

## ARAŞTIRMA MAKALESİ / RESEARCH ARTICLE

**Coopetition and Non-Profit Performance in War-Torn Region:  
Role of Outside Knowledge and Innovative Climate**Bella GULSHAN<sup>1</sup>

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**Abstract**

The inconsistent findings on the association between non-profit coopetition and performance are complicated and contingent on essential factors. However, our current understanding of the circumstances under which non-profit coopetition matters to performance is limited. We take a novel context to address this question and build on the combined literature from the emerging non-profit coopetition literature. This study conceptualises and tests the impact of coopetition (simultaneous cooperation and competition) on the organisational performance of non-profit organisations in a war-torn region. Notably, it investigates the simultaneous cooperation and competition in non-profits' social and financial performance via outside knowledge and innovative climate. An in-person survey with 158 executives and board members was conducted in Baghdad Governorate, Iraq. The survey adopted reliable and valid scales to measure the variables. Structural equation modelling was applied to test the mediation model. The proposed sequential mediating model has a good model fit with all four hypotheses statistically significant. Non-profit engagement in coopetition positively affects organisation performance via mediators: use of outside knowledge and innovative climate. Cooperation with competitors helps non-profits to effectively use the outside knowledge that forms an innovative climate at the organisational level. Additionally, the use of outside knowledge has a direct effect on performance. Non-profits should integrate outside and internal knowledge to generate sustainable financial and social performance opportunities, especially in turbulent or war-torn regions. Moreover, context is imperative for non-profit leaders to identify themselves and seek inter-organisational relationships. The study also provides theoretical and practical implications that help non-profit leaders innovate and increase organisational performance.

**Keywords:** Coopetitive relationships, Non-profits, Outside knowledge, Innovative climate.

## **Savaşın Yıkığı Bölgede İşbirliği ve Kar Amacı Gütmeyen Kuruluş Performansı: Dış Bilginin ve Yenilikçi İklimin Rolü**

### **Öz**

Kâr amacı gütmeyen kuruluşların iş birliği ile performans arasındaki ilişkiye dair tutarsız bulgular karmaşıktır ve temel faktörlere bağlıdır. Ancak, kâr amacı gütmeyen kuruluşların iş birliğinin performans açısından hangi koşullar altında önemli olduğuna dair mevcut anlayışımız sınırlıdır. Bu soruyu ele almak için yeni bir bağlamı ele alıyor ve gelişmekte olan kâr amacı gütmeyen iş birliği alan yazınından birleşik alan yazına dayanıyoruz. Bu çalışma, iş birliğinin (eşzamanlı iş birliği ve rekabet) savaştan zarar görmüş bir bölgedeki kâr amacı gütmeyen kuruluşların örgütsel performansı üzerindeki etkisini kavramsallaştırmakta ve test etmektedir. Özellikle, kâr amacı gütmeyen kuruluşların sosyal ve finansal performansı üzerindeki eş zamanlı iş birliği ve rekabeti, dışarıdan bilgi ve yenilikçi iklim kullanımı yoluyla araştırmaktadır. Irak'ın Bağdat ilinde 158 yönetici ve yönetim kurulu üyesi ile yüz yüze bir anket gerçekleştirilmiştir. Ankette değişkenleri ölçmek için güvenilir ve geçerli ölçekler kullanılmıştır. Aracılık modelini test etmek için yapısal eşitlik modellemesi uygulanmıştır. Önerilen sıralı aracılık modeli, dört hipotezin tümü istatistiksel olarak anlamlı olacak şekilde iyi bir model uyumuna sahiptir. Kâr amacı gütmeyen kuruluşların birlikte rekabete girmesi, araçlar vasıtasıyla kuruluş performansını olumlu yönde etkilemektedir: dış bilgi kullanımı ve yenilikçi iklim. Rakiplerle iş birliği, kar amacı gütmeyen kuruluşların kurumsal düzeyde yenilikçi bir iklim oluşturan dış bilgiyi etkin bir şekilde kullanmalarına yardımcı olmaktadır. Ayrıca, dış bilginin kullanımı performans üzerinde doğrudan bir etkiye sahiptir. Kâr amacı gütmeyen kuruluşlar, özellikle çalkantılı veya savaştan zarar görmüş bölgelerde sürdürülebilir finansal ve sosyal performans fırsatları yaratmak için dış ve iç bilgiyi entegre etmelidir. Ayrıca, kâr amacı gütmeyen liderlerin kendilerini tanımlamaları ve örgütler arası ilişkiler aramaları için bağlam zorunludur. Çalışma ayrıca kâr amacı gütmeyen liderlerin yenilik yapmalarına ve kurumsal performansı artırmalarına yardımcı olacak teorik ve pratik çıkarımlar da sunmaktadır.

**Anahtar Kelimeler:** İş birliği ilişkileri, Kâr amacı gütmeyen kuruluşlar, Dışarıdan bilgi, Yenilikçi iklim.

### **1. Introduction**

The engagement of non-profit organizations (NPOs) in coopetition (the simultaneous pursuit of cooperation and competition among companies) (Bengtsson & Kock, 2000; Padula & Dagnino, 2007; Yami et al., 2010) significantly improve their performance (Johnston et al., 2004). Particularly in uncertain and interdependent conditions (Krishnan et al., 2006). However, coopetition is the "most complex, but also the most advantageous relationship between competitors" (Bengtsson & Kock, 2000, p. 411). Coopetition is paradoxical and complex because competition and cooperation are interrelated and contradictory. So, it isn't easy to balance them (Raza-Ullah et al., 2014; Stadtler & Van Wassenhove, 2016). On the contrary, the advantage of coopetition offers potential unique benefits of cooperation (e.g., access to resources, knowledge sharing, and joint problem solving) and competition (e.g., spirit for learning and innovation). It is directly contingent on balancing and sustaining coopetitive relationships (Fernandez et al., 2018). Previous research indicates a positive impact of a balanced coopetitive relationship on better performance (Park & Russo, 1996). However, unforeseen events make collaboration difficult for non-profits in humanitarian crises.

