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## **Are Fashion Supply Chains Capable of Coopetition? An Exploratory Study in the UK**

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## **Abstract**

Fashion supply chains are characterised by pressure for low cost and short lead times and face increasing requirements for social and environmental compliance. Hence, fashion retailers have recognised a greater need for collaborating with competitors in upstream supply chain activities, despite competing against each other downstream in the marketplace. This notion of ‘coopetitive’ relationships, a nascent research area, motivated this paper’s case study of six UK-headquartered fashion companies to explore how and why they engage in areas of coopetition interaction and their management of inherent tensions in these relations. Capacity sharing, communication and information sharing, and building relationships/partnerships emerged as motives. The companies exhibited a processual approach to coopetition against a challenging landscape of institutional tensions, which included retailer pressure and organisational structures. Despite risks of opportunism, coopetition was found to be a useful strategy and highly influential for competitive advantage and sustainability in this volatile and dynamic industry sector.

**Keywords:** Coopetition, fashion supply chains, supply chain sustainability, case study, United Kingdom

## **1 Introduction**

The fashion sector, typically encompassing any product or market where there is an element of style that is likely to be short-lived, has supply chains focussed on in short product life cycles and volatile and unpredictable demand (Fernie and Grant 2019). As a result, fashion supply chains must prioritise agility, responsiveness, flexibility and reducing lead times for retail success, given high levels of competition and demanding consumers (Perry et al. 2015). The labour-intensive function of garment manufacturing tends to be outsourced to independent subcontractors in lower labour cost countries, resulting in complex and geographically long supply chains (Perry et al. 2015). This global spread of operations and extensive transportation of materials and garments between producer counties and selling markets compromise agility and responsiveness, which are essential for competing in demand-driven and volatile sectors such as fashion (Masson et al. 2007; Chan et al. 2017).

More recently fast fashion, the low-cost and speedy production of trend-led garments which enables consumers to frequently refresh their wardrobes, has put further cost and lead time pressure on fashion supply chains. Outsourcing to a global supply base brings cost advantage

but increases supply chain complexity and reduces visibility and control, which lead to increased risks of ethical and environmental scandals (Rafi-Ul-Shan et al. 2018) and the sector has been subject to enduring media criticism and NGO scrutiny about its negative social and environmental impact (Rafi-Ul-Shan et al. 2018; Niinimäki et al. 2020). Hence, some UK retailers have invested in onshoring, especially where there is demand for short lead times, where quality control and provenance are important and where manufacturers have a significant design input (Froud et al. 2018) supported by regulating bodies such as the UK Government acting in favour of the sector by providing training opportunities and leading efforts for the revival of the industry.

Much fashion supply chain research focuses on vertical buyer-supplier relationships for competitive advantage and sustainability management, however there is less consideration of horizontal relationships or how organisations could work with competitors in a highly competitive industry landscape to protect brand reputation and ensure surety of supply. Some retailers and manufacturers are developing trading relationships that sit somewhere between collaboration and competition, as a coopetitive approach might achieve competitive and sustainability goals better than a singular approach.

For example, the *Sustainable Apparel Coalition* was formed in 2010 as an industry-wide alliance of competing brands, retailers and manufacturers committed to improving sustainability performance and measurement. More recently, UK retailers Pentland Brands, Next and Marks & Spencer collaborated on an ethical trade mobile app to educate employees about labour conditions (Imms 2019). However, research in this area is still nascent (Kovács and Spens 2013) and accordingly this paper seeks to explore why and how UK fashion retailers and suppliers engage in coopetition, outside of industry-wide organisations or sustainability initiatives, what tensions they face in coopetition processes, and how they manage coopetitive relationships.

This paper is structured as follows. We first discuss the theoretical background focussing on literature themes of fashion supply chain management (SCM), coopetition in supply chains, and institutional pressures on fashion retailers. Next the methodology and methods for an exploratory empirical study are set out, followed by a discussion of findings and concluding remarks.

## **2 Theoretical Background**

### **2.1 Fashion Supply Chain Management**

Fashion garments are designed to capture the mood of the moment and selling windows are short and seasonal, often measured in weeks. Advances in information and communication technologies, including social media, have made fashion consumers increasingly demanding in their tastes and preferences (Ferne and Grant 2019). The sector is characterised by short product life cycles, high demand volatility, low predictability and high impulse buying and thus fashion retailers must be proactive in determining trends and sufficiently reactive to bring products to market in a timely manner with minimal stock-keeping units to maximise margins during the selling window of the trend (Masson et al. 2007). Otherwise, they may incur extra inventory costs and unsold items may have to be marked down, reducing profit margin (Hartman et al. 2012).

To achieve these performance objectives and address competitive challenges, the fashion supply chain literature emphasises management structures based upon internal and external integration and process alignment, use of highly responsive communication channels, increased flexibility and collaboration between trading partners (Ferne and Grant 2019). As lead retailers are seen to have ultimate responsibility for the social and environmental performance of the entire chain, there is greater interest in developing long term strategic, cooperative and collaborative relationships with networks of supply chain partners enable companies to better manage supply chain issues (Perry et al. 2015). Although trading relationships are typically cost-focused and short-lived, based largely on market needs and to generate the highest margins by capturing demand in a timely manner (Rafi-Ul-Shan et al. 2018), key supplier relationships are also important for retailers to better manage efficiency, and there has been a consequent shift to supply base rationalisation and greater cooperation and collaboration with key suppliers (Perry et al. 2015). This changing market environment also suggests that collaboration extends beyond these usual supply chain partners to competitors in a spirit of cooptition.

