coopeting firms' possession of resources required by the third party (market).

The firm's capacity to collaborate with competing enterprises to acquire vital resources from one another and lower market transaction costs boosts its market power and impacts its performance (McConnell *et al*., 2009). Therefore, the resource interdependence variable in RDT works as a moderator in the way coopetition influences profitability since firms become more cooperative when enterprises' resources leverage power among themselves (van den Broek *et al*., 2018). Therefore, RDT can be used to explore moderation processes in coopetition's influence on performance (profitability) in this regard (Brandenburger and Nalebuff, 1996; Casciaro and Piskorski, 2005)

Because proper and strategic resource combining provides more value than the sum of the values generated by individual efforts in isolation, an individual MSE's capacity to capture value in the market is dependent on the joint value creation accomplished through coopetition with another MSE. According to the RDT, this gives each MSE control over the market. The related cost savings, on-time delivery, and complete order fulfilment enhance the power imbalance between the MSE and the demand, resulting in a higher profit margin in the customer transaction.

Development of Hypotheses

According to Flanagan *et al*. (2018), firms can coopete to improve their performance at any stage in the business cycle. Various studies have focused on coopetition in the pre-production and production phases of business, which Robert *et al*. (2018) refer to as the technology-driven phase, and its impact on entrepreneurial skills development and innovation (Bacon *et al*., 2020; Pekovic *et al*.,, 2019). Scanty studies have focused on coopetition in the post-production phase, which Robert *et al*. (2018) refer to as the market-oriented phase, and its impact on firm profitability (Bacon *et al*., 2020; Pekovic *et al*., 2019).

The impact of horizontal coopetition in increasing a firm's profitability has been researched primarily on large corporations or comparing coopeting and non-coopeting firms (Lechner *et al*., 2016). There are few studies on SMEs' coopetition in emerging economies, particularly in handicrafts as a sector-specific business. Due to SMEs' incapacity to access and efficiently exploit existing resources and their low market power due to their smallness and newness in the sector, many SMEs face profitability challenges throughout their life cycles (Argidius, 2017; Flanagan *et al*., 2018).

Coopetition approach is based on a value-net framework of a firm with rivals, complementors, and customers as players in business activities (Robert *et al*., 2018). The RDT postulates that more profit is made on the customers' side of the business (market side) because even a little shift in the consumer base may drastically affect sales and income (Brandenburger and

Nalebuff, 1996). Competitors engage on this side of the business to enable each firm to acquire more customer base through generic advertising, probably bundling it with brand advertising, to gain a significant market share and achieve high performance.

Lindström and Polsa (2015) conducted a study on SMEs and discovered that the firm's success was connected to collaborative advertising by competitive enterprises. Williams and Capps (2020) investigated the influence of generic marketing on market performance and found that generic advertising improved profitability by lowering the price elasticity of the marketed drug and increasing the price. The study conducted by Williams and Capps is one of the very few studies that look at the influence of generic advertising on profitability (Prijadi and Desiana, 2017); hence more validation of their study was one of the goals of this study.

The study was conducted in the context of handicraft MSEs in Arusha, Tanzania, to address coopetition in an emerging economy's background. The study's objective was to determine the influence of horizontal coopetition in generic advertising on an MSE's profitability. The hypothesis, H_1, in this quest was:

> *H_1: Horizontal MSEs' coopetition in generic advertising positively influences the MSE's profitability.*

Resource interdependence is one of RDT's variables and antecedents and drivers of coopetition (Chai *et al*., 2019; Fredrich *et al*., 2019). According to Chai *et al*., resource interdependence is assumed to moderate coopetition, since coopetition becomes more cooperative when the enterprises' resource leverages power among them. As a result, hypothesis H_2 was developed.

> *H_2: The level of influence of Horizontal MSEs' coopetition in generic advertising on the MSE's profitability is positively moderated by the resource interdependence among MSEs.*

Conceptual Framework

The theory of coopetition (TOC) and the resource dependence theory (RDT) are employed as theoretical frameworks in this study. The two theories aided in the formulation of the study's conceptual framework and the theoretical knowledge of the variables assumed to influence MSE profitability and how the influence is moderated. A conceptual framework was created as a model to direct hypothesis testing after studying the literature and formulating hypotheses. As a result, Figure 1 shows the relationships in terms of the tested hypotheses.

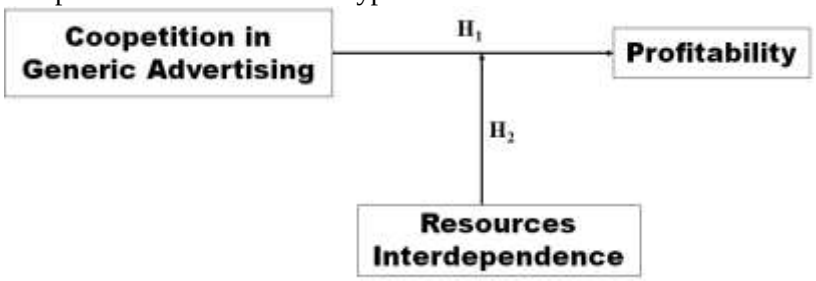

Figure 1. Conceptual Framework

Source: Field Study

Methodology

Sampling and Data Collection

The study focused on handicrafts MSEs in Arusha city (Tanzania) centre since it is one of the top three cities in Tanzania with the most significant density of handicrafts and sales marketplaces compared to areas along tourism routes (Synovate, 2012). Arusha is one of the hubs of tourism in Tanzania and a key hub in the northern tourism circuit where the handicraft industry is flourishing (Charles, 2019).

