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# Coopetition in Rural Micro-Enterprises in Times of Crisis

## *The Case of REKO*

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Interreg Sweden-Norway Programme 2021-2022:

# Robust Entrepreneurship in Times of Crisis (Robust)



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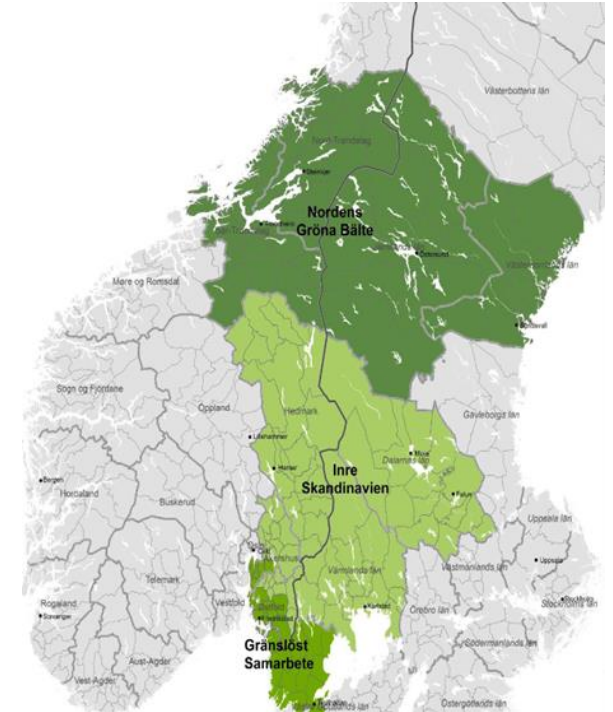
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# The Robust project aims:

- To initiate a Swedish-Norwegian **knowledge base** around robust businesses in times of crisis.
- To increase **knowledge about conditions and adjustment needs** in the tourism and small-scale craft food industries due to societal crises, such as the current pandemic.
- To shed light on the **possible changes and measures that are important** for a long-term and sustainable business.



*(work in progress)*

# **Coopetition in Rural Micro- Enterprises in Times of Crisis**

Background and Purpose

# PREVIOUS RESEARCH SHOWS THAT:

- robustness or resilience has often been considered to be the "*key to ongoing trials and success*" (Mignenan, 2021:5),

and to achieve robustness in times of crisis,

- there are advantages in cooperating with competitors (*coopetition*) (Crick & Crick, 2020:211; Brunetto & Farr-Wharton, 2007),
- collaboration between enterprises has not only a positive effect on enterprise performance (Bagshaw & Bagshaw, 2001), but also on knowledge exchange (Bengtsson & Kock, 2000; von Friedrichs Grängsjö, 2003; Kotzab & Teller, 2003),
- while previous research has investigated motives and outcomes of coopetition in large businesses and SMEs, yet little is known about coopetition among rural micro-enterprises (Granata, *et al.*, 2018)

# Purpose

The purpose of this study is to examine how small rural artisan food enterprises manage to create and capture value in times of crisis and which effect entrepreneurial coopetition has on small rural enterprise robustness.

**RQ1:** How have artisan food enterprises been affected by the pandemic?

**RQ2:** What effect do entrepreneurial coopetition have on rural micro-enterprises' robustness, in times of crisis?

# The case of REKO

REKO is an abbreviation for 'Real consumption'.

REKO offers a platform for consumers and producers to buy locally produced food without intermediaries.

REKO is built on seven principles:

- Only food and direct by-products from own food production
- Only sales of own products
- No intermediaries
- The products are pre-ordered prior to each delivery
- Each order is an individual agreement between buyer and seller
- Trust between all parties - Honest and factual dialogue
- It is free of charge to participate in a REKO-ring

## The case of REKO in the county of Jämtand, in Mid-Sweden 2020-2022

REKO-ring	Start	No. Customers 4/9–20	No. Customers 10/3–21	No. Customers 29/4–22	No. Producers 24/4 2022
REKO-ring Berg	3/1 2020	-	1 800	2 100	79
REKO-ring Bräcke	1/10 2019	-	931	1 500	54
REKO-ring Härjedalen	14/8 2019	2 700	3 400	4 100	112
REKO-ring Krokoms	19/4 2019	1 900	2 300	2 800	67
REKO-ring Ragunda	11/7 2018	1 600	1 800	1 900	71
REKO-ring Strömsund	18/8 2019	2 000	2 200	2 400	67
REKO-ring Åredalen	7/6 2019	3 000	3 600	4 200	112
REKO-ring Östersund	4/4 2018	12 700	14 600	16 000	227



# Mixed-methods approach 2021-2022

- In fall 2021, a *web-based survey* was sent out to 160 businesses with activities in the artisan food industry in the mid-Sweden county of Jämtland. 51 responses (32%) were received (3 reminders) and out of those, 32 were members of one or several REKO-rings.