The inconsistent findings on the association between non-profit coopetition and performance are complicated and contingent on other essential factors. However, our current understanding of the circumstances under which non-profit coopetition matters to performance is limited. There has been exponential growth in coopective relationships between non-profits and social entrepreneurs. It is crucial to investigate contingencies so that these organizations can manipulate the positive potential of coopetition and sustainable performance. Therefore, we ask: How and what factors matter to coopective relationships and performance in non-profits?

We take a novel context to address this question and build on the combined literature from the emerging non-profit coopetition literature and a survey conducted with the managers of non-profit organizations in the war-torn country, Iraq. Specifically, we consider the use of outside knowledge and innovation climate critically important factors—that may be responsible for mediating and explaining the effects on performance. The engagement of non-profit sports clubs in coopetition increases the use of outside knowledge (Wemmer et al., 2016). Non-profit coopetition can induce knowledge-related activities that identify and effectively share knowledge (Chin et al., 2008).

Collaboration literature emphasizes that the knowledge process, i.e., a search for knowledge (Katila & Ahuja, 2002), transfer of knowledge (Mowery et al., 1996), and integration of knowledge (Wang et al., 2018) significantly affect innovation. Further, coopetition scholars also acknowledge the importance of knowledge-related mechanisms (Fernandez et al., 2018). However, there is a lack of comprehensive examination of whether and how coopetition facilitates the use of outside knowledge and innovative climate that can affect the organizational performance of non-profits in war-torn regions.

Innovation provides competitive advantages to non-profit organizations (Weerawardena & Mort, 2012), and it can be assumed that an innovative climate would increase organizational performance. An innovative environment is an essential contextual condition for organizational learning and creative behaviour. Innovative climate refers to organizational learning that impacts employees' innovative behaviour. Therefore, the company's atmosphere advances the creative mechanisms to achieve goals.

However, successful innovation management is challenging for non-profits (Hoeber & Hoeber, 2012). Using outside knowledge may allow knowledge to flow through the organization, enhancing innovation and value-creation (Chesbrough, 2003). As a result, non-profit organizations can successfully exchange knowledge among themselves that otherwise might not be possible (Wemmer et al., 2016). Notably, non-profits are to some extent 'open' by default because multiple stakeholders are connected, i.e., government, donors, and international development agencies. For instance, Wemmer and Koenigstorfer (2016) suggested that coopective relationships are an external source of knowledge in non-profit sports clubs that provide outside knowledge to innovate. Thus, outside knowledge and innovative climate potentially assist non-profits in implementing innovation, developing new business models, revising organizational structures, and developing collaborations.

This study distinctively contributes to the non-profit coopetition literature. First, it provides theoretical and empirical insights into how coopetition can contribute to non-profit performance. By doing so, it puts the war-torn context into the findings. Second, it offers an advanced understating of the outside knowledge and innovative climate by unpacking the multi-dimensional nature of these constructs to the forefront, a more holistic perspective. Specifically, it treats outside knowledge as a trigger for change (i.e., positive expectations among partners based on external sources of information to develop new services and programs).

An innovative climate comprises a response to the change and implementation of new initiatives (i.e., encouragement to find creative solutions to the problems and use of available resources). Third, it challenges conventional wisdom, which emphasizes avoiding sharing private and confidential knowledge with competitors and innovation, an inside phenomenon within the organizational environment, by showing the bright side of outside knowledge and innovative climate in non-profit coooperative relationships. Fourth, it unpacks how outside knowledge and innovative climate influence the effect of non-profit coopetition on performance.

## 2. Theoretical Background

### 2.1. Coopetition and Non-Profit Context

There is limited literature available that addresses the coopetition dynamics and the context of non-profits. Literature mainly studied NPOs' cooperation by overlooking and missing the essence of coopetition (Mariani, 2007). However, scholars have explored the factors that manifest the coooperative relationships in non-profits and the subsequent use of shared knowledge and innovation individually and mutually. For example, coopetition in artistic non-profits improves the financial performance of the participant organisations (Kirchner et al., 2016), the value co-creation in same and cross-sector non-profits (Lorgnier & Su, 2014), coopetition positively affects the organisational performance (Wemmer et al., 2016), external environment triggers the coooperative strategies in non-profits that induce strategic learning (Mariani, 2007), intentional coopetition is a sustainable model to increase the welfare of the local community (Schnitzer et al., 2018), non-profit coopetition facilitates the stakeholders (i.e., government) objectives (Fathalikhani et al., 2020), coopetition positively affects the opportunity identification at the inter-organisational level.