### **2.2 Notions of Cooptition**

Management research and business practice has placed an increased emphasis on cooptition, which is simultaneous cooperation and competition between two actors (Dorn et al. 2016). Nalebuff and Brandenburger (1996) introduced the term ‘cooptition’ to describe how cooperation and competition could be components of one relationship. Cooperation is

commonly conceptualised as the joint pursuit of common goals whereas competition is a fight for scarce resources among structurally equivalent actors (Wilhelm 2011). Though traditionally seen as opposing forces, the emerging coopetition perspective tries to integrate the two paradoxical logics of cooperation and competition into a common construct for achieving performance growth and competitive advantage through knowledge and resource sharing, developing innovation capabilities, training and skills development, risk reduction and cost minimisation (Tsai 2002; Bengtsson et al. 2010; Köseoglu et al. 2019).

Firms may pursue coopetition with other firms that have distinct and complementary resource profiles (Luo 2007) or combine their resources and share knowledge to increase their bargaining power and enhance their competitive capabilities (Gnyawali and Park 2011). Coopetition is usually considered a horizontal supply chain integration strategy however it can also work vertically and may include third parties to alleviate issues of confidentiality (Dari 2010).

Dorn et al. (2016) highlighted some characteristics of coopetition. First, competition and cooperation is always between the same firms, as opposed to competing with one firm and cooperating with another. Second, coopetition is different from cooperative alliances, as building an alliance with key competitors will only emphasise cooperation. Third, competition and cooperation occur simultaneously. Lastly, coopetition can occur at different levels such as at individual, corporate, firm or department, depending on organisational needs and strategic intent.

Köseoglu et al. (2019) argued that coopetition can be viewed in three ways. First, relationship management with competitors, focusing on how such relationships should be built, developed, managed and terminated. Second, coopetition as strategy, addressing how a firm can use their relationships with competitors to gain sustained competitive advantage or to create value. Third, coopetition as a process, concentrating on how coopetition practices involve integrated organisational culture and policies to formulate and implement strategies throughout an entire relationship with competitors.

### **2.3 Coopetition and supply chain management**

In supply chain research, co-opetition is increasingly seen as occurring between competitors that simultaneously compete and collaborate, rather than other supply chain partners (Bengtsson and Kock, 2000) but is still a nascent area of research (Kovács and Spens 2013).

Empirical studies have identified benefits of a coopetitive approach between competitors for the goal of sustainable supply chain management (SSCM) in terms of economic, environmental and social sustainability. Coopetitive activities include collaborative shipping and warehousing for increased efficiencies and customer service and reduced costs (Hingley et al. 2011) and the use of joint third-party ethical audits for capability building and cost efficiencies, given limited resources and budgetary constraints (Benstead et al. 2018). Limoubpratum et al. (2015), studying coopetition and logistics sustainability in the Thai newspaper supply chain, concluded firms that cooperate and compete will tend to achieve better sustainability.

However, as a paradoxical relationship between two or more actors simultaneously involved in cooperation and competition (Bengtsson and Kock 2014), coopetition gives great potential for tensions and conflicts (Tidström 2014). Challenges include identifying appropriate relationship opportunities, balancing coopetition interactions, and managing tensions in such paradoxical relationships (Wilhelm 2011). Further, conflict is aggravated when either cooperation or competition dominates within a relationship (Bengtsson et al. 2010).

Causes of relational tensions include lack of trust and commitment between coopetitive partners, task or process conflicts, incompatible ideas or opinions and value systems, cultural and emotional differences, ambiguities or disagreements between role and responsibilities, lack of information and knowledge sharing, power imbalance and dependence, and opportunistic behaviours (Bengtsson et al. 2010; Tidström 2014). As a result, lack of trust and commitment between coopetition partners and unreliability when choosing partners may cause a coopetition strategy to fail (Pathak et al. 2014; Dorn et al. 2016). Organisational structure, culture and management commitment with open and clear communication between partners are essential for the success of coopetitive relationships (Dorn et al. 2016). Relationships may also be managed contractually by framework contracts that reflect the intention to cooperate for a certain length of time, in order to ease tension, limit opportunism and reinforce cooperation within a coopetitive setting (Lacoste 2014).

A primary challenge is integrating cooperation and competition activities in a balanced manner (Tidström 2014) as it is difficult in practice to know and achieve a balanced cooperation and competition position (Bengtsson et al. 2010), manage trade-offs between cooperation and competitive pressure and ease relational tension in coopetition (Lacoste 2014). Thus, institutional pressures are brought to bear on actors in a coopetitive supply chain.

## **2.4 The Influence of Institutional Pressures on Coopetition**

Institutional theory has been used in management research for forty years (see e.g. Scott 1995 and DiMaggio and Powell 1983 as seminal works) and has been applied in both SSCM (Tate et al. 2011; Zhu et al. 2013) and apparel industry research (Wu et al. 2012; Huq and Stevenson 2018; Nath et al. 2019) contexts. Institutional theory holds that organisational choices are not always based on rational and economic decision-making but influenced by internal/external pressures and norms and values (Tate et al. 2011). It helps in understanding how organisations progressively respond to three types of pressures in their institutional fields – *coercive*, *normative* and *mimetic*.

Organisational dependencies and resource scarcity cause other powerful and formal or informal organisations, such as retailers, trade unions, government, NGOs or industry alliances, to exert *coercive pressures* on organisations (DiMaggio and Powell 1983; Wu et al. 2012; Huq and Stevenson 2018). Wider expectations of society, consumers or professionals cause *normative pressures* forcing organisations to conform to social legitimacy concerns about their practices, disseminated via formal education or professional networks (Scott 1995; Zhu et al. 2013; Huq and Stevenson 2018). Finally, environmental and competitive uncertainties force organisations to seek legitimacy thorough imitating the best practices of successful competitors, i.e. organisations face *mimetic pressures* (DiMaggio and Powell 1983; Tate et al. 2011; Huq and Stevenson 2018).