The sampling space consisted of 45 recognised handcraft markets in three clusters with 297 MSEs. The sample size was arrived at by Yamane's formula that factors in the confidence level of 95% (the significance level = 0.05) for the maximum variability in a population (Uakarn *et al*., 2021). The sample size, ***n***, was calculated as:

$$n = \frac{N}{1 + Ne^2}$$

The calculated sample size was 175; however, only 159 people responded (91% response rate). The Clusters consisted of Open Markets, Curio Shops, and tourist hotels' duty-free shops. Within the clusters, MSEs congregated and transacted business together in the marketplaces. These

MSEs sold home décors, fashion accessories, or both home décors and fashion accessories to the local and or the export market, or both the local and export markets.

This study took a quantitative, cross-sectional survey approach. A structured questionnaire was used to collect data in May/June 2021. The questionnaire was created, with most items being 5-point Likert scale questions. The questionnaire was divided into two sections: the first featured demographic information questions and the second contained numerous claims in the form of five-point Likert-like scales that progressed from weakest support of the item (represented by 1) to the strongest endorsement of the item (represented by 5). According to Creswell (2016), the questionnaire consisting of closed-ended questions was appropriate for the respondents to be able to reply quickly. All items in the same questionnaire had to have the same Likert-like scale grading so that measurements could be compared easily (Simms *et al*., 2019).

Reliability of the Research Instrument

The Cronbach's alpha was used to test measures the internal consistency between variables in the scale (Taber, 2018). This test was used to explore the level of reliability of all the constructs across all the questions that were administered to the respondents. The average values of the 5-point Likert points were employed for all variables. The precaution was taken to ensure that all questions were in a positive direction. The Cronbach's Alpha values test results for all variables are shown in Table 1

Table 1: Item-Total Statistics

Variable	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's □ if Item Deleted
ProftY	15.289	17.390	.793	.638	.711
GadvX_3	14.781	21.324	.589	.436	.769
ResM	14.613	28.041	-.089	.015	.848

Data Source: Field Study (2021)

The column "Cronbach's Alpha if Item Deleted" indicates that the Cronbach's Alpha value is reduced if any of the variables are deleted except the moderating variable.

Table 2 indicates that the general Cronbach's alpha (□) = .802 and the Cronbach's Alpha Based on Standardised Items (□*) = .750. The general rule is that if Cronbach's alpha (□) > .700, the internal consistency between variables in the scale is generally good. The test was repeated with moderating variable deleted. The general valued moved from Cronbach's alpha = .802 to Cronbach's alpha = .848.

Table 2: Moderated Reliability Statistics

	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Before Moderation	.802	.750	2
After Moderation	.848	.852	3

Data Source: Field Study (2021)

The profitability of the MSE was the dependent variable in this study, whereas coopetition in generic advertising was the independent variable.

Data Analysis

The nature of the data variability and its associations were explored using descriptive and inferential statistical approaches. The parameters for the target population and the relationship between the variables were established using inferential statistical analysis. Here, simple linear regression (SLR) analysis model and moderated multiple linear regression that had the following general structures were used:

Additive Model:

$$Y = \beta_0 + \beta_1 X + \ldots\ldots\ldots\ldots (1)$$

Moderated Model:

$$Y = \beta_0 + \beta_1 X + + \beta_2 ReM + \beta_3 X*ReM \ldots\ldots\ldots\ldots (2)$$

Where:

Y - The dependent variable – Profitability.

X – The independent variables: (Gadv*X* = Generic Advertising)

ReM - The moderator (Resource interdependence)

□$_1$, □$_2$ and □$_3$ - The regression coefficients - changes in the dependent variable, *Y*, with a unit change in independent variables *X*, M and *XM*, respectively.

β_0 - The Profitability when coopetition is zero.

(Mira *et al*., 2016; Wineaster, 2017).

MLR Assumption Testing

Then MLR assumptions checked were linearity of the independent variables, the normality of variable distributions of residues, and homoscedasticity of the variances of error terms (Williams et al., 2013).

Linearity Assumption

The linearity assessment was done to ensure a linear relationship between the dependent and independent variables (Osborne and Waters, 2002; Williams *et al*., 2013). It entailed partial regressions of MSE's Profitability on coopetition in generic advertising. The residuals of the independent and dependent variables were checked during regression. The summary of the linearity assumptions for all variables is in Table 3.

Table 3: Summary: Linearity Assumption Test for All Variable

	Profitability (DV)	Partial Regression		Partial Correlation	
	Regressed with	Constant	Significant Values	Coefficients	Beta Value
1	GadvX	+0.185	p = .001	R^2 = .377	+0.614
2	ResM	-0.139	p = .543	R^2 = .002	-0.049

Data Source: Field Study (2021)

The regression coefficients and correlation coefficient of determination were statistically significant. The linearity assumption was not violated.