Furthermore, non-profit coooperative alliances possess shared beliefs and an extraordinary ability to commit and mobilise resources (Gulshan & Liaqat, 2022). Coopetition allows knowledge-sharing, cost-sharing, and capacity enhancement. Similarly, context is significant in inducing coooperative relationships and enhances the bargaining power of the coooperative participants in a war-torn country (Jaafer, 2021). Moreover, non-profit coooperative relationships are dynamic and postulate a high level of social integration (Faisal, 2022). However, compliance pressure and social influence create cognitive dissonance and consequently impact the performance of social entrepreneurs (Liaqat, M.M., 2020).

Therefore, the specific context is fundamental in forming cooperative relationships, and the needs of non-profit organisations make it manifest.

Coopetition has become a significant force in the innovation landscape. For non-profit organisations, innovation is a new challenge style that emphasises shared purpose, development, efficient and superior working methods (McCarthy et al., 2018), and shared outside knowledge. There is a similar explanation of the concept of innovation across different disciplines and perspectives, i.e., newness (Damanpour & Schneider, 2006). Traditionally, however, resource-scarce and turbulent environments push managers to collaborate (Collins & Gerlach, 2019). Non-profit collaborations help reduce uncertainty and ensure the gaining of critical resources (Zeimers et al., 2019), but it has costs—for instance, operating autonomy (Reiter et al., 2018). However, current innovative practices and successful use of outside knowledge can improve organisational performance.

Survival of non-profits in resource-scarce and turbulent environments (e.g., war-torn regions) have difficulties with innovation. Therefore, it is necessary to look at coopetition strategy to have potential assistance. For instance, the Free and Fair Election Network (FAFEN), a non-profit network, generated substantial funds from international donors only after formalising a cooperative alliance, significantly impacting their performance (Gulshan & Liaqat, 2022). The limited financial resources and human resource capacity (Wicker & Breuer, 2013) make it less likely for non-profits to spend on innovation and experiments. Instead, non-profit leaders adopt the existing innovative models to fulfil the needs of their organisations. Therefore, cooperating with competitors is an excellent source of knowledge and innovation, and it is vital while investigating non-profit performance.

## 2.2. Coopetition and Outside Knowledge

Knowledge and its sources are broad, and organisations can customise it for innovative activities. However, several theories emphasise the strategic significance of knowledge within the internal organisational mechanisms despite acknowledging the outside knowledge (e.g., knowledge-based view). However, a wide range of external sources (donors, the community, and other stakeholders) of knowledge can accelerate the innovation processes. This study considers outside knowledge as anything that helps non-profit organisations to be aware and understand the subject (Wemmer et al., 2016). It increases the capability of the non-profits at the individuals and the level of networks that can influence the external institute (Gulshan, 2020). Transferring knowledge between non-profits through sharing experience and skills ensures stability, legitimacy, and efficiency. However, this study explores a particular source of knowledge overlooked in the context of non-profits in a war-torn region—the competitors.

One way or another, non-profits are competing with each other, especially for gaining critical resources. Collaboration with external partners provides easy access to valuable ideas, skills, and knowledge. Moreover, it allows non-profits to quickly obtain required resources (e.g., tacit knowledge) that boost

the innovation processes and enhance performance. Current development practices successfully integrate simultaneous cooperation and competition to achieve competitive advantage (Laurett et al., 2018) and managerial autonomy (Besana, 2018).

Theory and practice suggest that non-profit organisations have been successfully adopting cooperative relationships (integrating cooperation and competition strategies) to gain cooperative advantage (Dagnino et al., 2002; Laurett & Ferreria et al., 2018), management autonomy (Besana, 2018), and acquisition of critical resources (Schiffing et al., 2020). Therefore, cooperation is a win-win strategy. For example, the Free and Fair Election Network (FAFEN) in Pakistan is a network of dozens of non-profits from different sub-sectors of the development sector. FAFEN has specifically emerged from a resource-scarce environment. The participating non-profits belong to different sub-sectors and regions across Pakistan. Collaboration with competitors gathered all the resources (outreach, volunteer network, donor relationship, and community presence) and outside knowledge (Gulshan & Liaqat, 2022). Cooperation brings together all the dispersed knowledge sources for each member non-profit. Therefore, non-profits must collaborate to target new communities (expand services), influence institutional policies, and meet the donors' preferences.

Similarly, the pressure from the external environment triggered cooperation among three Italian opera houses, i.e., Livorno, Lucca, and Pisa (Mariani, 2007). The consortium of these three Italian opera houses collaborated under two projects, which helped them share their skills and knowledge to produce artistic results, quality, value of money, and managerial practices (Mariani, 2007). Therefore, cooperation facilitates the non-profits to share the knowledge that shapes the non-profits themselves. Moreover, it also changes the community's perception and informs donors about the potential funding areas.

A resource-scarce environment is a primary force that causes collaborations among non-profits in turbulent and deprived regions. For instance, the largest source of resource deprivation is financial resources, which puts non-profits in a psychological state of inferiority compared to the prevailing standards (Sharma & Alter, 2012). Moreover, the operating environment pressurises the leaders of non-profits and pushes them to make tough decisions—collaborating with competitors. However, scholars are divided on how resource scarcity impacts the behaviour of non-profits. First, the abundant resources offer the opportunity to spend more on innovation and the least vulnerable to survival (Meyer & Leitner, 2018). Scarce resources limit the non-profits to necessities, restrict growth, are compelled to downsize and become less effective (Shaheen et al., 2022). Thus, it reduces their social impact. On the contrary, resource scarcity can induce innovation (Bhat et al., 2021). It is to be noted that it can happen without immediate incentives. The leadership mindset is the game changer because suitable collaborations can provide critical access to outside knowledge and integrate with internal knowledge.

