

Specialty Coffee Entrepreneurs Responses towards Institutional Complexity in Malaysia

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Abstract

Purpose: The paper explores the dynamics of artisan entrepreneurship within the specialty coffee industry, emphasizing the interplay between market and artisan logic. The literature review reviews artisan entrepreneurs are facing demands from artisan and market logics, and strategies firm use to navigate this institutional complexity. This paper identifies the gaps in literature and proposes potential future research directions. The paper underscores the need for future research to further explore the responses of artisan entrepreneurs to institutional complexity, offering insights into the evolving landscape of the specialty coffee industry.

Design/methodology/approach: This literature review synthesizes existing studies on artisan entrepreneurship and institutional logics in the specialty product and food industry. It analyses how firms integrate artisanal values with market demands.

Findings: The findings explore how artisan logic in specialty food production emphasizes creativity, quality, and cultural significance, driven by dedication to craftsmanship and sensory experience. In contrast, market logic prioritizes efficiency, scalability, and profit maximization through standardized processes and reduced reliance on specialized expertise. In contrasting logic, artisan entrepreneurs navigate these contrasting demands within the specialty food industry, revealing strategies used to maintain organizational coherence amid institutional complexity.

Research limitations/implications: This review synthesizes valuable insights from existing literature, but it acknowledges limitations in geographical scope, particularly in underrepresented regions like Malaysia. Future research could further investigate how regional dynamics uniquely shape artisanal responses to market pressures within the specialty coffee industry.

Practical implications: Understanding how to integrate artisan and market logics can guide artisan entrepreneurs in enhancing product quality while maintaining profitability and sustainability.

Originality/value: This paper identifies gaps in the literature concerning artisan entrepreneurship within the specialty coffee industry and proposes future research directions to enhance

understanding of institutional complexity in this domain. It contributes to theoretical advancements by exploring how artisanal and market logics intersect in specialty food sectors, offering insights into strategies employed by entrepreneurs to navigate these dynamics effectively.

Keywords: Artisan Entrepreneurs, Institutional Logic, Artisan Logic, Market Logic, Institutional Complexity

Classification: Literature Review

Introduction

The expanding specialty coffee industry leads to more competition, potentially saturating the market and forcing coffee artisans to sacrifice quality. However, specialty coffee, comprising only 5% of the market, is still considered a niche within the global coffee industry, but it is undergoing strong growth. It is projected that the worldwide specialty coffee industry will grow at an annual rate of 12.9% from 2022 to 2030, reaching a total of USD120,539.1 million by the end of that year (Research and Markets, 2023).

The traditional *kopitiam* landscape in Malaysia is being transformed by the increasing popularity of specialty coffee. The growing availability of specialty coffee from chains and independent cafes is easily noticeable. The Malaysia Specialty Coffee Association (MSCA) organizes national contests like Malaysia Latte Art Championship (MLAC), Malaysia Barista Championship (MBC), Malaysia Brewers Cup (MBrC), highlighting the growing impact of the industry. A recent consumer analysis report highlighted that changing consumer preferences are leading to a move towards personalized and experiential food choices, placing a greater focus on quality rather than quantity (Kristina & Elizabeth, 2023). This change is shown in the shift towards choosing quality over quantity, in line with a larger preference for distinctive, premium experiences, presenting an opportunity for the specialty coffee sector. There has been a significant increase in specialty coffee enterprises in the coffee industry overall.

Every company is putting in effort to survive and remain competitive in the highly competitive business world of today. Micro, Small, Medium enterprises (MSMEs) must balance obligations to keep the firm viable to remain competitive while juggling several goals. Besides, MSMEs also face competition from large local and foreign firms. also challenged by big domestic and international companies. Characteristics such as entrepreneurial dynamism, adaptability, efficiency, and quick decision-making are common strengths of MSMEs. On the other hand, big companies take advantage of economies of scale, scope, marketing know-how, and financial and technological resources (Paul, 2020). MSMEs is widely acknowledged to play an important role as economy contributor and contributing significantly to employment opportunities in Malaysia (SME Corporation, 2022). They account for nearly 40% of the country's GDP and employ almost two-thirds of its workforce. And in the MSME category, micro-enterprises account for the largest share. According to the Department of Statistics Malaysia, micro-enterprises made up 78.7% of total MSME establishments in 2022 (SME Corporation, 2022, DOSM, 2021).