The data was processed in SPSS and a measure for evaluation of firm robustness was developed.

- In spring 2022, 14 artisan food producers were *interviewed*.

The data was analyzed using a thematic approach.



# Findings

## Descriptive Statistics

from questionnaire N=51

REKO-producers=32

Non-REKO-producers=19



### Characteristics

#### Age, Business

0- 3 years	20%
4-9 years	20%
10-19 years	35%
20 years or older	25%

#### Age

Younger than 30	0%
30-39 years old	14%
40-49 years old	28%
50-59 years old	28%
60 years or older	30%

#### Corporate form

Ltd	28%
Privat firm	63%
Other forms	9%

#### Gender

Women	63%
Men	27%

#### Sales 2019

EUR 0	6%
EUR 0- 10 000	12%
EUR 10 001- 50 000	33%
EUR 50 001 - 100 000	10%
EUR 100 001 - 300 000	16%
EUR 300 001 - 500 000	8%
EUR 500 000 or more	16%

#### Education

Primary school	7%
Secondary school	53%
University 3 years	14%
University more than 3 years	26%

#### Main source of income

The firm	70%
Other sources	30%

#### Employees 2019

No employees	14%
The owner/owners	47%
1-4	15%
5-9	8%
10-19	14%
20 or more	2%

#### Active business

Yes	98%
No	2%



## Interview Sample Description

N = 14

REKO = 11  
No-REKO = 3

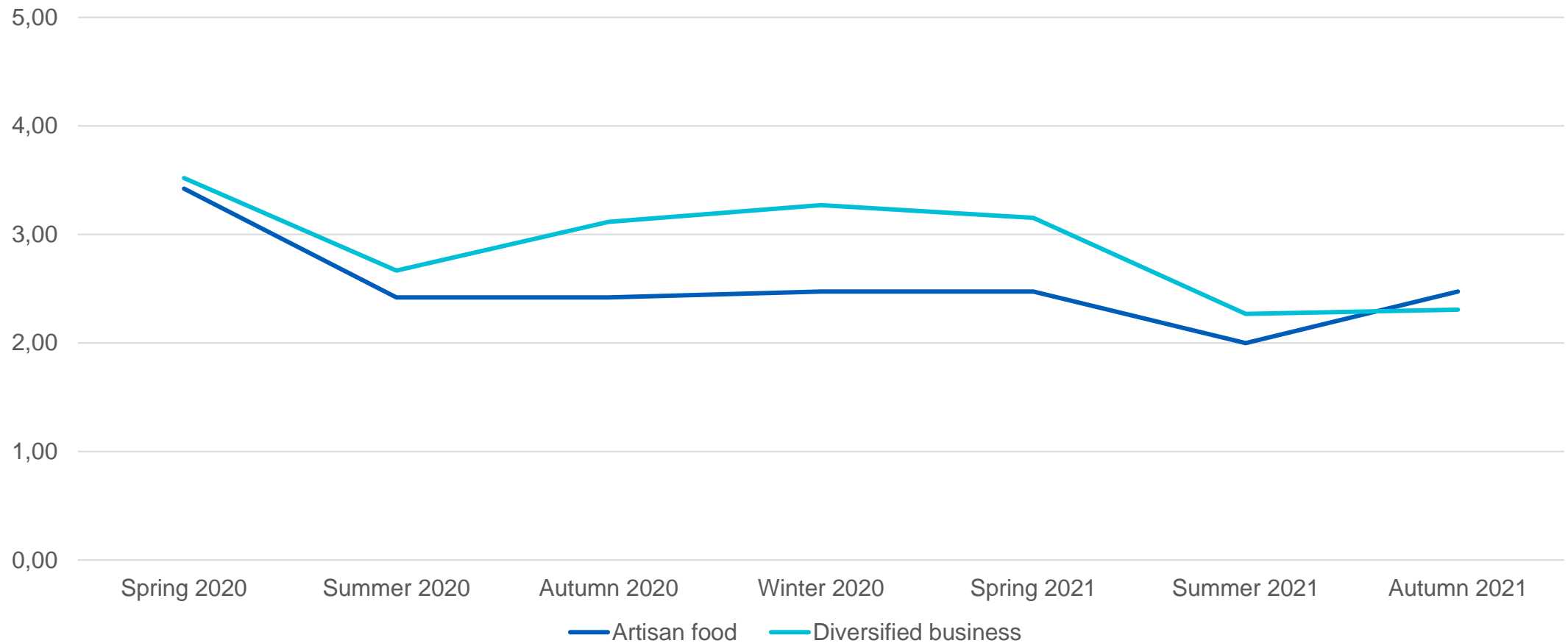
No	Occupation	Main product	Respondent	Employed 2022	REKO producer
R1	Full time	Goat cheese	Owner (F)	Owner and 2 employees	Yes
R2	Full time	Eggs	Owner (M)	2 owners	Yes
R3	Part time	Food crafts	Owner (F)	Owner	Yes
R4	Part time to full time (seasonal)	Beverages	Owner (M)	Owner full time	No
R5	Full time	Bread	Owner (F)	Owner + 5 employees	Yes
R6	Full time	Venison	Office staff (F)	7 employees	No
R7	Full time	Candy	Owners (F+F)	2 owners	Yes
R8	Part time (retired)	Bread	Owner (F)	2 owners	Yes
R9	Full time	Meat	Owner (F)	2 owners + 1 parttime	Yes
R10	Full time	Dairy	Owner (F)	Owner	Yes
R11	Full time	Meat	Owner (F)	2 owners+ 1 employee	Yes
R12	Full time	Butcher + Meat	Owner (M)	2 owners	Yes
R13	Full time	Candy	Owner (F)	25 employees	No
R14	Full time	Fish	Employed	10 employees	Yes