Normality Test

A normality test was performed to check the normal distribution of the residuals of the regression; the errors between observed and predicted values (Wu and Leung, 2017). The test produced both Q-Q plots of the studentised residual values and the numerical values of the Kolmogorov-Smirnov goodness of fit test (sig. value test). From Table 4, the Kolmogorov-Smirnov goodness of fit test (sig. value test) is .008.

Table 4: Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Unstandardized Residual	.088	159	.004	.977	159	.008

a. Lilliefors Significance Correction

Data Source: Field Study (2021)

Multicollinearity

Multicollinearity exists when the regression model's two or more independent variables are highly correlated. The variance inflation factor (VIF) test was run to assess the Collinearity Statistics, and the results are in Table 5 (Williams et al., 2013).

Table 5: Coefficients[a] and Collinearity Statistics

		Unstandardised Coefficients		Standardised Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-0.097	.242		-.403	.687		
	$GadvX_3$	0.363	.079	0.278	4.603	.000	.645	1.549
	ResM	-0.139	.228	-0.049	-0.610	.543		

[a]Dependent Variable: Profitability of the MSE

Data Source: Field Study (2021)

The results indicate that VIF across the independent variables are less than 10, and p = .001. According to McClelland *et al*. (2017), checking the moderating variable may not be necessary when running the moderated multiple regression analysis, so the VIF index was ignored in this analysis.

To avoid multicollinearity induced by the primary independent and interactive variables, centred interactive variables were employed. This study evaluated how the interacting factors affected the independent variable's predictive abilities. The hierarchical regression model was used when working with an independent and a possible moderating variable. Therefore, hierarchical regression analysis of ProftY on GadvX, the centredResM, and the centredGadvX*ResM was performed.

The Homoscedasticity

The homoscedasticity of the variances of error terms means the equality of the variances of error terms across the values of the independent variables. Breusch-Pagan Test of heteroscedasticity was

used (Halunga et al., 2017). For the sample size (N) = 159 and the number of predictors (P) = 3, the R^2 value was .0229, and the Breusch-Pagan test for heteroscedasticity was 4.601 (Chi-Square df = 2,156). The significance level was p = .3307 (Null hypothesis, H_0: homoscedasticity exists).

The decision criterion is: If the p-value of the test is less than some significance level (α = .05), we reject the null hypothesis and presume that heteroscedasticity is present in the regression model. Since this p-value is not less than .05, we fail to reject the null hypothesis. Consequently, we expect that homoscedasticity was present.

Descriptive analysis

The descriptive analysis revealed that no handcraft MSE in the research region had more than 35 employees, and about 79% of all MSEs had no more than five staff. The handcraft/curio stores cluster had the most handicraft MSEs, accounting for roughly half of all handicraft MSEs, followed by the open markets cluster, which has 30.2%. About 62% of all MSEs investigated sold home décor and fashion accessories, with less than 20% specialising in either home décor or fashion accessories exclusively. According to analysis, 57.2% of MSEs focused solely on the local market without exporting, while approximately 39% served both the domestic and export sectors. The fraction of MSEs focusing on exporting was relatively low (about 4%).

When analysing the relationships of MSE features in the sample, 51.6% and 35.2% of MSEs in the open markets and handcraft/curio stores clusters served the domestic market. The art centre duty-free shops were the most significant cluster that sold handcrafts in the export market (about 83.3% of MSEs). According to the findings, approximately 58.6% and 61.3% of all MSEs sold only home décor products and only fashion accessories in domestic markets. In contrast, about 37.9% and 35.5% of all MSEs sold only home décor products and fashion accessories in domestic and export markets. Home décor and fashion accessories were offered by 40.4% of all MSEs that served both the local and export markets.

The independent and dependent variables were cross-tabulated. It was shown that approximately 36.5% of all MSEs were involved in the coopetition. Still, the profitability was not noticeable, 35.2% of all MSEs with low to high coopetition achieved moderate to high profitability, and 27% of all MSEs with moderate to very high coopetition achieved high to very high profitability.

The validity of the data was checked using the Pearson product-moment correlation, which involved comparing the significant values to the significance value, p =.05, and comparing it to the r table product-moment. The significance value was checked to see if questions in the questionnaire should be maintained or removed. According to Pearson (2019), the r-tables product-moment value (N = 159, p =.05) was r =.159. In the analysis, the significance levels were all $p < .05$ except under "What is the major category of goods sold in the business?" and "The business is in high competition with other similar businesses" items, where both Pearson Correlation are low and $p > .05$ in both cases.

The Cronbach's Alpha test was performed to investigate the level of reliability of all constructs across all questions given to the respondents. The results indicated that Cronbach's Alpha (□) = .909 and Cronbach's alpha based on standardised items (□*) = .898.

The association of GadvX and the different attributes of the MSEs

The analysis of the GadvX and the MSE Cluster revealed that 87.6% of MSEs in the open markets cluster had low to moderate generic coopetition. In comparison, 77.3% of the MSEs in Handcraft/Curio shops had moderate to high generic coopetition. About 88.9% of MSEs in Art Centre/Duty-Free shops had high and very high generic coopetition.

The comparison of the GadvX with the MSE sizes showed that 65.9%, 96%, and 75% of the MSEs within micro, moderately small, and small enterprises, respectively, had moderate, high and very high coopetition in generic advertising. Almost all small enterprises with employees over 21 had some degree of coopetition in generic advertising.