The pursuit of coopetition is influenced by certain external environmental circumstances, such as stakeholders' involvement and technological demands. Coopetition can be driven by the structure and growth level of an industry sector, but organisational instability and industry uncertainties can also drive organisations to cooperate and compete (Padula and Dagnino 2007) with partners who are capable and can assist the organisation to achieve a high position in the value chain, penetrate new markets and enhance its performance (Golnam et al. 2014). Similarly, lack of resources and core competencies also compel organisations to join



competitors that possess superior and useful capabilities and resources which could help them achieve mutual objectives (Gnyawali and Park 2011; Dorn et al. 2016).

Industry characteristics also influence the emergence of coopetition. Relatively high research and development costs, short product lifecycles and frequent technological innovations put pressure on firms to react and adapt quickly and flexibly with high investments. However, this can also be a driver, as firms confronted with such pressures may partner with even their fiercest competitors (Gnyawali and Park 2011). Hence, institutional theory and its three types provide a useful lens to understand fashion supply chains and coopetition (Huq and Stevenson 2018).

## **2.5 Summary and Research Gaps**

The conflicting logics of competition and cooperation give rise to great potential for tensions and conflicts in coopetition relationships, which could be caused by lack of trust between partners, task or process conflicts, incompatible ideas or opinions and value systems, cultural and emotional differences, ambiguities or disagreements between role and responsibilities, lack of information and knowledge sharing, power imbalance and dependence, and opportunistic behaviours (Tidström 2014). However, the outcomes of tensions could also be positive, not only negative, and may lead to new ideas, methods, processes or new products that could benefit cooperative partners (Tidström 2014). The foregoing provides three critical gaps that emerged from the literature and scant empirical research undertaken on coopetition in fashion supply chains. Firstly, what is the nature of a coopetition approach in organisations; secondly, how can organisations manage tensions or institutional pressures or balance coopetition dynamics; and finally, what is the effect of such institutional pressures on organisational coopetition in the fast-moving and volatile fashion industry sector?

### ***2.5.1 Approaches to coopetition***

Three main approaches to coopetition prevail: *contextual*, *process* and *processual*. A *contextual approach* focuses on the environmental interactions, competitive and cooperative relationships and interdependencies that influence behaviours of individuals, groups or organisations and suggest that the entities are engaged in coopetition (Bengtsson et al. 2010). Contextual coopetition implies that competitive organisations can interact in rivalry due to conflicting interests but also cooperate due to common interests to create mutually beneficial exchanges and enhanced values (Chin et al. 2008). The cooperative and competitive parts of a relationship

are divided between actors, where two competitors can cooperate with each other to create the value required for competition with a third firm, making it difficult to identify boundaries of coopetition in each specific situation (Bengtsson et al. 2010). Thus, what would be the situational contexts that lead to coopetitive relationships?

Second, the *process approach* to coopetition develops through the simultaneous and mutual cooperative and competitive interactions between two or more entities at an individual level (Bengtsson et al. 2010) and/or intra- and inter-organisational level (Tsai 2002). This approach suggests that cooperation and competition are two different interaction processes within a coopetitive relationship and therefore co-exist with varying degrees of strong-weak interactions and relationships on two continuums of coopetition. It allows for an understanding of both competition and cooperation as multifaceted concepts with multiple characteristics, enabling to capture changes in dynamics when cooperation or competition intensity increases or decreases (Padula and Dagnino 2007; Bengtsson et al. 2010). However, knowledge about these two interactions and their dynamics in fashion supply chains is lacking.

Finally, a *processual approach* suggests that competitive and cooperative parts of a coopetitive relationship are divided between activities rather than entities, so that competitive and cooperative parts of coopetition occur between the same set of actors (Bengtsson et al. 2010). Thus, an actor (whether an individual, group, organisation, or network) simultaneously cooperates and competes with counterpart(s) in a coopetitive relationship. The processual approach to coopetition enables focus on coopetitive interactions, inherent tensions, and dynamics within the relationship. And yet, the processual coopetition approach has largely been overlooked in empirical research, especially in the fashion sector.

### **2.5.2 Coopetitive tensions**

Tensions are generally viewed as negative occurrences; however the outcomes of tensions could also be positive or mixed (Tidström 2014). They may lead to new ideas, methods, processes or new products that could benefit all coopetitive partners. Some research has highlighted types of tensions without highlighting coopetition situations, activities or processes leading to those tensions and the potential impacts (Bengtsson et al. 2010, Limoubpratum et al. 2015). Similarly, knowledge of how the interplay between cooperative and competitive parts of coopetition relationships gives rise to tensions and the requirements for

balancing/rebalancing relationships to avoid dysfunctional tensions is less well understood (Kovács and Spens 2013, Pathak et al. 2014).

Given these gaps, the following four research questions were derived for an exploratory empirical study of UK fashion companies about coopetition in their supply chains:

1. Why do companies in UK fashion supply chains *engage* in coopetitive relationships?
2. How do companies in UK fashion supply chains engage in coopetitive relationships (i.e. *contextual, process* or *processual coopetition*)?
3. What are the different coopetition *tensions* between companies in fashion supply chains?
4. *How* can companies in fashion supply chains *manage* their coopetitive relationships?

### **3 Methodology**

#### **3.1 Multiple Case Study**

A qualitative, multiple case study approach (Yin 2018) was used to generate insights of supply chain coopetition in the UK fashion industry which, as one of the world's most competitive fashion markets, provides an opportune context for study. A purposive sampling approach was taken to select the case companies, which despite having limited scope for generalisation provides greater potential for richer understanding of the context in which coopetitive interactions and tensions are embedded than in a study of an 'average case' location (Yin 2018; Huq and Stevenson 2018).