The underlying reason for forming cooperative relationships is to promote stability and structural persistence; consequently, non-profits create value. Moreover, the coordination mechanisms within and between non-profits allow the alignment of mutual goals and expectations, sharing of knowledge,

and innovation. The formalisation of cooperative relationships is crucial to the quality of provided services and collective action, and it allows the potential knowledge exchange. We argue that the formalisation of cooperative relationships can set the rules and regulations and how to exercise power. It can form the collective structures that maintain the smooth momentum at the individual and network levels. The emergent strategy emphasises gradual and unintended processes to develop relationships with competitors (i.e., internal and external forces) equally successful as intentional decisions to form relationships (Mariani, 2018). Generally, non-profit cooperative relationships start informally and remain informal for years. The emergent strategy allows the competitors to start sharing knowledge and resources to find new sources of knowledge. Besides, it enhances the ability of the participating non-profits to create opportunities for more funding sources and expansion of services. However, unique environments (turbulent or war-torn regions) drive the immediate formalisation of cooperation. For instance, most micro, small, and medium non-profits cannot write a grant proposal or donor relationships and have a limited network of volunteers. Therefore, they must integrate outside knowledge into their internal knowledge. It allows them to perform innovatively to achieve organisational objectives, and competition positively affects an organisation's value.

The shared beliefs and trust among partners bring harmony, allowing coherent coordination (Granata et al., 2018). It can encourage joint efforts to improve people's lives and pave the way for flexible coordination and sharing of resources (Zhang et al., 2010). It drives the expected benefits of commitment and mobilisation of significant resources for the donor community. Cooperation allows non-profits to share their internal knowledge and utilisation of outside knowledge that improves power and credibility to enhance the chance of donor partnerships. Competition facilitates the partners' strategic learning and improves their capability to survive and grow. In addition, cooperation is a unique relationship that allows non-profits to establish a new identity by holding the existing one. It reduces the chances of chaos and rigidity and increases creativity. Therefore, cooperation helps non-profit organisations gain the necessary knowledge from competitors to help them take advantage.

**H1:** *Higher engagement in cooperation enables the greater use of outside knowledge in non-profit organisations in war-torn regions.*

### **2.3. Outside Knowledge and Innovative Climate**

The sources and usage of outside knowledge are diverse. For example, knowledge obtained from collaborators can increase the non-profits' ability to expand outreach, project success rate, innovative capability, long-term donor relationships, and secure sustainable funding. Organisations can also form transparent communication channels and strategic learning to use knowledge resources effectively. Knowledge management is a process that captures the collective expertise and intelligence in an organisation (Wang & Pervaiz, 2003; Moustaghfir & Schiuma, 2013). Non-profit cooperation offers several knowledge resources that can foster an innovative climate through continuous organisational learning. Thus, combining internal knowledge with outside knowledge results in innovation (Tai Tsou,

2012). Partners provide input by integrating external knowledge and resources, which is one of the fundamental conditions for fostering innovation (Fleming et al., 2007). The application of acquired knowledge can provide a foundation for building novel services. Notably, the better the ability to acquire and integrate outside knowledge, the better the chances to form an innovation culture. Therefore, coopetition enables organisations to integrate outside knowledge, store new knowledge, and develop innovative ways to serve the community.

The integration capability of non-profits transforms the internal and outside knowledge in a form that shapes how to use the knowledge internally. The sharing of knowledge among non-profits and other partners can help them conceptualise the distinct characteristics of outside knowledge, and it helps the employees better understand and use the relevant knowledge for innovation. As a result, it can improve the attitude of the employees—which is significant to interpret and understand external knowledge. For instance, it is critical to share outside knowledge in all the units of an organisation to ensure a creative environment. This can pave the way for the application of combined knowledge to achieve organisational objectives. The internal knowledge-sharing positively impacts innovation performance (Lin, 2007). Similarly, exchanging information among employees and departments improves innovation capacity and performance (Foss et al., 2011).

We assume that non-profits that effectively use more outside knowledge will form innovative climates and innovations compared to non-profit that uses less outside knowledge. When the non-profits have more reliable information, they will be more particular about the market and how they can meet the needs of the communities. However, the formalised coopetitive relationship allows better management of innovation collaboration between organisations and minimises barriers. Therefore, the formalisation of coopetitive relations enables non-profits to integrate outside knowledge to generate resources (e.g., joint programs and extend relationships with stakeholders) (Gulshan & Liaqat, 2022). It is crucial to reduce uncertainty and perceived risk at the organisational level. Therefore, it is more likely that the growing use of outside knowledge will increase the chances of innovation implementation.

**H2:** *The greater use of outside knowledge enables the innovative climate in non-profit organisations in war-torn regions.*

#### **2.4. Innovative Climate and Organisational Performance**

This study investigates the potential impact of innovative climate on financial and social performance indicators. However, the concept of performance is vaguely documented in the literature because the nature of non-profits is complex and based on social value. The nature of non-profit organisations is multifaceted, with diverse missions and constituents (Hallock, 2002). The performance measurement is difficult because there is no concept of profits and equity stakeholders. Therefore, there is no benchmark of profitability or particular financial outcome, but the ambiguous notion of mission exists (Keating & Frumkin, 2001). However, the measurement of non-profit performance is substantively crucial since it



is vital for the growth and survival of these organisations. The rising interest of communities in the performance of non-profits and accountability standards of donors put them into a position that 'unless performance measures are in place, it is difficult for the charitable sector as whole or for individual charities in particular to counter criticism for poor management and ineffectiveness' (Sayer, 2004, p. 1). Thus, it has become necessary to demonstrate the social impact.