In Malaysia, as of 2021, more than 37,000 MSMEs had shut down, with 26,007 were micro-enterprises (SME Corporation, 2022). The high rate of MSME exits is one of the greatest causes

for concern and numerous newly launched MSMEs quit the market shortly after their inception (SME Corporation, 2022). The average risk of bankruptcy for SMEs increased by 10% at the Covid-19 pandemic outbreak's onset and by 21% as the pandemic continued (Kaya, 2022). Due to its size, company scale, and access to financial resources, the MSMEs sector was among the most vulnerable and dynamic (Kumar et al., 2023).

Despite the increasing specialty coffee market, the obstacles MSMEs encounter have led to the recent shutdowns of well-known specialty coffee shops like Alpha Brew Coffee in Malaysia, Forty Hands in Singapore, Whitewood Coffee and The Anarchist Cafe in Canada, and St. Pete's Crislip Cafe in the US, highlighting the significant challenges facing the industry (Hanna, 2023; Juan, 2022; Kyla, 2023; Mah, 2019; Rhiannon, 2023). Artisan entrepreneurs in locations such as Malaysia face challenges in managing quality alongside economic viability in the midst of intense competition (Fabeil, 2019; Kamarudin et al., 2020; Razali et al., 2021).

Specialty products vary from regular products in terms of quality and provide a distinctly unique taste experience (Andersen & Münchow, 2023). Often, firms that make artisan or specialty food are motivated by artisan principles, which prioritize aesthetic appeal and are fueled by extensive knowledge, dedication, and a desire for excellence. (Thornton, 2002) which may conflict with the market logic. The navigation between the dual institutional logics of the market and the artisan reveals the dual pressures of market and artisan values, where conflict with mass-scale production and increase costs. Specialty coffee enterprises face distinct challenges in strategic decision-making and growth planning, but addressing these complexities can improve long-term business sustainability (Besharov & Smith, 2014; Dai et al., 2023).

This paper focuses on critical literature review on trends and findings in artisanal entrepreneurship literature to identify the gaps and provide guidance for future empirical research. This paper will provide a comprehensive theoretical understanding specific to the artisan coffee industry, addressing gaps in knowledge, context, methodology, and theory. The theoretical significance is the potential contribution to the understanding of institutional logics on how artisan enterprises navigate and respond between the artisan logic and market logic.

Literature Review

Malaysia Specialty Coffee Industry

The specialty coffee industry in Malaysia is going through a notable growth, fueled by a growing cafe culture that has created a population of knowledgeable coffee enthusiasts. Malaysians are now adept at distinguishing between a cappuccino and a flat white (Hisham & Zailani, 2023) have developed preferences for specific bean origins, and often seek out cafes with unique atmospheres. This change has resulted in a lively coffee scene where major chains offer convenience and consistency with many standardized locations, while small independent cafes provide a warm, personalized atmosphere that represents the local community (Hisham & Zailani, 2023). The annual International Café & Beverage Show (ICBS) 2024 further underscore Malaysia's vibrant specialty coffee scene. The occasion united 450 brands from more than 40 countries, 1,500 café proprietors, 1,000 coffee makers, and 12,000 attendees. The event concentrated on specialty

coffee, F&B products, café lifestyle, and technology, including the finals of the Malaysia National Coffee Championship (MNCC).