An initial list was drawn from fashion and textile industry and trade body membership lists and companies were approached via email or directly at industry seminars. Selection criteria were a) the company's manufacturing or sourcing base is in the UK; b) the company has retail or wholesale presence and other major operations such as customer service, distribution or warehousing in the UK; and c) the company was prepared to provide access to the researchers. Six UK-headquartered fashion companies, operating in different parts of the fashion supply chain including retail, wholesale, manufacturer and distributor businesses, agreed to participate and represent a variety of sizes including large and SME companies in various apparel and

footwear product types. Most companies remaining in the UK fashion industry, including the case companies shown in Table 1, operate in luxury/premium quality garments or fast fashion.

**Insert Table 1 here**

### **3.2 Data Collection**

Semi-structured interviews were conducted related to the four research questions, and respondents from functional areas of supply chain, operations, sourcing, logistics, distribution and customer service managers were selected due to their topic relevance and knowledge and ability to answer questions (Patton 2015). Three pilot interviews were conducted with a fashion designer, a fashion industry consultant and an academic to test the questions and ensure data reliability (Yin 2018). Interviewees from other operational areas (e.g. quality control, ethical compliance, purchasing, etc.) were added to the respondent set when initial interviewees or the interviewer recognised their relevance (Miles et al. 2014). Face-to-face interviews were conducted on site with 64 respondent managers across the six companies as shown in Table 1 and lasted fifty minutes on average. Interviews were recorded with the respondent's permission, transcribed and then verified with the respondent to increase data reliability (Yin 2018).

Efforts were made to triangulate interview data for greater data reliability and validity (Miles et al. 2014). Secondary data was viewed from archival records, case company websites, attendance at industrial, private and public seminars, and existing databases from various relevant industry sources. However, all companies were reluctant to provide copies of documents and thus notes were made from them during the interview to verify the existence of protocols and practices described by interviewees. Conducting interviews on-site enabled observations of manufacturing sites, warehouses, distribution centres and head offices to verify whether the protocols and practices were in use at operational level.

### **3.3 Data Analysis and Validity**

Analysis followed the iterative cycle of qualitative data analysis (Miles et al. 2014) and individual company cases were compared and summarised to increase internal validity (Yin 2018). Strauss and Corbin's (1998) coding scheme (open, axial and selective coding) was followed for case analysis and NVivo12 was used for a better structure and simplification so

that useful information could be abstracted and organised (Miles et al. 2014). In the axial coding stage, codes were individually re-grouped into sub-themes/categories. Open and axial codes (sub-themes/categories) were analysed and discussed intensively between researchers to identify, reorganise and eliminate discrepancies in the data. This process enhanced inter-rater reliability and data credibility, enabling the development of a refined set of key categories around the dynamics of coopetition in the UK fashion industry. Finally, in the selective coding process, main themes/categories were selected and related to other categories (based on similarities, relationships and pattern matching) to develop cross-case narratives about the nature of coopetition processes, tensions and institutional pressures (Miles et al. 2014; Yin 2018).

In terms of rigour, Halldórsson and Aastrup's (2003) guidelines were followed to assess qualitative research quality through trustworthiness, which consists of credibility, transferability, dependability and confirmability. Table 2 summarises the quality measures and actions taken to address each measure. Due to the inductive, qualitative and exploratory nature of the research, generalisability cannot be claimed, as is typical in quantitative studies. However, the approach to transferability can be separated into the intended practical and theoretical contributions, the former being primarily context-specific, while the theoretical contribution derived from the discussion has broader analytical generalisability.

**Insert Table 2 here**

## **4 Findings**

### **4.1 Motives and Nature of Coopetitive Activities**

Coopetition occurred behind the scenes in the supply chain, primarily in production and distribution capacity-sharing, and to some extent in sharing design trends, but not in consumer-facing functions. The key motives that led the case companies to engage in coopetitive relationships were capacity development, customer service management, managing costs and avoiding disruptions. The case companies engaged in coopetitive relationships primarily due to the current organisational situation and context, which led them to engage in processual competition as a natural outcome. Pressure for shorter lead times, demand volatility and increased disruptions drove companies to share production and warehousing capacity, machines, raw materials, technology, containers, testing facilities and other facilities at competitors' plants in different countries. Coopetitive relationships enabled companies to

reduce cycle times, identify trends, meet customer demand and manage disruptions. Capacity sharing was a key area for coopetition, for example CC1, CC2 and CC4 respondents mentioned that their companies benefitted from competitors' help to source skilled labour in international markets, in case of full capacity. For some, there was interest in the broader objective of supporting the revival of UK manufacturing and luxury fashion companies (CC2 and CC4) engaged in coopetitive relationships for an additional motive of forming an industry coalition for lobbying to revive the UK fashion manufacturing sector. There was a shared sense of supporting each other for the greater good of a struggling industry sector.

Coopetition emerged when supply risk or disruptions occurred. For example, following a serious warehouse disruption which prevented trading, CC5 was able to resume in just two days, partly due to help from its competitors. Another retailer offered space in its warehouse, another sent its workforce to help evacuate materials and yet another sent containers. Respondents from all case companies also spoke of frequent borrowing of competitors' containers, materials, suppliers, factories and vehicles, and even facilities in supplier markets. Having access to many resources and keeping options open enabled them to explore alternatives and substitutes, reducing risk of dependency and improving customer service. Table 3 provides a summary of the coopetitive partnerships in the case companies. Table 4 shows the key areas and motives for coopetition.