Some consider non-profit performance evaluations frustrating, while others enthusiastically accept them. The technological evolution and sophisticated markets have allowed organisations to adopt knowledge-driven innovative approaches. The contemporary measures emphasise interaction with competitors and stakeholders to develop and achieve long-term performance goals. Indeed, non-profits have to offer statistics on how many funds have been increased and reinvested, several people or communities served, and membership growth (Gulshan, 2020). However, there can be a vast number of performance parameters.

The motivation to develop and implement the performance measures depends on the non-profit strategy. Accordingly, the engagement of non-profits in collaborations, integration of internal and external knowledge, and use of innovative climate to achieve the mission efficiently. Innovative solutions to social problems and demonstration of collective action are likely to attract donors, government, and stakeholders to invest in the organisational mission.

Literature offers several widely used performance measurement frameworks specifically for non-profit organisations. For instance, the balanced scorecard for non-profits by Kaplan (2009), the public value scorecard by Moore (2003), and MIMNOE: a multidimensional integrated model of non-profit organisational effectiveness by Sowa et al. (2004). However, no framework explains all the phases of performance measurement. Thus, there is no commonly accepted measurement tool to capture performance. For instance, the financial performance indicators (assets and profits) may not capture the social performance achievements. At the same time, assessing the social value and the public good is impossible for instance, 'performance measurement for non-profit organisations is extensive but generally inconclusive' (Kaplan, 2001, p. 353). Our study has conceptualised non-profit performance based on two constructs, financial performance, and social performance. Both indicators are linked to the survival of the non-profit in a challenging environment.

The effects of innovation spread over all the levels of an organisation—it improves the quality of life of the workforce, better implementation of strategies at the functional level, and the community (Glor, 2014). Financial stability and social value are directly contingent on these indicators. Better quality of life for employees will directly affect their motivation and improve their communication with the community. The capacity development focused on resource acquisition generates effective outcomes. The better implementation of the strategies at the functional level built solid organisational structures and processes to achieve financial stability. For instance, Moore (2003, p. 18) has emphasised the role of innovation and learning in building operations capacity that can enhance the '...technologies that

convert inputs into outputs, and outputs into satisfied clients and desired outcomes.' At the structural level, the donors and the government agencies support all the levels of the organisation and increase the financial stability of non-profits. Therefore, innovation impacts all levels, from the administration to an organisation's governance. It means that innovation accomplishes public value by effectively serving the current community but expanding the services to others.

**H3:** *The greater engagement in the innovative climate, the better the organisational performance in non-profit organisations in war-torn regions.*

The model, therefore, postulates that the relationship between cooptation and organisational performance is mediated by outside knowledge and an innovative climate. It implies that the engagement of non-profits in cooptative relationships is more successful in attracting large donors, writing grants, and serving more people. Moreover, it can ensure their financial stability and more significant social value in non-profit organisations.

**H4:** *Using outside knowledge and innovative climate sequentially mediates the relationship between cooptation and performance.*

### 3. Method

#### 3.1 Procedure and Sampling

The study occurred in 2022 in Baghdad (Iraq's capital city). As per the statistics of the Federal Government NGOs Directorate, more than 48,000 NGOs and non-profit organisations were registered in Iraq (while 5,000 are in Kurdistan) (ICNL, 2023). The total number of registered NGOs in the Baghdad Governorate was 1989 as of June 2022 (Alshamary & Maqsoud, 2022). An expanded survey with additional variables was floated in the data collection process of a master's thesis. The circumstances and the ground reality of war-torn Iraq forced in-person survey. It allowed us to collect quick and efficient responses from many organisations. Moreover, an in-person survey ensured the statistically valid data. The survey was shared with the potential non-profits to inform the participants about the purpose of the study. Moreover, we only chose executives or board members who could make decisions and collaborate with other non-profits. Participants completed the in-person survey and responded to the survey questions about cooptation, outside knowledge, innovative climate, and organisational performance.

One hundred and fifty-two non-profit members (executives and board members) participated in the study. It was ensured that each member represented one non-profit organisation located in and around Baghdad, Iraq. Therefore, the sample represented 8% of the non-profits registered in the Baghdad Governorate. It was noticeable that the sample did not represent the Baghdad non-profits. However, it was quite likely that the participant non-profits were interested in cooptation and innovation, proactive in participating in the science, and more informed than others.

Female participants comprised 25% of the sample, and 82% had over ten years of experience. Seventy-eight per cent of companies aged more than 11 years indicated the formation of non-profits during and after the start of the Iraqi war. Moreover, it is interesting to note that 77% of the total sample belonged to the age limit of 25-57. Forty-three per cent of the female respondents were aged 25-35 compared to the male, whose majority belonged to above thirty-six of age. 88% of the respondents had over ten years of experience—so it was assumed that the sample was representative of the executive and board members.

### 3.2. Measures

Coopetition, use of outside knowledge, innovative climate, and performance were measured using multi-item 7-point rating scales. The 10-item scale of coopetition was adopted from Bella (2020), the 8-item scale of organisational performance was adopted from Coombes et al. (2011), the 4-item scale of innovative climate was adopted from Campbell et al. (2014), and the 3-item scale of use of outside knowledge was adopted from Wemmer et al. (2016). We used Harman’s single-factor test to assess the common method. The results indicated that a 33.27% variance could be explained, and less than 50% variance threshold was explained in one factor (Podsakoff et al., 2003). Furthermore, factor analysis suggested that three items of coopetition (Coo1, Coop9, Coop10) were loading in different factors and loadings less than 0.5. Therefore, these items were removed before moving to the structural model. Appendix 1 provides scale items and standardised factor loadings.