The analysis compared the GadvX and the products sold. The analysis indicated that within the major categories of goods sold, almost all MSEs show some degree of coopetition in generic advertising. About 62.9% of the MSEs had low or moderate coopetition in generic advertising. When the GadvX and the market served were analysed, about 72.6% of the only MSEs in the domestic market category had low to moderate coopetition in generic advertising. In contrast, almost all the MSEs in the export market category had high coopetition in generic advertising.

Inferential analysis

The association between GadvX and the ProftY

Then the association between the MSEs' coopetition in generic advertising and the profitability was done using a simple linear regression analysis. It was essential to check the strength, direction, and statistical significance of the correlation between GadvX and ProftY. Inferential analysis was done through SLR, and different coefficients were assessed. The summary of the regression of MSE profitability on coopetition in generic advertising is given in Tables 6 and 7.

Table 6: Model Summary[b]

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	.614[a]	.377	.373	1.042

a. Predictors: (Constant), Coopetition in Generic Adverting

b. Dependent Variable: Profitability of the MSE

Data Source: Field Study (2021)

Table 7: Regression Coefficients

		Unstandardised Coefficients		Standardised Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.185	.299		.621	.536
	GadvX	.801	.082	.614	9.742	.000

a. Dependent Variable: Profitability of the MSE

Data Source: Field Study (2021)

The moderator (ResM) on the influence of GadvX on profitability (ProftY)

According to Chai et al. (2019) and Fredrich et al. (2019), one of the antecedents and drivers of coopetition is resource dependency as a variable in RDT. Interfirm resource interdependence positively influences interfirm collaboration (Chai et al., 2019). The interdependence of resources is assumed to have a moderating effect on coopetition. The coopetition becomes more cooperative when the enterprises' resources leverage power. Resource interdependence (ResM) was used as an independent variable, and ProftY was regressed on ResM, with the findings shown in Tables 8 and 9.

Table 8: Coefficients[a]

		Unstandardised Coefficients		Standardised Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	3.489	.839		4.157	.000		
	ResM	-.139	.228	-.049	4.157	.543	1.000	1.000

a. Dependent Variable: ProftY

Data Source: Field Study (2021)

Table 9: Model Summary[b]

				Std. Error of the	Change Statistics				
Model	R	R^2	Adjusted R^2	Estimate	R^2	F Change	df1	df2	Sig. F Change
1	.049[a]	.002	-.004	1.318	.002	.372	1	157	.543

a. Predictors: (Constant), Moderating Variable - Resource

b. Dependent Variable: Profitability of the MSE

Data Source: Field Study (2021)

The significant regression equation ($F[1,157]) = .372$, $p > .05$) with $R^2 = .002$ was found as:

ProftY = 3.489 - .049ResM

ProftY reduces by.149 units for every unit rise in ResM, all measured in the same unit. Regardless of this study, it was critical to see how this moderator affected the GadvX variable's influence on profitability.

The hierarchical regression analysis of ProftY on GadvX, ResM, and then on GadvX*ResM was done. The objective was to test hypothesis H_2 to check how the ResM was statistically significant in changing the correlation coefficient of determination (R^2 Change) of ProftY and GadvX. The hypothesis tested was:

> *H_2: The influence of Horizontal MSEs' coopetition in generic advertising on the MSE's profitability is positively moderated by the resource interdependence among MSEs*.

The multicollinearity produced by the principal independent and interactive variables was prevented by centring the independent and interactive variables. After centring the variables and incorporating the interacting term, centeredGadvX*centredResM, the regression analysis was done again. Upon regressing ProftY on centredGadvX, centredResM, and centredGadvX*centredResM, the interaction coefficient was not statistically significant ($p > .05$).

The correlation between ProftY, GadvX, and ResM was also examined. ProftY and GadvX had a positive, strong, and significant correlation, whereas the others were weak, negative, and not statistically significant ($p < 001$), as depicted in Table 10. The R^2 change was only .086, and correlation improved from $R^2 = .474$ to $R^2 = .560$, and the effect is significant ($p < .001$) even though the regression analysis results were not statistically significant.

Table 10: Model Summary

				Std. Error of the	Change Statistics				
Model	R	R^2	Adjusted R^2	Estimate	R^2 Change	F Change	df1	df2	Sig. F Change
1	.689[a]	.474	.468	.960	.474	70.419	2	156	.000
2	.748[b]	.560	.549	.884	.086	14.998	2	154	.000

a. Predictors: (Constant), CentredResM, CentredGadvX

b. Predictors: (Constant), CentredResM, CentredGadvX, CentredGadvX *CentredResM

Data Source: Field Study (2021)

Results and Discussion

This study aimed to assess the influence of coopetition in generic advertising on the profitability of MSEs in the handicraft industry. Another aim was to assess how resource interdependence moderates the influence of coopetition in generic advertising on the MSEs' profitability.