Malaysia's specialty coffee consumption is driven by millennials who see it as an 'Affordable Luxury'. As the popularity of specialty coffee grows, specialty coffee brands and roasters are becoming more competitive with larger international companies. A cup of specialty coffee costs RM15 or more and rare coffee beans like Geisha can cost around RM30 to RM60 a cup (Tan, 2024). Post COVID-19 pandemic, there has been a notable increase in the presence of international coffee brands and local specialty coffee shops. In this specific market, coffee shops offer a dining experience and high-quality coffee that attract younger consumers. Nevertheless, it is emphasized that the specialty coffee industry is highly competitive, with many small independent cafes opening and closing frequently (Tan, 2024).

Malaysian Entrepreneurship

The entrepreneurship ecosystem in Malaysia is strong and has demonstrated steady advancement annually. This can be seen in how the country ranks on different worldwide entrepreneurship lists. Malaysia reached a major achievement in the Global Entrepreneurship Index (GEI) in 2019, ranking 43rd out of 137 countries (Ács et al., 2020). This represented a significant upgrade from the prior year, when Malaysia was positioned 58th. Moreover, Malaysia achieved the 34th position in entrepreneurial attitudes (ATT), the 44th position in entrepreneurial abilities (ABT), and the 47th position in entrepreneurial aspirations (ASP) in the year 2019 (Ács et al., 2020). These statistics indicate that the country possesses a robust entrepreneurial ecosystem. Most business owners are small and medium-sized enterprises, making up over 90% of all business establishments (MEDAC, 2019). The business-friendly regulatory framework in Malaysia includes the National Entrepreneurship Policy (NEP) 2030 introduced by The Ministry of Entrepreneur Development and Cooperatives (MEDAC) in 2019, with the goal of transforming Malaysia into an entrepreneurial nation by 2030. Furthermore, Malaysia's government has earmarked RM15.11 billion for 270 entrepreneurship initiatives as part of the Micro, Small, and Medium Enterprises (MSMEs) Integrated Action Plan (SMEIPA) for 2023/2024.

The advantageous placement of Malaysia in the heart of Southeast Asia allows for entry to a large and quickly expanding local market. Malaysia's broad network of global trade routes boosts business prospects and connectivity with international markets, offering entrepreneurs the chance to expand their reach and market presence (MEDAC, 2019). In Malaysia, a range of Entrepreneur Development Organizations (EDOs) and financial institutions offer funding and business grants to entrepreneurs (MEDAC, 2019). The government has taken significant steps to cultivate a favorable environment for tech investments and entrepreneurs (The Star, 2023). In Malaysia, it is crucial for entrepreneurs, researchers, and industries to work together to meet market demands successfully. Enhancing talent and skills is crucial for promoting business growth (MEDAC, 2019).

According to the Department of Statistics Malaysia (DOSM, 2021), entrepreneurship has had a major impact on Malaysia's economy. In the year 2022, a grand total of 1,173,601 companies made up an impressive 97.4% of all businesses. These small and medium-sized enterprises were crucial in shaping the economy, making up around 38.4% of the overall GDP which amounted to RM580.4 billion. Significantly, this contribution showed an impressive 11.6% annual growth rate.

Exports increased from RM124.3 billion in 2021 to RM144.5 billion in 2022, indicating a favorable trend in global trade supported by these businesses. When it comes to jobs, MSMEs have become important in creating employment opportunities, supporting around 7.59 million workers in 2022.

Entrepreneurial efforts in Malaysia are crucial in improving the economic and social standing of various groups in society, including women, youth, and marginalized individuals. Around 364,052 women entrepreneurs were able to benefit from various entrepreneurship programs and support, such as funding, education, and access to business resources, in 2017, concerning the economic empowerment of women. These support initiatives are crucial for the growth of 186,930 women-owned enterprises, making up 20.7% of all businesses in Malaysia (MEDAC, 2019).