**Insert Table 3 here**

**Insert Table 4 here**

#### **4.2 Tensions and Processual Coopetition**

Case companies followed all three coopetition approaches (contextual, process and processual) in their coopetitive relationships. Process coopetition was seen where case companies engaged in mixed manufacturing and/or supply activities as a result of retailer pressure to fulfil fashion consumer demand for both categories of fast and luxury/premium quality fashion. Retailers wanted to source peak season selling lines locally to reduce lead-time and ensure product availability, and therefore placed mixed orders with UK suppliers. This presented a growth opportunity for UK suppliers, manufacturers and service providers to capture demand for both product categories but presented a source of tension because of a lack of mixed production knowledge and expertise, which led to coopetition. Luxury manufacturers (CC2 and CC4)

identified relevant manufacturers and suppliers to meet smaller time-critical orders characteristic of fast fashion. This helped the companies avoid costly operational mistakes emerging from unrelated product category. However, luxury fashion manufacturers were concerned about the risk to their product and market reputation of mixed supply, if for example their customers perceived them as a discount retailer.

In terms of coopetition tensions, all case companies experienced tensions in the organisational situation and context in which they operated and the processes they were engaged in. Therefore, they made strategic decisions to identify other firms in the industry for coopetitive relationships and created structures to initiate, organise and manage processual coopetition. This suggests that processual coopetition was a natural outcome of contextual and process coopetition which aimed to manage situational, contextual and process tensions through various management processes. Case companies engaged in processual coopetition by internal and external integration, information sharing, communication and building relationships and focusing on product and process related innovations. Some also engaged in processual coopetition to form a coalition to tap into UK government support and industry-led efforts to foster the sector's revival.

However, despite evidence of positive outcomes, tensions arose in the form of opportunistic behaviour. For example, one company poached their coopetitive partner's employee due to shortages of a technically skilled workforce in the UK. The Production Manager at CC4 explained: *"it took us five years to train our design translator, but she left in the sixth year because they (a coopetitive partner) offered her a lucrative package"*. Opportunistic behaviour negatively impacted recruitment, training and development costs and increased tensions in the coopetitive relationships, demonstrating the challenge of managing the interplay between cooperative and competitive behaviours in such relationships.

#### **4.3 Role of Institutional Pressures in Shaping Coopetitive Relationships**

Institutional pressures (cheap imports and structural decline, volatile consumer demand, shortening product life cycles and growth of fast fashion) led to the existence of contextual and situational coopetition in the UK fashion industry and, therefore, the main antecedents of coopetitive tensions in the industry. The organisational situation and context cause coercive pressures whereby case companies find themselves in a coopetitive situation (contextual coopetition) to overcome coercive pressures from powerful retailers in terms of demands for

speed, price, quality and capacity. However, the current organisational situation and context restricts their ability to meet demands on timescale and capacity.

Retailers also pressured case companies for mixed manufacturing or supply, leading to coercive pressures for investments and developments in unrelated product categories. On the other hand, case companies also engaged in mixed manufacturing or supply-related activities to maintain their competitive legitimacy and access growth opportunities in capturing demand for shorter runs of trend-led products or organic products. Due to these coercive and mimetic pressures, engaging in mixed manufacturing and supply related activities led to process coopetition.

Retailer pressures for speed and capacity forced organisations to identify firms in the industry who they could share and develop capacity with and led to processual coopetition. The volatile and unpredictable nature of the industry forced case companies to mimic best practices and identify firms in the industry who they can join for product and process related innovations to sustain their competitive legitimacy. Similarly, multiple stakeholders' expectations around local sourcing, ethical compliance, managing disruptions, workforce training and management development, forced case companies to identify firms in the industry with which to establish communication and information sharing streams and build relationships to satisfy these expectations.

Overall, coercive pressures shaped all three types of coopetition types in the case companies, while mimetic pressures led to process and processual coopetition. Normative pressures were only present in processual coopetition. In terms of institutional pressures, coercive pressures saw case companies use contextual coopetition, coercive and mimetic pressures saw case companies use process coopetition and coercive, mimetic and normative pressures saw case companies use processual coopetition. Table 5 summarises the sources and role of institutional pressures in the case companies' coopetitive relationships.

**Insert Table 5 here**

#### **4.4 Processes for Managing Coopetition**

Processual coopetitive relationship initiatives were supported by top management and for the most part built on lower-level personal connections between actors and governed by social and informal contracts/relationships. Potential coopetitive counterpart(s) were identified based



upon social contacts by the managing directors or the owner of the case companies. Relational and structural approaches were used to identify coopetitive partners, initiate, organise and manage processual coopetitive relationships. For example, CC2's Purchasing Manager reported that *"the technical manager and then site manager do the difficult task to identify coopetitive relationship areas and partners; they prepare a report and meet our product director"*. Further, CC1's Logistics Manager noted *"our sourcing manager will do all the ground-work (for coopetitive relationships and potential operations) for sourcing director to make final decision"*.

Due to past negative experiences of dealing with large retailers, manufacturers' and suppliers' establishment of coopetitive relationships tended to be based on trust and commitment. Case companies did not trust fashion retailers who suddenly wanted to source more from within the UK but wanted to see a reasonable commitment from the retailer before investing in technology and capital expenditures. As the main decision-making factor was trust, case companies evaluated potential coopetitive counterpart(s) on whether they kept their manufacturing and sourcing within the UK or outsourced their main operations during or after the industrial decline. For example, at CC4 *"the project director, customer service manager and technical manager's job is to look at both factories, our orders and customer requirements---they will sit together and meet different people (internally and externally) before saying something to X (family owner of the company)"* (Supply Chain Manager).

After identifying such companies and assessing their commitment to UK manufacturing, the case companies contacted potential coopetitive partners for coopetitive relationships via the managing director or company owner. This was followed by setting key contacts (technical managers in most companies) within both companies to identify coopetitive relationships areas. Technical managers were responsible for inter-firm coopetitive relationships while client or customer service managers were responsible for intra-firm coopetitive relationships. These managers shared their reports with the managing directors, for maximum two rounds. Finally, managing directors for most of the case companies usually compiled a final report for company owners to discuss with the coopetitive partner's owner, i.e. *"...different teams will provide their requirements; those will go to four directors (logistics, merchandising, sourcing and finance); they will use their expertise and relationships for these or any other critical decisions"* (CC6 Business Analyst Manager).