### 3.3. Data Analysis

The measurement model results in Table 1 report the composite reliability, average variance extracted (AVE), maximum shared variance (MSV), maximal reliability (MaxR), Cronbach’s alpha, and correlations between the constructs. Convergent and discriminant validity tests the indicators and scales. The results indicate that Cronbach’s alpha is excellent since all the values are above 0.70 (Nunnally, 1978), and the threshold for composite reliability is 0.70. AVE has a threshold of 0.5 for convergent validity (Fornell & Larcker, 1981). Table 2 shows the correlations among constructs. Notably, performance is a second-order variable comprised of two observed variables, financial performance, and social performance (considered as two items) with CR=0.67, which is close to 0.70. Therefore, all the reliability and validity criteria were fulfilled.

**Table 1:** Reliability and validity measures

|      | CR    | AVE   | MSV   | MaxR(H) | Cronbach’s alpha | Coop     | UK       | Inno     | Per   |
|------|-------|-------|-------|---------|------------------|----------|----------|----------|-------|
| Coop | 0.920 | 0.623 | 0.337 | 0.929   | 0.91             | 0.789    |          |          |       |
| UK   | 0.838 | 0.633 | 0.328 | 0.840   | 0.83             | 0.380*** | 0.796    |          |       |
| Inno | 0.844 | 0.576 | 0.375 | 0.852   | 0.84             | 0.324**  | 0.304**  | 0.759    |       |
| Per  | 0.676 | 0.511 | 0.375 | 0.677   | 0.88             | 0.581*** | 0.573*** | 0.613*** | 0.715 |

\*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $< 0.1$

The model fit measure of the measurement model indicates an excellent fit. The values of MIN/DF=1.347, CFI=0.967, SRMR=0.051, RMSEA=0.047, and PClose=0.623 are within their respective threshold levels (Ullman, 2012, Hu & Bentler, 1998, Bentler, 1990). The four-factor model (coopetition, use of outside knowledge, innovative climate, and performance) yields a good fit.

### 3.3.1. Structural Equation Modelling

We tested the hypotheses using SEM and included all the direct paths in the model. We applied the criteria Chi-square, CFI, SRMR, and RMSEA to test the model. The results for the hypothesised model indicate a good model fit. The results of the mediating model indicate a good fit as the Chi-square is significant ( $p=0.001$ , CMIN/DF=1.347, CFI=0.967, SRMR=0.051, RMSEA=0.047, RMSEA=0.047)—the structural coefficients illustrated in Figure 1. The total standardised effects of the model explain 58% of the variance in performance, indicating the use of outside knowledge and innovative climate are the drivers of the performance of non-profit organisations. The standardised total effect of coopetition and the use of outside knowledge on creating the innovative climate is 32%.

The structural model of SEM in Table 3 suggests that coopetition positively affects the use of outside knowledge ( $b=0.380, p=0.000$ ), supporting H1. It implies that the engagement of non-profit organisations in a war-torn region in coopetition is more likely to tap into the use of external knowledge to address complex problems. Moreover, coopetition stimulates a collaborative environment that allows the sharing of ideas, experiences, and best practices. Therefore, non-profits learn unique perspectives from each other, which leads to greater use of external knowledge.

Coopetition provides an opportunity for non-profits to pool scarce resources, which results in a significant increase in the capacity to access external knowledge. It can facilitate acquiring external funds, hiring consultants, and increasing outreach. Further, the collaborations increase the ability of non-profits to expand their network and gain access to new partners. Therefore, it can provide valuable outside knowledge for non-profits. Simultaneous cooperation and competition among non-profits in war-torn regions stimulate innovation and the use of outside knowledge to facilitate unconventional solutions. It is noted that circumstances in an uncertain environment create security concerns with limited communication channels. Thus, coopetition can overcome the isolation that allows the exchange of knowledge. At the same time, it poses challenges to maintaining the conflict of interest, safely utilising sources of knowledge, and balancing cooperation and competition. Moreover, there is a positive effect of using outside knowledge and implementing an innovative climate ( $beta=0.212, p=0.033$ ), supporting H2. The statistically significant results suggest that outside knowledge fosters an innovative climate for non-profit organisations. The diverse outside knowledge and different experiences and backgrounds of individuals bring fresh perspectives. The heterogeneity of perspectives challenges non-profit organisations' conventional thinking and practices and encourages them to develop new ideas. For instance, war-torn regions require special expertise to solve complex and uncertain problems. Therefore, the importance of outside knowledge provides access to experienced non-profit experts,

innovative insights, and potential solutions.

It is noted that the best practices of other non-profits in various sectors and regions implement different strategies in conflict situations. Using outside knowledge and best practices of partner non-profits helps tailor the strategies and specific context, leading to an innovative climate.