Malaysian Artisanal Entrepreneurship

There are various kinds of entrepreneurs, including small-scale vendors, online marketers working from home, traditional business owners, and globally influential innovators (Shazrul, 2023). Artisan entrepreneurs is defined as “individuals who produce and sell products or services which possess a distinct artistic value resulting from a high degree of manual input” (Pret & Cogan, 2019). The label entrepreneur being linked to business growth (Ratten & Usmanij, 2022). The concept of artisan entrepreneurs reflects more of a high-quality craft maker that also pursues business interests (Ratten, 2022). In addition, adding the word entrepreneur to artisan activity implies that there is some degree of innovation and competitiveness (Ratten, 2022). With the Malaysian craft industry growing and becoming more complex in the business world, there is a strong focus on supporting craft makers and artisans, particularly those in small and medium enterprises, in the entrepreneurial landscape (Halim et al., 2011). The early study in craft entrepreneurs mainly focus on the different characteristics of artisan and the transformation process from art environment to business environment, but lack of in-depth explanation on the potential integration of both artisan attributes and business attributes (Halim et al., 2011).

Fabeil (2019)’s study focused on handicraft entrepreneurs in Sabah, emphasizing the diversity within the sector in terms of capital resources and operational strategies. The research found three different categories based on their operational status, type of premises, sales, and profit margins, indicating that handicraft businesses do not conform to conventional growth models commonly seen in entrepreneurship studies. Similarly, Kamarudin et al. (2020) studied the entrepreneurial efforts of pottery makers in Kuala Kangsa, Malaysia, highlighting the significance of a distinctive business ecosystem that values the passing down of artisanal expertise. In contrast, the batik industry in Malaysia faces challenges outlined by Razali et al. (2021) who noted a decline exacerbated by the influx of imitation products from abroad. This industry’s struggle underscores the critical role of entrepreneurs in adapting to market changes and safeguarding traditional craftsmanship through intellectual property protections. The intersection of familial and ecological approaches in social enterprises was explored by (Drencheva & Au, 2023) in Malaysia, revealing synergies and conflicts between family-oriented values, market demands, and ecological sustainability.

Method

This paper employed critical literature review methodology. The primary objective of this review is to synthesize the existing literature on specialty products, foods and coffee industries and the institutional logics of market logic and artisan logic. Specifically aim to understand how artisan and market logics shape business decisions and investigate the implications for future research and practice. A comprehensive search was conducted using databases ScienceDirect, Emerald Insight and Google Scholar. Keywords included “specialty coffee”, “institutional complexity”, “market logic”, “artisan logic” and related terms. The search was limited to articles published between 2015 to 2024. The literature review selected studies focused on artisan entrepreneurship, specialty foods and specialty coffee industry; articles discussing artisan and market logics, journal articles and conference papers.

Findings

Artisan Logic in Specialty Food

Specialty foods are carefully made in small quantities, following traditional methods but also embracing innovation, with close producer engagement, variation in products and methods, high quality ingredients, sustainable sourcing, and the inclusion of practical, aesthetic, artistic, cultural, traditional, and symbolic elements (Tunick & Waterhouse, 2023). More and more studies are being conducted to comprehend specialty food as a commercial enterprise. Prior research has explored the key ideas that impacted the specialty food sector, and investigated how these ideas impact the dynamics of artisanal food businesses.

Artisan entrepreneurship involves creating goods that are creatively made, high in quality, and driven more by contentment than commercial success, within a business environment. In general, artisan entrepreneurs follow the logic of artisans. Artisan logic directs firms towards aesthetic involvement, fueled by extensive knowledge, dedication, and dedication to excellence, emphasizing peer approval and thoughtful involvement with manufacturing processes (Kroezen & Heugens, 2019; Sennett Richard, 2008). This has driven artisan entrepreneurs to focus on innovation, creativity, and quality. A prior study on craft chocolate indicated that craft chocolate makers are well-positioned to move the chocolate industry in the direction of higher quality products as a whole (Cadby et al., 2021) in contrast to the commodity chocolate industry. Although the coffee industry began with a focus on mass production and profitability, an alternative 'artisan logic' has progressively emerged. This movement witnessed the incorporation of thousands of artisan firms. Furthermore, individuals specializing in distinctive, quality-focused coffee practices experienced significant growth and development (Dolbec et al., 2022).