These owners met on average twice a year and managing directors communicated with counterpart(s) by phone, email and face-to-face when the final report was ready to present to the owners. However, technical and customer service managers had the freedom to communicate and visit the counterpart(s) anytime they felt necessary and had full support from managing directors and company owners. Open communication, knowledge sharing and commitment to long-term relationships helped cooperative partners to achieve positive outcomes, which encouraged firms to continue managing and further develop their cooperative relationships. Relationships were governed informally, without framework contracts, but there were formal contracts around intellectual property rights.

Management processes for cooperation were evident but despite recognition of cooperative benefits within companies, there was no explicit strategy in place to manage and exploit them, and a lack of knowledge of the end-to-end supply chain which could help to identify potential for other vertical or horizontal cooperative relationships. Formal engagement in processual cooperation was evidenced in structural changes made by some case companies, for example creating new roles and responsibilities to initiate, organise and manage cooperative relationships.

## **5. Discussion**

The challenging trading environment and competitive pressures of the industry drove actors to cooperate with their competitors to reduce costs and lead time, manage disruptions and improve customer service (Bengtsson et al. 2010), despite the inherent risk of opportunistic behaviour. The case companies increased their mutual interaction with other counterparts at intra and inter-firm level (Bengtsson et al. 2010; Tsai 2002) as a response to improve customer service (retailer pressures), manage capacity, quality and disruptions, and for management development and workforce training. They recognised the mutual benefits of a cooperative approach to overcoming crisis situations, present a united front to NGOs, auditors and government bodies, and be able to meet order deadlines despite capacity shortages, but this did not prevent opportunistic behaviour (Tidström 2014), for example to gain technically skilled staff on a more permanent basis. Managing the interplay between cooperative and competitive aspects of cooperative relationships gives rise to tensions, and without formal contract remained difficult to fully balance (Kovács and Spens 2013), notwithstanding the social basis of trust and commitment which underpinned the initial formation of these relationships.

Organisational situations and contexts can cause institutional pressures affecting organisations' ability to survive and compete in a volatile and unpredictable marketplace such as fashion. Institutional pressures from the organisational context come in the form of growth of fast fashion and retailers seeking to work with mixed manufacturers and suppliers. These external pressures support DiMaggio and Powell's (1983) coercive and isomorphism and regulative from Scott (1995) in the form of retailer pressure, DiMaggio and Powell's (1983) mimetic isomorphism and cognitive from Scott (1995) in the form of disappearance of clusters, lack of visibility and control and increased supply chain complexity. Therefore, organisations need to renew and reinvent their innovative capabilities, compatible with industry norms. Internal and external integration, management and workforce development and knowledge sharing can help this. Findings regarding processual coopetition support DiMaggio and Powell's (1983) and Scott's (1995) normative pressures.

In terms of coopetition tensions, different factors were found in case companies' coopetitive relationships. Past experience and industry characteristics were the main forces magnifying other tensions. Retailer demand for what were perceived to be unrelated product categories (e.g. faster lead times from luxury manufacturers and suppliers) led to tensions such as task or process conflicts, incompatible ideas or opinions and value systems (Tidström 2014). Externally, retailers' bargaining power and opportunistic behaviours also caused tensions in coopetitive relationships. Internally, the dependence on old ways of working and organisational resistance to change, disintegration and management control orientation, disagreements between role and responsibilities, lack of information and knowledge sharing within the case companies also contributed to tensions in coopetitive relationships (Bengtsson et al. 2010; Tidström 2014; Dorn et al. 2016). Contextual coopetition (current situation) leads to process coopetition, but contextual and situational factors also lead to tensions in coopetition relationships. Industry characteristics and uncertainties led to coopetitive tensions for case companies who struggled to compete with cheap imports due to lack of resources and high operating costs in the UK (Gnyawali and Park 2011).

The most novel insight from the case study is a processual approach to coopetition, which was found to be a natural outcome of the contextual and situational factors (contextual coopetition) and process coopetition. Processual coopetition was largely based upon social and informal governance. Trust, commitment and senior management support are main antecedents of

processual coopetition. The three structural layers of the management process worked to balance the paradoxical and opposing nature of the cooperative relationships. Communication and information sharing are key for managing processual coopetition.

## **6. Conclusions**

### **6.1 Theoretical Contributions**

This real-world research contributes by exploring why and where companies in the highly volatile, short life cycle and unpredictable UK fashion sector engage in coopetition supply chain relationships and the management of inherent tensions within them. The processual coopetition approach has been largely overlooked in empirical research and is thus a nascent area for research, as noted by Kovács and Spens in their 2013 editorial. This study hence provides a novel and original contribution by exploring cooperative interactions, inherent tensions, dynamics and governance.

### **6.2 Practical Contributions**

Strategies and aspects of coopetition can be used by UK fashion sector companies to balance their interactions and manage tensions in dynamic relationships. This research is of value as a potential benchmark for other sector supply chains operating in similar disruptive markets. This consequently enables such companies to manage disruptions, reduce costs, ensure operational continuity and profitability, and achieve competitive advantage in their marketplace.

There is an opportunity for cooperative relationships to be strategically managed to integrate cooperation and competition activities in a balanced manner. By managing complex issues on a joint basis, companies can better address the competitive pressures inherent in fashion supply chains which often lead to social and environmental malfeasances as a result of corners being cut. However, coopetition requires careful management to obtain intended benefits and avoid tensions, to avoid even greater tensions and increased costs, for example as a result of opportunistic behaviour.

Processual coopetition is a natural outcome of contextual and process coopetition. Successful management of processual coopetition requires long-term orientation and commitment from top management for cooperative interactions. The processual coopetition process can start from identifying potential counterpart(s) looking at history, perception of the counterpart(s) or setting new objectives based upon the current context or situation.