The influence of Horizontal MSEs' coopetition in generic advertising (GadvX) on MSE's profitability (ProftY), Hypothesis H_1

Descriptive statistics showed that almost all clusters (open markets, handcraft/curio shops, and art centre/duty-free shops) had coopetition in generic advertising. However, the art centre/duty-free shops cluster showed high generic coopetition. The tendency to coopete was also high, irrespective of the MSE sizes. Almost all MSEs showed some degree of coopetition in generic advertising within the major categories of goods sold. Coopetition in generic advertising was not as high in MSEs dealing with the local market as in those dealing with the export market. Simple linear regression analysis was used to test the hypothesis that:

> *H_1: Horizontal MSEs' coopetition in generic advertising positively influences the MSE's profitability.*

Results showed that the regression equation ($F(1,157) = 94.913$, $p < .001$) was found as:

$$ProftY = .185 + .801GadvX$$

The profitability (ProftY) increases by .801 units for every unit increase in GadvX. The influence was significant. The correlation coefficient of determination, $R^2 = .373$, indicates that if other variables are kept constant, 37.3% of the variance in ProftY can be accounted for by GadvX. With this, the Horizontal MSEs' coopetition in generic advertising positively influences the MSE's profitability, and hypothesis H_1 is accepted.

The moderation effect of resources interdependence among MSEs (ResM) on the influence of GadvX on profitability (ProftY): Hypotheses H_2

In this study, the hierarchical regression tried to determine if the centredResM was statistically significant in changing changes of ProftY influenced by GadvX and the correlation coefficient of determination (R^2 Change) of ProftY and GadvX. The hypothesis tested was:

> *H_2: The influence of Horizontal MSEs' coopetition in generic advertising on the MSE's profitability is positively moderated by the resource interdependence among MSEs.*

To test this hypothesis, MLR was used to check the coefficients of independent variables (GadvX and ResM) and the correlation. The results showed that the interaction impact of the moderation term on the regression coefficients was not statistically significant ($p >.05$) in the regression analysis of ProftY on centred GadvX, centred ResM, and centred GadvX *centred ResM (Table 9). The R^2 change was only .086, and the effect was significant ($p < .05$). The correlation improved from $R^2 = .474$ to $R^2 = .560$, and the effect is significant ($p < .001$)

It was necessary to investigate the impact of the interaction term from a low to a high level. This was performed by sorting the data in increasing order of moderation degrees, separating it into three equal groups, and plotting it against ProftY as in Figure 2.

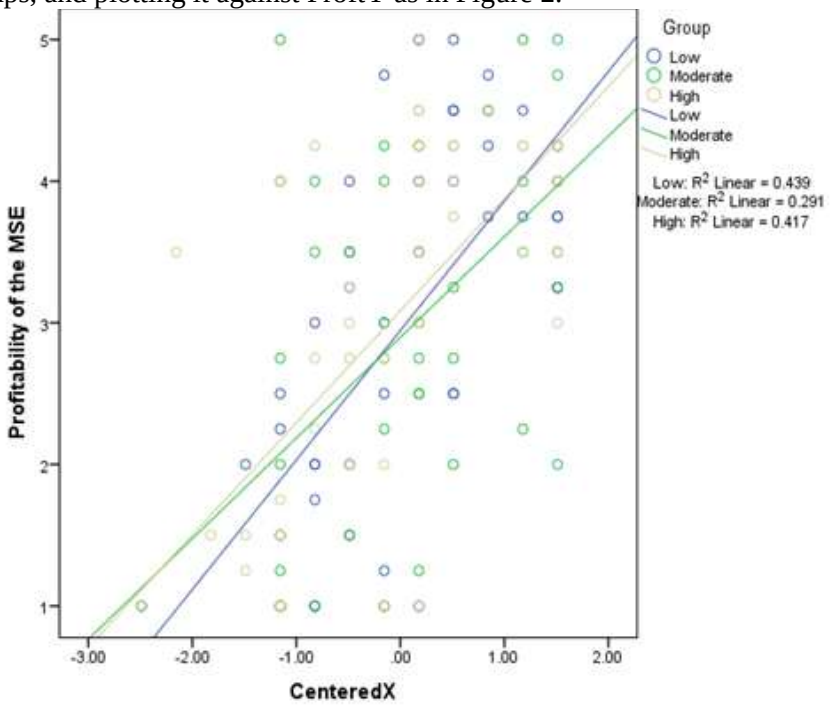

Figure 2: Moderation Effect in GadvX Influence on ProftY
Data Source: Field Study (2021)
The correlation of ProftY and centred GadvX varies from a low degree of moderation to a high level, with the corresponding R^2 values as shown in Table 11.
Table 11: Correlation Summary

Level of Moderation	Correlation Coefficient	Correlation Coefficient of Determination
Low	R = .6626	R^2 = .439
Moderate	R = .5394	R^2 = .291
High	R = .6458	R^2 = .417

Data Source: Field Study (2021)
The moderating effect in the regression of ProftY on GadvX was not statistically significant, although the lower the resource dependence, the higher the correlation. So, hypothesis H_2 which states that the level of influence of Horizontal MSEs' coopetition in generic advertising on the MSE's profitability is positively moderated by the resource interdependence among MSEs, is accepted.

Conclusion

This study aimed to determine the influence of horizontal coopetition in generic advertising on MSEs' profitability. Within the limitations of this study, generic advertising coopetition has a considerable and positive influence on MSE profitability. The influence of coopetition in generic advertising on profitability was not significantly moderated by the resource interdependence between the coopeting MSEs. The moderation influence was not significant in regression analysis, although it was shown to exist in correlation analysis.