In the coffee industry, the concept of artisan logic emphasizes aesthetic engagement, focusing on maximizing the sensory potential of coffee based on its unique flavor attributes (Dolbec et al., 2022). Practitioners continually develop their expertise through education and training programs, such as those offered by organizations like the Specialty Coffee Association of America (SCAA). These practitioners rely on tools like the SCAA's sensory lexicon, which identifies various flavor, aroma, and texture attributes in coffee (World Coffee Research, 2021). For specialty coffee, the coffee machines, along with other material items, are crucial in enhancing aesthetically pleasing experiences. Customized gear, such as espresso grinders and pour-over kettles, boosts the overall atmosphere. The selection of materials is strongly linked to the skills of the experts, who choose

brewing techniques based on elements such as the origin and type of coffee beans. The cultural importance of taste and skill shapes the image of the barista as a dedicated coffee expert pursuing the perfect cup (Dolbec et al., 2022).

Market Logic in Specialty Food

Market logic drives firms' efforts toward the pursuit of profits, sales driven, aim for consistent, large-scale, profitable production, profit maximization, produce customer-oriented and mass-marketed goods that turn cultural recognition into financial gain (Dolbec et al., 2022; Fischer, 2021). This logic separates from artisan logic. Operating under the principles of neoliberalism profoundly influences the entrepreneurs and their practices (Friedland & Alford, 1991), market logic operates by increasing efficiency and profits with the aim of sustaining self-interest and status in the market (Thornton et al., 2012). The market logic requires firms to focus on maximizing productivity and minimizing resource consumption according to market demands. The main goal of resource allocation is to ensure profitability is achieved (Ye et al., 2024).

In the context of market logic, firms aim to optimize profits, increase efficiency, and decrease dependence on expensive experts by standardizing coffee production processes. Standardization simplifies the required skills and knowledge, making them easily duplicated and learnable within a short timeframe. Material elements are to support practitioners in ensuring speed and consistency across employees rather than individual competences. For instance, coffee preparation increasingly relies on machines like Nescafé Dolce Gusto, easy-to-use pod, and machine systems. These automated systems allow firms to serve "specialty beverages" while meeting speed-related service standards. The need for specialized expertise diminishes, as these processes resemble mechanically produced goods assembled by workers in fast-paced environments (Dolbec et al., 2022).

Contrasting Logics

Artisan entrepreneurs are engaged in a subtle balancing act between two distinct institutional logics - artisan and market. Numerous industries, covering a diversity of fields such as barbering, beer, butchering, chocolate, cocktails, coffee, cuisine, denim, fashion, motorcycle, and tattoos, have seen firms' strategies being shaped by a blend of market and artisan institutional logics (Kroezen & Hergens, 2018; Ocejo, 2010; Sennett, 2008). Organizations encounter competing demands posed by their environments. It is important to take actions that contend with the competing demands from conflicting logics. Examining institutional logics can reveal how organizations respond to institutional complexity. Previous studies described different organizational response to institutional complexity using various strategies. Seminal work from Oliver (1991) documented responses to institutional complexity have historically been defensive in nature, with the goal of reducing risks to external legitimacy and internal conflict (Pache & Santos, 2010). Organizations use compromise tactics to try to satisfy external demands by slightly altering their procedures to adhere to minimal expectations (Oliver, 1991). An organization might segregate the logics into distinct units or processes (Bromley & Powell, 2012). In response to institutional complexity, individuals within organizational structures aim to minimize internal conflicts and mitigate threats to external legitimacy. They engage in defensive strategies to navigate and manage the

multifaceted demands and pressures from both internal and external sources (Pache & Santos, 2010).