Top management can also select counterpart(s) based upon their social contacts. Subsequently, top management support and structural changes are vital to avoid dysfunctional cooperative relationships and tensions, and to appropriately organise and manage this process. Without top management support and structural changes, there is a danger of creating imbalance in cooperative relationships. Where cooperative relationships are established from social contacts, there is a tendency that the organisations will be inclined towards informal governance of such relationships.

Finally, this research suggests managers should benchmark themselves in areas of capacity sharing and development, communication and information sharing, building relationships and new product and process development. Companies should target these areas to engage in cooperative relationships by seeking top management support and making structural changes. However, cooperation may not be a sustainable solution to systemic issues such as an organisational culture which is resistant to change and shortages of technically skilled workers.

### **6.3 Limitations and Future Research Directions**

As with all research, there are some limitations. First, due to its exploratory nature the research findings are specific to the case companies and therefore cannot be generalised beyond the research context. Future research could investigate institutional pressures across larger samples in different countries, for example Asian markets that provide products and services to UK fashion retailers. Future research could also adopt a mixed-method approach for greater transferability of findings to other countries or regions.

Second, the use of institutional theory was appropriate for considering how cooperative relationships were enabled. However, access to, and levels of, available resources did not form part of the research. As most of the case companies are SMEs, future research could investigate the influence of resources on cooperation approach, tensions and dynamics possibly using the resource-based view of the firm theory (RBV).

Third, the research focus was intra and inter-organisational level. However, respondents also mentioned various groups or teams in their companies. Although cooperation studies exist at multiple levels of analysis, our research has suggested that cooperation at the group level is complicated and possibly negative. Therefore, future research could extend empirical

comparisons of coopetitive approaches across multiple levels of analysis, including group level.

Finally, processual coopetition was found to be a natural outcome of contexts or situations with process coopetition appearing to be mediated by structural changes and top management support. Future research could investigate further the antecedents of processual coopetition, other than contextual and process coopetition.

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Company description	Date established	No. of employees	Sourcing countries/ regions	Respondents	No. of interviews
<b>Case Company 1 (CC1)</b> Manufacturer and retailer of premium quality fashion footwear and garments	1960s	~500	Thailand, China, UK, South Asia, North America and Europe	Supply Chain Manager Supply Chain Director Sourcing Manager Generalist/Supervisor Logistics Manager Design Manager Purchasing Manager Quality Control Manager	8
<b>Case Company 2 (CC2)</b> Manufacturer, wholesaler and retailer of luxury fashion garments	1780s	~800	New Zealand, Egypt, UK, Peru, Turkey, China, South Asia, North America and Europe	Production Manager Technical Manager Supply Chain Manager Supply Chain Director Design Manager Purchasing Manager HR Manager Site Manager Project Manager Managing Director Finance Manager Compliance Manager	12
<b>Case Company 3 (CC3)</b> Manufacturer and wholesaler of fast fashion garments	1790s	~500	China, Turkey, UK, South Asia and Europe	Supply Chain Manager Supply Chain Director Ethical Compliance Manager Sourcing Manager Purchasing Manager Design Manager Design Director Production Manager Project Manager Project Director	10

<b>Case Company 4 (CC4)</b> Manufacturer, wholesaler and retailer of luxury fashion garments	1790s	~1300	Pakistan, Iran, Mongolia, New Zealand, UK, China, Turkey and Europe	Supply Chain Manager Supply Chain Director Managing Director Commercial Director Logistics Manager Warehouse Manager Sustainability Champion Technical Manager Sourcing Manager Purchasing Manager Design Manager Design Director Project Director Quality Control Manager Ethical Compliance Manager Client Manager	16
<b>Case Company 5 (CC5)</b> Wholesaler and online retailer of fashion and fast fashion garments	2000s	15	China, Korea, Turkey, South Asia, UK and Europe	Supply Chain Manager Financial Manager Design Manager Sourcing Manager Managing Director Warehouse Manager	6
<b>Case Company 6 (CC6)</b> Online retailer of own label fast fashion and premium quality branded fashion garments	2000s	~2000	China, Turkey, UK, South Asia and Europe	Supply Chain Manager Supply Chain Director Logistics Manager Ethical Sourcing Manager Design Manager Design Director Business Analyst Manager Purchasing Manager Merchandising Manager Commercial Manager HR Manager IT Manager	12

**Table 1: Profile of case companies and respondents**

Measure	Purpose	Action taken
Confirmability	Assurance of the integrity of the findings based on data (interpretations, constructions, assertions, facts etc.)	Data collected from informed respondents who had operational tacit knowledge about their company and supply chain
Credibility	Matching constructed realities of respondents to those presented by the evaluator	Multiple respondent types and data sources were used to triangulate emergent findings
Dependability	Trackable variance and transparency	NVIVO 12 software used for coding Interview quotations provided Coding scheme is elaborated Open, axial and selective codes presented in paper
Transferability	Specifying the context of scope in which research findings can be generalised	Multiple case study research process Theoretical sampling of six companies in sector of study