The study contributes to a better understanding of how post-production coopetition influences MSE profitability and the establishment of a framework for defining post-production coopetition's influence on MSE profitability. These empirical findings, which were based on the theory of coopetition and resource dependence theory, provide a platform for future post-production coopetition research. The current study has offered empirical proof of how coopetition in generic advertising influences profitability. Due to the competitive market being dominated by medium and large-scale enterprises, the findings may encourage MSEs in the handicraft industry to use coopetition as a marketing strategy.

Recommendations for Future Studies

Based on the findings, MSE attributes such as cluster type where they belong, the product sold, markets served, firm size, and firm age all affected coopetition in generic advertising. Further studies

are needed in this area of attributes impacting the degree of cooperation. This study was confined to Arusha city, Tanzania, and it is expected that the findings can be replicated to other cities with similar conditions in developing countries. More empirical data from industry-specific situations and data from different environmental contexts are recommended to support the findings of this study, as they will contribute to the coopetition theory's understanding and knowledge.

References

Appiah, M. K., Possumah, B. T., Ahmat, N., & Sanusi, N. A. (2018). External environment and SMEs investment in the Ghanaian oil and gas sector. *Economics and Sociology*, *11*(1), 124–138. https://doi.org/10.14254/2071-789X.2018/11-1/8

Argidius. (2017). *The Entrepreneurship and Enterprise Growth Landscape, Tanzania*. https://www.argidius.com/wp-content/uploads/2015/03/Tanzania_Mapping.pdf

Bacon, E., Williams, M. D., & Davies, G. (2020). Coopetition in innovation ecosystems: a comparative analysis of knowledge transfer configurations. *Journal of Business Research*, *115*(June), 307–316. https://doi.org/10.1016/j.jbusres.2019.11.005

Bengtsson, M., & Kock, S. (2000). "Coopetition" in business networks - to cooperate and compete simultaneously. *Industrial Marketing Management*, *29*(5), 411–426. https://doi.org/10.1016/S0019-8501(99)00067-X

Bengtsson, M., & Kock, S. (2014). Coopetition- Quo Vadis? Past accomplishments and future challenges. *Industrial Marketing Management*, *43*(2), 180–188. https://doi.org/10.1016/j.indmarman.2014.02.015

Bengtsson, M., & Raza-ullah, T. (2017). Paradox at an inter-firm level: A coopetition lens. In W. K. Smith, Marianne W. Lewis, P. Jarzabkowski, & A. Langley (Eds.), *The Oxford Handbook of Organizational Paradox* (Issue September). Oxford University Press. https://doi.org/10.1093/oxfordhb/9780198754428.013.16

Bouncken, R., Gast, J., Kraus, S., & Bogers, M. (2015). Coopetition: a systematic review, synthesis, and future research directions. *Review of Managerial Science*, *9*(3), 577–601. https://doi.org/10.1007/s11846-015-0168-6

Brandenburger, A., & Nalebuff, B. (1995). The right game: use game theory to shape strategy. *Harvard Business Review*, *July-August*, 16. http://estrategiasdedecisao.com/wp-content/uploads/2018/02/PDF-Right-Game-Nalebuff.pdf

Brandenburger, A., & Nalebuff, B. (1996). *Co-opetition*. Bantam Doubleday Publishing Group, Inc. https://tajuanatidwellhens.files.wordpress.com/2017/05/co-opetition-by-adam-m-brandenburger-barry-j-nalebuff.pdf

Casciaro, T., & Piskorski, M. J. (2005). Power imbalance, mutual dependence, and constraint absorption: a closer look at resource dependence theory. *Administrative Science Quarterly*, *50*(June), 167–199. https://www.jstor.org/stable/30037190

Chai, L., Li, J., Clauss, T., & Tangpong, C. (2019). The influences of interdependence, opportunism and technology uncertainty on interfirm coopetition. *Journal of Business and Industrial Marketing*, *34*(5), 948–964. https://doi.org/10.1108/JBIM-07-2018-0208

Creswell, J. W. (2016). Research design: qualitative, quantitative, and mixed methods approached. In V. Knight, J. Young, K. Koscielak, B. Bauhaus, & Megan Markanich (Eds.), *SAGE Publications, Inc.* (4th ed.). SAGE Publications, Inc. https://www.pdfdrive.com/qualitative-quantitative-and-mixed-methods-approaches-e91943566.html

Cygler, J., Sroka, W., Solesvik, M., & Dębkowska, K. (2018). Benefits and drawbacks of coopetition: the roles of scope and durability in coopetitive relationships. *Sustainability (Switzerland)*, *10*(8), 1–24. https://doi.org/10.3390/su10082688

Davis, G. F., & Cobb, J. A. (2009). Resource dependence theory : past and future. *Research in the Sociology of Organizations*, 1–31.