Prior research examining responses to conflicting institutional demands discussed the strategies of distinctiveness, where one focusing on the entrepreneurship's distinctiveness based on the maturity of the organization. In a study on specialty food and beverages firms' performance, particularly on coffee roasteries suggested by Andersen & Münchow (2023) that for new businesses, leveraging a strategic emphasis on creativity is advantageous. This involves highlighting symbolic value and standing out from the mainstream market. In this context, direct owner involvement in the primary creative processes and a focus on high differentiation from mainstream offerings are key. On the other hand, established companies derive benefits from a strategic focus on commercialization. This entails owners stepping back from creative processes, adopting a more commercial role, and pricing products relatively lower, positioning them closer to mainstream alternatives. Prior study also showed that individual may put off making decisions, react erratically to competing institutional demands, and choose one course of action after another (Holm, et al., 2017).

Previous studies also have discussed instead of resolving institutional complexity, organizations are embracing the complexity. The organizations shifted towards integration of logics instead of separating the competing logics (Pache & Santos, 2013). It is proposed that the organization can gain the benefits of a wider range of practices, gain access to additional resource pools, and promote enhanced innovation and better integration of work processes when they are embracing the arising of institutional complexity (Dai et al., 2023; Lindbergh & Schwartz, 2021; Pache & Santos, 2013). By combining strategies aim to identify synergies between conflicting demands to garner endorsements from multiple stakeholders in the environment (Greenwood et al., 2011). It is proposed by Pache and Santos (2013) the firms' responses towards competing logics driving by the framework for multiple logics that coexist and that can be conflicting, some more, or less hiding problematic logical contradictions. There are five basic types of individual responses to competing institutional logics, namely Ignorance, Compliance, Defiance, Compartmentalization, and Combination (Pache & Santos, 2013).

A study on food artisan entrepreneurs situated in Sweden studied the individual responses to competing institutional logics using Pache and Santos's (2013) five basic types of response for the cheese producer and the charcuterie producer, found that as the firms expanded, the logic of business growth became more integrated into their operations. In response, they adopted a strategy of merging these two logics, steering clear of excessive expansion by forming partnerships with suppliers and local farmers. Moreover, certain activities had to be segregated and kept discreet, as these actions had the potential to jeopardize their business reputations and their specific criteria for small-scale food artisans (Lindbergh & Schwartz, 2021).

A number of prior studies examined the responses to institutional complexity with the guidance of these five types of responses across different contexts, like food artisan entrepreneurship (Lindbergh & Schwartz, 2021), firm patenting in China (Ye et al, 2024), and western MNEs located in emerging markets (Minbaeva et al., 2021) studying institutional complexity arise from different institutional logics, like state logic, market logic, and community logic (Minbaeva et al., 2021; Ståhle & Ahola, 2022; Ye et al., 2024). Scholars also observed other responding strategies like blending of competing logics (Currie & Spyridonidis, 2016), balance mechanism by

segmenting, bridging, and demarcating (Smets et al., 2015; Ståhle & Ahola, 2022) and avoid, defy, acquiesce or compromise (Hotho et al, 2020). A study by Dolbec et al. (2022) explained that firm's types in the specialty coffee industry can be positioned based on their targeted customers and the institutional logics the firm upholds. Dolbec et al (2022) proposed that the coffee industry is populated by four types of firms that reflect the generalist and specialist position across homogeneous or heterogeneous customers groups, where they argued that there are still gaps to comprehensively explain how companies in the coffee industry strategize and operate.