**Table 2: Summary of actions taken to ensure research rigour**

Company	Coopetitive partnerships
CC1	Share capacity in fast fashion lines with CC3 and CC5 Share information and build relationships with CC2 to meet customer demand for luxury fashion lines Share capacity with CC6 for retail and distribution purposes Communicate with all companies to help revive UK manufacturing and manage disruptions
CC2	Share and develop capacity with CC4, collaborate with CC4 for new product and process development, to manage operational disruptions and lobby for the revival of the UK manufacturing industry Offer workforce apprenticeships and management development for CC4 Collaborate with CC3 and CC5 to meet customer requirements for fast fashion lines Collaborate with CC6 for distribution
CC3	Share capacity with CC1 (fast fashion only) and CC5, collaborate with CC6 for new product and process development and distribution purpose. Establish relationships with CC2 to meet luxury fashion requirements
CC4	Share and develop capacity with CC2 and collaborate for new product and process development, to manage operational disruptions and lobby for the revival of the UK manufacturing industry Offer manufacturing skills training to CC2's workforce Establish relationships with CC3 and CC5 to meet requirement for fast fashion lines Establish relationships with CC6 for distribution
CC5	Share and develop capacity with CC1 and CC3 for fast fashion lines Establish relationships with CC6 for distribution Share information with CC2 to meet luxury fashion requirements
CC6	Share capacity with all companies in all product categories Establish relationships with CC3 for fast fashion lines to meet peak season demand Establish relationships with CC1, CC2 and CC3 for product and process innovations and share information to manage operational disruptions

**Table 3: Summary of case companies' coopetitive relationships**

Activity area	Motives	Representative quotes
Capacity sharing	<p>Cost reduction</p> <p>Improve customer service</p> <p>Quality improvements</p> <p>Overcome supply shortages</p> <p>Manage supply disruptions</p> <p>Manage price fluctuations, quotas and risks in imports and exports</p> <p>Reduce dependency on suppliers</p>	<p><i>"We can't do everything on our own, especially on a global basis, so we talk to our colleagues and if they have those facilities we will ask their help; we will pay less and they will get what they have invested for"</i> (CC1 Supply Chain Manager)</p> <p><i>"If China goes over their export quotas we could be left with fibres stuck in China indefinitely until the quotas have re-balanced, so in the interim it's managed by sharing materials with competitors here in the UK or in our suppliers' markets"</i> (CC2 Sourcing Manager)</p> <p><i>"We buy in bulk to get economies of scale, sometimes just to make sure we don't run out of supply but there are quite a lot of businesses in our product category so we always have someone to share to get rid of dead money"</i> (CC3 Sourcing Manager)</p> <p><i>"If they've got a container, let's say 60% and we have got the other 40%, we don't want another whole container; we will join the retailer. Historically, you wouldn't even talk to them because they are competitors, you know, compete on shop front"</i> (CC4 Supply Chain Manager)</p>
Communication and information sharing	<p>Skills development</p> <p>Improve customer service</p> <p>Quality improvements</p> <p>Risk management</p> <p>Develop supply chain knowledge</p>	<p><i>"I think information sharing with some of those forces, where it was once perceived as a threat is now considered essential, you will manage most of your risks and operational issues beforehand"</i> (CC2 Project Manager)</p> <p><i>"[Our supply chain manager] will pick up the phone and let them know which trend is in demand, which colour customers like; in the beginning I found it unusual but then I saw some of them coming to us and asking for some units to try"</i> (CC5 Design Manager)</p> <p><i>"You need to talk to your partners, talk to your competitors, talk to those who have the slightest relevance to what you do; you need to be open minded; this will increase your options and then you can say yes, I can sustain, I can continue"</i> (CC3 Ethical Compliance Manager)</p>
Building relationships / partnerships	<p>Improve customer service</p> <p>Force for lobbying</p> <p>Management and skills development</p> <p>Develop supply chain knowledge</p>	<p><i>"It's very important to sustain brand, quality and service level and here partnerships come into place, and if we were not a brand then there was no need for having partnerships"</i> (CC1 Sourcing Manager)</p> <p><i>"The process of interchanging products between factories is purely based upon partnerships; if we didn't have that common understanding and business sense of having partnerships, it wouldn't be possible"</i> (CC3 Sourcing Manager)</p> <p><i>"As an industry we're joining together. Whether we are joining together with our competitors or what could be perceived to be a competitor or not, it doesn't really matter, the fact is we are joining together to pool our resources in terms of trying to attract new people into the industry and get some help from the government"</i> (CC4 Supply Chain Manager)</p> <p><i>"We had relationships with competitors so they were willing to go to the extra mile; we see them as a family organization although some might say competitors"</i> (CC6 Supply Chain Manager)</p>

**Table 4: Coopetition activity areas and motives**

Coopetition type	Type and source of institutional pressure		Representative quotes
Contextual (situation and context)	Coercive	Organisational situation of case companies impacted their ability to meet customer requirements on time and therefore caused coercive pressures from powerful partners such as retailers.	<i>“It’s because what we have and what we left with---pressure is immense, huge—we are trying to build and restructure but at the moment in time, it’s difficult to do what our customer expect from us”</i> (CC2 Sourcing Director)
Process (activities)	Coercive and mimetic	Organisational processes are an outcome of coercive pressures. Case companies forced by retailers to supply or manufacture mixed product categories (fast fashion & luxury fashion). Case companies also engaged in mixed supply or manufacturing both product categories as a potential growth opportunity for commercial benefits.	<i>“When we want to place an order we see who can do both [mixed supply], we want a quick turnaround and fly to us”</i> (CC6 Supply Chain Manager)
Processual (actors)	Coercive and mimetic	Customer requirements for speed and capacity forced case companies to not only develop capacity but also share capacity with their supply chain partners as well as with their competitors. Case companies started benchmarking industry best practices to bring innovations in new product and process development to sustain their competitive legitimacy.	<i>“Our customer wants capacity especially for their peak season, or should we say for the selling lines, so we have firms in our product category who we can look at during this interim”</i> (CC4 Technical Manager)
	Normative	Normative pressures stem from multiple internal and external stakeholders such as local sourcing, managing disruptions, training and development of workforce and management. These pressures forced case companies to communicate, share information, build relationships and collaborate internally and externally as well as with their competitors.	<i>“You can only survive and manage a lot of things beforehand if you have options—you can increase your options by going out and speaking to your counterparts and going further down the line to speak those who are perceived to be competitors”</i> (CC1 Managing Director)

**Table 5: Institutional pressures on coopetition**