Feela, T. (2020). Effects of coopetition on firm performance and implications for economic growth for SADC countries. *Open Journal of Business and Management*, *8*, 1439–1457. https://doi.org/10.4236/ojbm.2020.84092

Flanagan, D. J., Lepisto, D. A., & Ofstein, L. F. (2018). Coopetition among nascent craft breweries: a value chain analysis. *Journal of Small Business and Enterprise Development*, *25*(1), 2–16. https://doi.org/10.1108/JSBED-05-2017-0173

Frączkiewicz-Wronka, A., & Szymaniec, K. (2012). Resource based view and resource dependence

theory in decision making process of public organisation - research findings. *Management*, *16*(2), 16–29. https://doi.org/10.2478/v10286-012-0052-2

Fredrich, V., Bouncken, R. B., & Kraus, S. (2019). The race is on: Configurations of absorptive capacity, interdependence and slack resources for interorganizational learning in coopetition alliances. *Journal of Business Research*, *101*(November), 862–868. https://doi.org/10.1016/j.jbusres.2018.11.038

Friedman, H. H., & Friedman, L. (1976). Advertising myopia. *Journal of Advertising*, *5*(2), 29–31. https://doi.org/10.1080/00913367.1976.10672633

Ghalke, A., Chakravorty, C., & Rao, S. V. D. N. (2018). Earnings management in IPO bound firms: evidence from Indian SME exchanges. *Asian Economic and Financial Review*, *8*(8), 1126–1139. https://doi.org/10.18488/journal.aefr.2018.88.1126.1139

Gnyawali, D. R., & Charleton, R. T. (2018). Nuances in the interplay of competition and cooperation: towards a theory of coopetition. *Journal of Management*, *44*(7), 2511–2534. https://doi.org/10.1177/0149206318788945

Granata, J., Lasch, F., Le Roy, F., & Dana, L. P. (2018). How do micro-firms manage coopetition? A study of the wine sector in France. *International Small Business Journal: Researching Entrepreneurship*, *36*(3), 331–355. https://doi.org/10.1177/0266242617740412

Halunga, A. G., Orme, C. D., & Yamagata, T. (2017). A heteroskedasticity robust Breusch–Pagan test for contemporaneous correlation in dynamic panel data models. *Journal of Econometrics*, *198*(2), 209–230. https://doi.org/10.1016/j.jeconom.2016.12.005

IFC. (2017). *MSME finance gap: assessment of the shortfalls and opportunities in financing micro, small and medium enterprises in emerging markets*. www.ifc.org

Jen-Yin, Y., Ching-Yi, L., Chao-Kuei, C., Shu-Hui, S., & Lee-Chia, H. (2017). The influence of resource dependence and organization learning on R&D alliance performance. *The International Journal of Organizational Innovation*, *10*(2), 205–219.

Jørgensen, S., & Sigué, S. P. (2015). Defensive, offensive, and generic advertising in a Lanchester model with market growth. *Dynamic Games and Applications*, *5*(4), 523–539. https://doi.org/10.1007/s13235-015-0147-1

Le Roy, F., & Czakon, W. (2016). Managing coopetition: the missing link between strategy and performance. *Industrial Marketing Management*, *53*, 3–6. https://doi.org/10.1016/j.indmarman.2015.11.005

Lechner, C., Soppe, B., & Dowling, M. (2016). Vertical coopetition and the sales growth of young and small firms. *Journal of Small Business Management*, *54*(1), 67–84. https://doi.org/10.1111/jsbm.12131

Lindström, T., & Polsa, P. (2015). Coopetition close to the customer - a case study of a small business network. *Industrial Marketing Management*, *53*(July), 207–215. https://doi.org/10.1016/j.indmarman.2015.06.005

McClelland, G. H., Irwin, J. R., Disatnik, D., & Sivan, L. (2017). Multicollinearity is a red herring in the search for moderator variables: A guide to interpreting moderated multiple regression models and a critique of Iacobucci, Schneider, Popovich, and Bakamitsos (2016). *Behavior Research Methods*, *49*(1), 394–402. https://doi.org/10.3758/s13428-016-0785-2

McConnell, C., Brue, S., & Flynn, S. (2009). *Economics-princples, problems, and policies* (18th ed.). The McGraw-Hill. http://currentstudents.ajula.edu/assets/0/68/76/104/463/ee08540d-3888-4808-96aa-694ba4041cb7.pdf

Mira, B., Robert, M., Chiambaretto, P., & Roy, F. Le. (2016). Coopetition, Bargaining Power and Product Commercial Performance. *XXIVe Conférence Internationale de Management Stratégique*, 1–36.

Mzomwe, Y., & Mutarubukwa, P. (2015). Capacity of Tanzanian micro, small and medium enterprises (MMSES) in tapping the business opportunities in the East African community. *Business Education Journal*, *1*(1), 1–20.

Nkwabi, J. M., & Mboya, L. B. (2019). A review of factors affecting the growth of small and medium enterprises (SMEs) in Tanzania. *European Journal of Business and Management*, *11*(33), 1–8. https://doi.org/10.7176/ejbm/11-33-01

Osborne, J. W., & Waters, E. (2002). Four assumptions of multiple regression that researchers should always test: practical assessment, research & evaluation. *Practical Assessment, Research and*

Evaluation, *8*(2), 1–5.