In the context of artisan product innovation, previous study supported the benefit of mutual intersection between logics. While market logic suggests product innovation across a wide range, artisan logic will encourage the preservation and pursuit of craft products in their purest form. If technology doesn't go against the characteristics of the artisan logic outside of the intersection, the mutual intersection of these two logics suggests a nuanced approach that permits technology to participate in artisanship to a greater extent (Dai et al., 2023). A study recognized the shared intersection between market logic and artisan logic. This intersection, facilitated by the compatibility of both logics, provides the actors with a flexible strategy expected to meet the requirements of both institutional logics. This presents a fresh perspective on analysing product innovation within artisan communities (Nguyen et al., 2023). A study on craft brewing industry examined the entrepreneurial micro-ecosystems covering internal factors, anti-establishment mindset and businessperson's burden, and external factors, economic conditions, community conditions and the conditions of vacant out-of-use spaces in a community and impact community members. The study found that the success of startups and the creation of social value are linked to the internal and external micro-ecosystems (Perry & Woolard, 2023).

Gauthier et al., (2022) proposed that firms will take conformality approach where firms are inclined to prioritize distinctiveness when addressing stakeholder demands related to goals. Conversely, when addressing means-related demands, these firms are more inclined to emphasize conformity. Conflicts arising from means are perceived as less formidable than conflicts related to goals, making compromise or conformity a more appealing strategy for sustaining institutional support. In goal-oriented conflicts, however, compromise or conformity poses a risk to the fundamental identity of the organization, making an emphasis on distinctiveness a more viable approach.

Discussion

Implications for Malaysia Specialty Coffee Entrepreneurs

This paper explores the growing body of literature on specialty coffee industry and how firms respond to the demands posed by conflicting institutional logics. The literature review reveals that specialty food entrepreneurs, including specialty coffee industry entrepreneurs, often face to balance the demands of market logic that requesting efficiency, affordability, and scalability, and maintaining artisan values that focusing on quality, ethical sourcing, and product authenticity. The strategies employed to respond to the competing demands can provide valuable insights for Malaysia specialty coffee entrepreneurs.

One of the key implications emerge from this paper is the importance of embracing rather than aiming in resolving institutional complexity. Malaysia specialty coffee entrepreneurs and organizational leaders should recognize that the coexistence of competing logics in their business, such as market and artisan logics. The demands from each logic can be leveraged to create a unique competitive advantage. By integrating these logics, organizations can develop innovative practices that cater to a broader range of stakeholder expectations. For instance, specialty coffee businesses could simultaneously emphasize high-quality products and ethical sourcing while ensuring their offerings remain accessible to a larger customer base by engaging the right marketing channels. They can embrace the artisan values in their specialty coffee product innovation. This approach not only aligns with evolving consumer preferences but also enhances organizational resilience in the face of market volatility to ensure business sustainability.

Besides, Malaysia specialty coffee entrepreneurs should craft in strategies that support both distinctiveness and conformity on the conflicting logics. Maintaining a strong, unique identity is crucial for differentiation in niche markets like specialty coffee. However, this distinctiveness should not come at the cost of adhering to institutional norms and expectations. By strategically navigating this tension, the business can achieve a balance that fosters both innovation and compliance. For example, specialty coffee enterprises might adopt sustainable practices that differentiate them from competitors while also meeting industry standards and regulations, like obtaining food regulation accreditations. This dual approach can help organizations maintain their core identity and strategic goals while effectively responding to external pressures.

Gaps and Future Research

Each strategy carries advantages and disadvantages concerning their effectiveness in addressing conflicting demands. Segregation may prevent conflicts from competing demands but could be challenging to sustain over time, especially if an organization is uncertain which practices to follow (Pache & Santos, 2013). Combining competing logics provides opportunities for organizations to draw from a wider range of behaviors and access additional resources (Pache & Santos, 2013). Pache and Thornton (2020) claimed that much remains to be learnt about why individuals respond as they do to tensions as well as about the mechanisms shaping these responses. In the context of specialty coffee entrepreneurs, this could entail integrating both market logic and artisan values, such as emphasizing ethical sourcing and high quality while also ensuring affordability and accessibility, thus blending the best aspects of both logics.