**RQ1:  
How have artisan food enterprises been affected  
by the pandemic?**

# Pandemic Impact over Time

When in time has the corona pandemic been most noticeable to your business?



# Characteristics REKO producers

	REKO-Producer	Not REKO-Producer	
<b>Sales 2019</b>			
EUR 1 - 50 000	56%	42%	**
EUR 50 001- 100 000	16%	0%	
EUR 100 001- 500 000	25%	21%	
EUR 500 000 or more	3%	37%	
<b>Employees 2019</b>			
No employees/the owner(s)	72%	42%	#
1-4 employees	16%	16%	
5-9 employees	3%	16%	
10 or more employees	9%	26%	

# p < 0,1; \* p < 0.05; \*\* p < 0.01

Table. *Characteristics of REKO-producers*  
 REKO=32  
 Not-REKO=19



The motives for being a member of REKO-rings vary due to different contextual settings e.g., to support local value creation and to add another sales and distribution channel to their repertoire

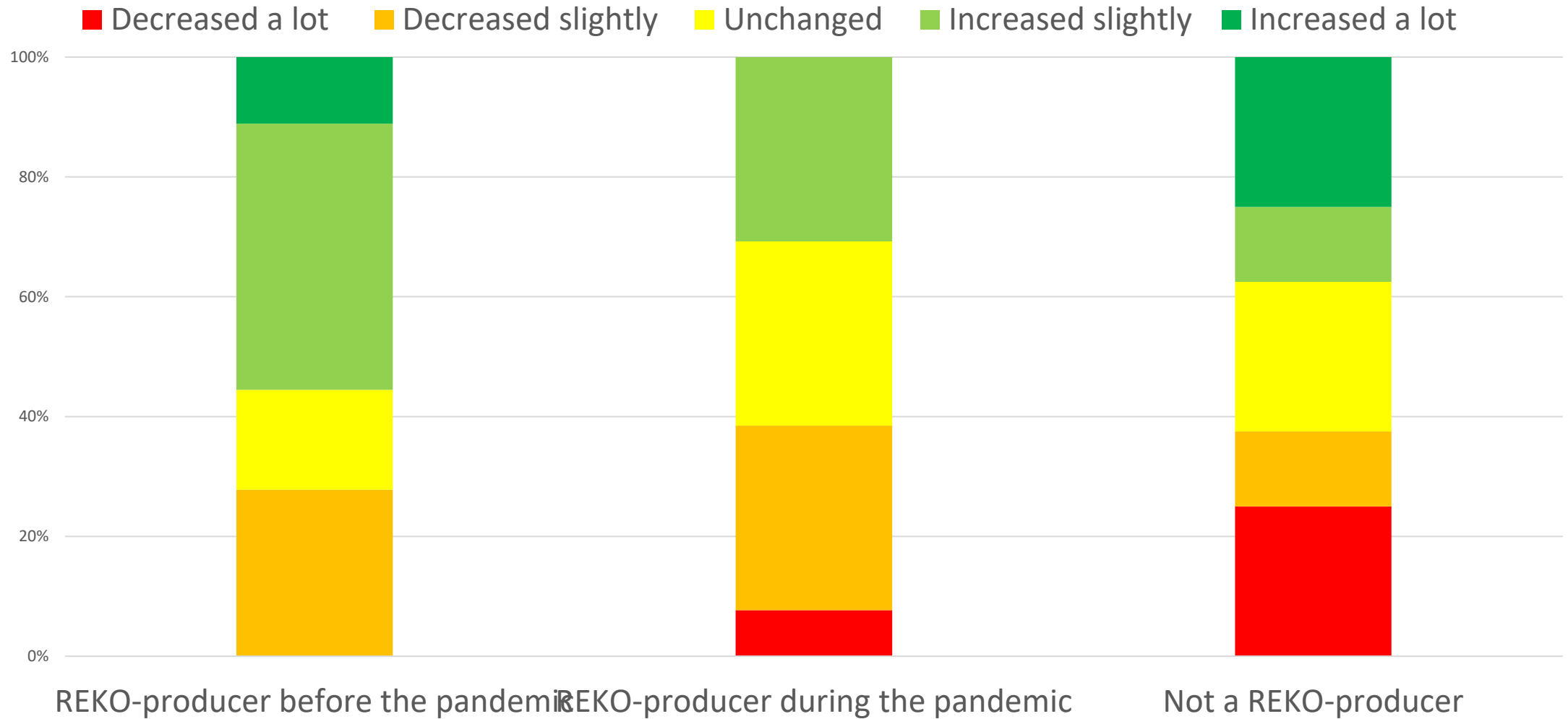


Several of the artisan food producers has joined REKO to make up for decreased sales during the pandemic



The larger producers joined REKO during the pandemic to make up for lower sales, however, when revenues did not decrease as much as anticipated, they withdrew from REKO

# The demand of artisan food products, compared with before the pandemic?





## Coopetition through REKO-rings



REKO has been most beneficial for the smaller artisan food producers



The smaller artisan food producers state that REKO means added value, such as knowledge exchange, networking and competitive advantages



The collaboration seems to increase a range of new business opportunities that benefit micro-firm development

- Coopetition through REKO-rings has increased during the pandemic and it has offered an extended source of income for the smallest entrepreneurs and micro-enterprises
- Collaborations takes place mainly in the business areas of sales, transportations, organizational development and idea exchange. Additional collaborations besides REKO, are executed in order to increase revenues, implement effective sales and to add local value





**RQ2:**

**What effect do entrepreneurial cooperation have on rural micro-enterprises' robustness, in times of crisis?**

# Robustness Measurements



A mean value was created based on the following questions:

- How has the pandemic affected the firm's:
  - liquidity
  - competitiveness
  - profitability
- How is the turnover expected to be in 2021?
- How is the long-term effect of covid19 expected to be?

A five 5-point Likert-type scale, anchored by 1 = Much lower than before the pandemic, to 5) Much higher than before the pandemic

Future:  
1) strongly negative to  
5) strongly positive

Robustness > 3

	Mean	SD	(1)	(2)	(3)	(4)
1. Changes in liquidity	2.61	1.206	(-)			
2. Changes in competitiveness	3.08	0.943	.584**	(-)		
3. Changes in profitability	2.62	1.243	.871**	.637**	(-)	
4. Long-term effects of Covid19	3.07	1.026	.677**	.608**	.711**	(-)
5. Changes in turnover 2021	3.23	1.206	.593**	.458**	.605**	.517**

### Reliability Statistics

Cronbach's Alpha	N of Items
.892	5

## REKO means Robustness

The results show significant differences between those entrepreneurs who are REKO-producers compared with those entrepreneurs who are not ( $p < 0.1$ ).

The majority of those who **joined REKO** before the pandemic, as well as those who joined during the pandemic are considered as **more robust** than not-REKO producers

	REKO- Producer	Not REKO- Producer	
<i>Robust firm?</i>			
Yes	57%	31%	#
No	43%	69%	

*REKO and Robustness*

#  $p < 0,1$

## Conclusions

- The REKO-ring arrangements has been regarded as **particularly important to the small artisan food entrepreneurs during the Covid-19 pandemic**, in terms of maintaining income from the local market, visibility of products and increasing cooperation
- The entrepreneurs that joined the REKO-ring arrangements **prior to the Covid-19 pandemic have coped better** with the challenges connected to the pandemic, than the entrepreneurs that joined REKO during the pandemic, or the ones that did not join at all
- The entrepreneurs who had engaged in **collaboration even before** the pandemic were also those who perceive that they **have managed the pandemic better** than the industry in general.

# Thank you!

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