Pearson. (2019). *Pearson Edexcel level 3 advanced subsidiary and advanced GCE in statistics* (Issue June, p. 32). Pearson Education Ltd. https://qualifications.pearson.com/content/dam/pdf/A Level/statistics/2017/Specification and Sample assessment material/Statistical-formulae-and-tables.pdf

Pekovic, S., Grolleau, G., & Mzoughi, N. (2019). Coopetition in innovation activities and firms' economic performance: an empirical analysis. *Creativity and Innovation Management*, *March*, 1–14. https://doi.org/10.1111/caim.12335

Pfeffer, J., & Salancik, G. R. (1978). The external control of organizations: a resource dependence perspective. In *Harper and Row* (pp. 39–61). https://doi.org/10.2307/2231527

Prijadi, R., & Desiana, P. M. (2017). Factors affecting the profitability and growth of small & medium enterprises (SMEs) in Indonesia. *International Journal of Economics and Management*, *11*(SpecialIssue1), 35–44.

Ritala, P. (2012). Coopetition strategy - when is it successful? Empirical evidence on innovation and market performance. *British Journal of Management*, *23*(3), 307–324. https://doi.org/ 10.1111/j.1467-8551.2011.00741.x

Robert, M., Chiambaretto, P., Mira, B., & Le Roy, F. (2018). Better, faster, stronger, the impact of market oriented coopetition on product commercial performance. *AIMS Management*, *21*(1), 574. https://doi.org/10.3917/mana.211.0574

Santos, J. F. de S. dos. (2015). *World economic forum - why SMEs are key to growth in Africa*. World Economic Forum. https://www.weforum.org/agenda/2015/08/why-smes-are-key-to-growth-in-africa/

Simms, L. J., Zelazny, K., Williams, T. F., & Bernstein, L. (2019). Does the number of response options matter? Psychometric perspectives using personality questionnaire data. *Psychological Assessment*, *31*(4), 557–566. https://doi.org/10.1037/pas0000648

Synovate, I. (2012). *Market Research on Handicraft Products in East Africa - Tanzania*. https://issuu.com/tradefordevelopmentcentre/docs/handicraft_industry_in_tanzania

Taber, K. S. (2018). The use of Cronbach's Alpha when developing and reporting research instruments in science education. *Research in Science Education*, *48*(6), 1273–1296. https://doi.org/10.1007/s11165-016-9602-2

Tambwe, M. (2017). Assessing the efficiency of marketing communication tools used by Tanzanian handcrafts for enhancing export performance. *Business Education Journal*, *1*(2), 1–19.

Uakarn, C., Chaokromthong, K., & Sintao, N. (2021). Sample size estimation using Yamane and Cochran and Krejcie and Morgan and Green formulas and Cohen statistical power analysis by G*Power and comparisons. *APHEIT INTERNATIONAL JOURNAL*, *10*(2), 76–88.

van den Broek, J., Boselie, P., & Paauwe, J. (2018). Cooperative innovation through a talent management pool: a qualitative study on coopetition in healthcare. *European Management Journal*, *36*(1), 135–144. https://doi.org/10.1016/j.emj.2017.03.012

Walley, K. (2007). Coopetition : an introduction to the subject and an agenda for research. *International Studies of Management & Organization*, *37*(2), 22. https://doi.org/10.2753/ IMO0020-8825370201

Wayan Edi Arsawan, I., Koval, V., Duginets, G., Kalinin, O., & Korostova, I. (2021). The impact of green innovation on environmental performance of SMEs in an emerging economy. *E3S Web of Conferences*, *255*. https://doi.org/10.1051/e3sconf/202125501012

Williams, G. W., & Capps, O. (2020). Generic promotion of sorghum for food and industrial uses. *Journal of International Food and Agribusiness Marketing*, *32*(1), 13–29. https://doi.org/ 10.1080/08974438.2018.1533510

Williams, M., Grajales, C. A. G., & Kurkiewicz, D. (2013). Assumptions of multiple regression - correcting two misconceptions. *Practical Assessment, Research and Evaluation*, *18*(11), 1–14.

Wineaster, A. (2017). Factors affecting small & medium enterprises (SMEs) startup and growth in Tanzania. *The Pan-African Journal of Business Management*, *1*(1), 1–26.

Woźniak, M., Duda, J., Gasior, A., & Bernat, T. (2019). Relations of GDP growth and development of SMEs in Poland. *Procedia Computer Science*, *159*, 2470–2480. https://doi.org/10.1016/ j.procs.2019.09.422

Wu, H., & Leung, S. (2017). Can Likert Scales be treated as interval scales ?— A simulation study. *Journal of Social Service Research*, *0*(0), 1–6. https://doi.org/10.1080/01488376.2017.1329775

Yasa, N. N. K., Sukaatmadja, I. P. G., Adnyani, I. G. A. D., Utama, I. W. M., & Sudiartha, G. M. (2017). Strategic orientation, corporate innovation, and marketing performance (a study of Ikat weaving industry in Bali). *IOSR Journal of Business and Management*, *19*(03), 25–33. https://doi.org/10.9790/487x-1903022533

Zafar, A., & Mustafa, S. (2017). SMEs and its role in economic and socio-economic development of Pakistan. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, *7*(4). https://doi.org/10.6007/IJARAFMS/v7-i4/3484

Zheng, Y., Bar, T., & Kaiser, H. M. (2010). Generic Advertising in an Asymmetric Cournot Oligopoly. *American Journal of Agricultural Economics*, *92*(3), 740–754. https://doi.org/10.1093/ajae/aap032