This paper highlights key findings on the key discourses surrounding competing institutional logics and identifies the gaps in literature, as shown in Table 1. One critical gap in current research is understanding how organizations effectively act distinctiveness and conformity when confronted with conflicting institutional demands. Distinctiveness pertains to the organization's unique goals and identity, while conformity involves adhering to established means and norms. Future research should investigate the mechanisms through which organizations navigate these demands and make strategic choices. This inquiry would explore how organizations maintain their distinctiveness while complying with institutional expectations, and how these strategies influence organizational identity and performance. By examining cases across different sectors and organizational contexts, researchers can uncover approaches that enable organizations to achieve alignment with institutional demands while preserving their core identity and strategic goals.

Another crucial area for future investigation lies in sector-specific strategies for managing institutional complexity, particularly within the specialty food industry. This sector presents unique challenges due to its emphasis on quality, innovation, and niche markets. Research should conduct comprehensive studies to identify how organizations in this industry respond to institutional complexity, considering variations in market dynamics and stakeholder expectations. By comparing strategies across different segments of the specialty food industry, researchers can uncover sector-specific adaptations that enhance organizational resilience and competitive advantage. Such studies would provide actionable insights for industry stakeholders aiming to navigate regulatory, market, and societal pressures effectively.

Furthermore, there is a need to deepen our understanding of individual responses to institutional tensions within organizations. Current literature recognizes various responses such as ignorance, compliance, defiance, compartmentalization, and combination to conflicting institutional logics. However, the underlying factors and mechanisms that drive these responses across diverse organizational contexts remain underexplored. Future research could investigate the factors influencing individual responses. This exploration would contribute to a more nuanced understanding of decision-making processes within organizations facing institutional complexity. By identifying how individuals perceive and navigate conflicting institutional demands, researchers can inform strategies that promote organizational agility, employee engagement, and adaptive capacity.

Table 1: Gaps in Literature

Gap in Literature	Gap	Theoretical Proposition for Future Research
Mechanism for distinctiveness and conformity	Knowledge gap Current literature may lack a comprehensive understanding of how firms balance distinctiveness with market demands	Investigate how organizations balance the need for distinctiveness which related to goals versus conformity that related to means when addressing conflicting institutional demands, and how these strategies impact organizational identity and performance.
Sector-specific strategies for managing institutional complexity	Empirical gap There is a shortage of empirical studies that investigate firms in specialty coffee industry in response to institutional complexity	Conduct comprehensive studies for specific specialty food industry to identify sector-specific responses to institutional complexity, considering variations in market dynamics and stakeholder expectations.

Limited understanding of individual responses to institutional tensions	Theoretical gap There are limited theoretical frameworks tailored to understanding individual-level responses to institutional tensions	Investigate the factors and mechanisms influencing individual responses, such as ignorance, compliance, defiance, compartmentalization, combination to conflicting institutional logics across different organizational contexts.
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Conclusion

The application of institutional logics in Malaysian artisan entrepreneurs is scarce. The previous studies on this logic and specialty coffee industry and artisan businesses are more extensively in other contexts, and mainly focusing on organization level instead of entrepreneurs' views. While previous research has examined responses in various contexts (Lindbergh & Schwartz, 2021; Nguyen et al., 2023), limited attention has been given to specialty coffee entrepreneurs. Previous studies have used case study and exploratory methods (Dai et al., 2023; Pavlovic et al., 2021). Previous studies have examined institutional complexity in different contexts of institutional logics (Ye et al., 2024; Minbaeva et al., 2021). This paper concludes that specialty coffee entrepreneurs face significant demands from both market and artisan logics are inclined to seek ways to address the demands of both logics, striving to maintain the institutional integrity of both while ensuring their coexistence. Future research can explore in-depth understanding of artisan entrepreneurs' navigation between two logics by using Pache & Santos (2012) responses model.

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