Cross-sector collaborations in non-profits provide outside knowledge that can facilitate innovative solutions to enhance access to government, funding agencies, society, and other stakeholders. For instance, the Free and Fair Election Network (FAFEN), which comprises cross-sector non-profits, has been significantly improving diverse skills, resources (combining existing resources of the partners), and innovative initiatives to achieve their objectives (Bella & Liaqat, 2022). Moreover, embracing external knowledge and openness to experimentation allow non-profits to take calculated risks that can promote an innovative climate within non-profit organisations. It equips non-profits with the necessary tools to adapt and manage the potential service delivery. Further, the innovation improves the technological infrastructure of non-profits and enhances the operational and service delivery capabilities of non-profits in war-torn regions.

The standardised path coefficient between innovative climate and performance ( $b=0.4080$ ,  $p=0.000$ ) indicates a positive relationship and is highly significant. Thus, H3 is supported. An innovative climate is significant to adapt to dynamic environments—especially the consistently changing situations in war-torn regions pressurise non-profits to adjust and address the continuous challenges quickly. An innovative climate, thus, encourages non-profits to seek effective solutions proactively and allows them to respond quickly to evolving circumstances. Further, innovation is cost-effective and most needed in resource-constrained environments, i.e., war-torn regions. Therefore, it encourages non-profits to optimise resource allocation and efficiently produce more with limited resources. It is to be noted that implementing an innovative climate within and among nonprofit organisations leads to improved organisational performance.

The impact of innovative climate on performance is multi-dimensional. It places non-profits to focus on long-term strategic goals rather than short-term challenges management. Coopetition and resultant innovative climate benefit non-profits to identify the root causes, develop strategies, and create sustainable impact in the communities. Moreover, innovation fosters a creative and learning culture leading to employee engagement and motivation—the environment of sharing and experimentation lets employees feel valued, significantly contributing to the organisational mission. Similarly, the collaborations provide complementary strengths that enhance organisational performance.

It is necessary to note that an innovative climate is also a challenge to implement and handle. A complete learning process is executed from top to bottom of an organisation. Therefore, there are risks associated since not all innovations succeed initially. An innovative climate encourages a learning-oriented culture that considers failures as opportunities, facilitating the learning of non-profit organisations to learn

valuable lessons from failures. Therefore, the consequent knowledge helps to refine the strategies and improve organisational performance.

The statistically significant results indicate that continuous innovative solutions in non-profit organisations can expand the outreach and success of their programs. Non-profit's commitment to innovation enhances organisations' reputations and attracts donors and supporters. More funding sources and support increase the social and financial performance of non-profits. Further, innovation adaptation is the basis of long-term survival and sustainability. It especially helps non-profits remain resilient and relevant in adverse, complex, and multifaceted circumstances in war-torn regions.

The mediated (indirect effect) of coopetition through outside knowledge and innovative climate is  $b=0.256$ . The serial mediator's use of outside knowledge and innovative climate positively and indirectly affect coopetition on non-profits' performance. The results support the H4.

The other direct paths, not hypothesised coopetition have a positive impact on the innovative climate by  $b=0.24$ , coopetition to performance is  $b=0.32$ , and use of outside knowledge to performance is  $b=0.33$ . This indicates that there is a statistically significant positive relationship among these constructs.

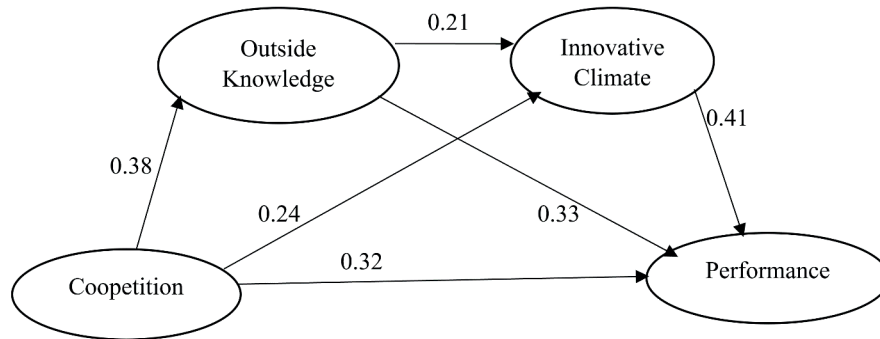
It has already been established that simultaneous collaboration and competition (coopetition) in non-profit organisations refer to sharing resources, ideas, knowledge, and experiences while competing for recognition and funding. The relationships between coopetition, climate change and performance are statistically significant. However, the sequential mediation model uses two mediating factors (1) the use of outside knowledge and (2) an innovative climate. The statistical output suggests that non-profit coopetitive relationships allow organisations to interact and network, making accessing outside knowledge easy. Collaboration and competition among non-profits can provide specialised knowledge, established practices, and innovative ideas—outside their immediate reach. Therefore, coopetitive relationships create opportunities to access outside knowledge, influencing organisational performance.

Similarly, outside knowledge creates an innovative climate within and between non-profit organisations. The combination of outside knowledge and subsequent innovative climate exposes non-profits to diverse perspectives and encourages a culture of creativity, experimentation, and continuous improvement. Therefore, the outcome is improved organisational performance. The integration of external knowledge and cultivation of an innovative climate better equip adaptation, optimization of resources, and development of effective strategies to achieve improved performance in war-torn regions.

Therefore, the sequential mediation model indicates that organisational performance is being influenced by (1) the use of outside knowledge, which is obtained by increased engagement in coopetition, and (2) the development of an innovative climate resulting from the use of outside knowledge. The combined

effect of these two mediating variables enhances the ability of non-profit organisations to perform effectively and create a positive impact in challenging war-torn regions. However, the actual relationship is based on the certain non-profit, which is contingent on the context and dynamics of an organisation.

The model fit with the direct paths is as good as CMIN/df=1.347, CFI=0.967, SRMR=0.051, and RMSEA=0.047. Therefore, cooperation, use of outside knowledge, and innovative climate partially mediate the organisational performance. Thus, the model finds a good fit.



**Figure 1:** Sequentially Mediated Cooperation-Performance Model

### 3.4. Theoretical Implications

This study implies the importance of non-profit cooperation framed in turbulent regions (i.e., war-torn). Moreover, cooperation strategy helps them increase performance via outside knowledge and innovative climate. The model indicates cooperation and innovative climate are inherently connected, and using outside knowledge indicates the interrelationships. The study extends the non-profit cooperation literature by bringing evidence from non-profit organisations working in emergencies for many years. Moreover, the importance of outside knowledge is indeed significant in such a context compared to normal circumstances. The value of knowledge is substantial when the communication means are unreliable. The lack of proper knowledge and the expertise to raise funds, write donor grants, and expand operations is a challenge that cooperation can resolve. This study adds insights by emphasising the importance of outside knowledge in forming the innovative climate and subsequent impact on performance.

The model is consistent with the market orientation performance models that cooperation is a means to integrate outside knowledge with an innovative climate to improve non-profits' social and financial performance. This study also contributes to the previous literature by indicating that the innovative climate creates the most value when linked with cooperation. Creating innovation to improve performance relevant to the non-profit organisation's mission is vital. The performance improvements provide financial sustainability that enhances the social performance of non-profits. This study also

shows that the engagement of non-profit organisation leadership affects the employees' engagement in the innovative climate to find better solutions to social problems. Using outside knowledge enhances the motivation to engage in new ways of serving the communities. Therefore, we extend the literature into non-profit cooperation in war-torn regions with quantitative evidence linking social value creation.

The model testing shows that outside knowledge partially predicts the innovative climate and can only partially apply to non-profits' performance. However, the direct effect of using outside knowledge is more significant on performance. This finding aligns with the management research as an organisation that can integrate external knowledge to create a competitive advantage and improve strategically. The ability to react to environmental changes (especially in turbulent regions, war-torn) is the outcome of outside knowledge, and it can bring more positive outcomes for performance. However, organisational performance can be attributed to distinct factors. However, strategic flexibility in non-profit organisations in line with environmental changes is paramount.

### **3.5. Managerial Implications**

Resource scarcity is a non-profit organisation's reality directly having an impact on social value/performance. Our study provides insights for non-profit managers to perform better when collaborating with competitors and adopting a market-oriented perspective. The positive impact of outside knowledge and innovative climate (two mediating variables) on performance inform that non-profit leaders should take advantage of the competition opportunities despite the difference in operational sub-sectors.

Despite the apparent connection between the resource mobilisation strategies and the institutional view of the cooperation strategy, context is imperative for non-profit leaders to identify themselves and seek inter-organisational relationships. We suggest that understanding the context and the specific needs of the non-profits are essential drivers that help them develop relationships with competitors. This empirical study endorses the cooperation strategy as a solution to the problems of non-profits in war-torn regions because it dynamically redefines the organisations. Moreover, the higher use of outside knowledge leads to better implementation of innovations at the organisational level. Thus, we recommend that non-profits open up the boundaries to a greater extent to exchange knowledge, meet with competing leadership, and support open innovation.

## **4. Conclusion**

This study empirically suggested that cooperative relationships among non-profit organisations positively impact performance, and the use of outside knowledge and innovative climate mediate this relationship. Thus, non-profit leaders must expand their vision to value and access outside knowledge (even collaborating with competitors) and integrate knowledge with the appropriate partner. It will allow them to redefine their organisations, make employees more productive, find innovative solutions to financial needs, and create social value.



**BEYANLAR / DECLARATIONS*****Etik İlkelere Uygunluk Beyanı***

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The author of this study declared that the Ethics Committee approval is not required for this study.

***Çıkar Çatışması Beyanı***

Yazar herhangi bir çıkar çatışmaları olmadığını beyan eder.

***Declaration of Conflict of Interest***

The author has no conflicts of interest to declare.

***Katkı Oranı Beyanı***

Yazarlar çalışmaya eşit oranda katkı vermiştir.

***Declaration of Contribution***

The authors have equally contributed to the manuscript.

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**Appendix 1 Measurement Scales Factor Loadings**

| Scale              | Item                     | Standardised factor loading |
|--------------------|--------------------------|-----------------------------|
| Coopetition        | COOP2                    | .661                        |
|                    | COOP3                    | .698                        |
|                    | COOP4                    | .839                        |
|                    | COOP5                    | .806                        |
|                    | COOP6                    | .778                        |
|                    | COOP7                    | .856                        |
|                    | COOP8                    | .861                        |
|                    | Use of outside knowledge | UOK1                        |
| UOK2               |                          | .778                        |
| UOK3               |                          | .826                        |
| Innovative Climate | IC1                      | .836                        |
|                    | IC2                      | .728                        |
|                    | IC3                      | .737                        |
|                    | IC4                      | .729                        |
| Performance        | NOPF1                    | .869                        |
|                    | NOPF2                    | .810                        |
|                    | NOPF3                    | .863                        |
|                    | NOPF4                    | .835                        |
|                    | NOPS1                    | .872                        |
|                    | NOPS2                    | .795                        |
|                    | NOPS3                    | .806                        |
|                    | NOPS4                    | .835                        |