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# **Chrysalis of Crisis: Covid-19 as a Catalyst for Awakening Power and Justice in a Luxury Fashion Supply Chain**

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## **Conflict of Interest**

The authors declare they have no conflict of interest.

# Chrysalis of Crisis: Covid-19 as a Catalyst for Awakening Power and Justice in a Luxury Fashion Supply Chain

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## Structured Abstract

**Purpose:** The purpose of this paper is to understand how supply chain actors in an Italian cashmere supply chain reacted to dependence and power use during the Covid-19 crisis and how this affected their perceptions of justice.

**Design/methodology/approach:** The research took a case study approach exploring issues of dependence, power, and justice in a multi-tier luxury cashmere supply chain.

**Findings:** We found two types of dependence: *Craftmanship-induced buyer dependence* and *Market-position-induced supplier dependence*. We also identified four key archetypes emerging from the dynamics of dependence, power, and justice during Covid-19. In the *repressive* archetype, buying firms perceive their suppliers as dependent and use mediated power through coercive tactics, leading the suppliers to perceive interactional, procedural and distributive injustice and use reciprocal coercive tactics against the buying firms in the form of competition. In the *restrictive* archetype, buying firms that are aware of their dependence on their suppliers use mediated power through contracts, with suppliers perceiving distributive injustice and developing ways to circumvent the brands. In the *relational* archetype, the awareness of craftmanship-induced buyer dependence leads buying firms to use non-mediated power through collaboration, but suppliers still do not perceive distributive justice, as there is no business security or future orders. In the *resilient* archetype, buying firms are aware of their own craftmanship-induced dependence and combine mediated and non-mediated power by giving the suppliers sustainable orders, which leads suppliers to perceive each justice type positively.

**Originality:** This paper shows how the actors in a specific supply chain react to and cope within one of the worst health crises in living memory, thereby providing advice for supply chain management in future crises.

**Keywords:** Power, Justice, Covid-19, Supply chain management, Multi-tier supply chain, Fashion industry, Resource dependence theory.

## 1. Introduction

Between early March and late May 2020, the number of companies experiencing massive supply chain disruptions, due to the impacts of Covid-19, increased from 80% to 95% (van Hoek, 2020). As the world's one of the biggest manufacturing industries, the fashion industry was particularly vulnerable to Covid-related disruptions due to its opaque and fragmented supply chain settings. For instance, some estimate that the fashion industry's profitability fell by 93% in 2020 (BOF & McKinsey Company, 2021), and the resulting economic distress was cascaded onto tier-1 and lower-tier suppliers with serious negative economic and social consequences.

The fashion industry is notoriously secretive with complex and fragmented supply chains (Newbold 2018). Before the Covid-19 crisis, global fashion supply chains were already suffering from a lack of trust; with fashion brands often putting economic benefits ahead of environmental and social interests (Lewis, 2020). They used their purchasing power to influence supplier behaviour and impose standards often without any assistance to suppliers (Soundararajan and Brown, 2016). During Covid-19's onset, many brands used some exploitative practices. They took self-interest-driven actions leaving tier-1 and lower-tier suppliers financially vulnerable. For instance, they cancelled orders, suspended payments of finished products, and demanded large retroactive price discounts. From April to June 2020 in the US, and from April to May 2020 in the EU, an estimated €16bn was withheld from suppliers due to cancelled orders by fashion brands (Anner et al., 2020), resulting in severe financial distress for suppliers.

While one could expect that the luxury fashion industry (compared to high-street brands) would handle the pandemic better due to its relatively vertically integrated supply chains (Borstroek, 2020), the reality was different. The Covid-19 crisis resulted in the sharpest revenue shrinkage ever for the luxury fashion market: 23% from 2019 (D'Arpizio and Levato, 2020). Import and export data shows that the fashion industry's sales declined sharply from January through June 2020 due to mainly restrictions (e.g., store closures). Specifically, there was a monthly decrease of 26% in cashmere product exports from Italy, including jerseys, pullovers and cardigans (UN, 2020). This situation disproportionately affected lower-tier suppliers who suffered from low cash flow due to unsold, unshipped, and unproduced goods. They were forced to furlough employees creating not only negative social consequences but also massive labour loss putting fashion craftsmanship at risk of extinction (Sciorilli-Borrelli, 2020).

Italy is the most significant country for luxury fashion—40% of all global luxury goods is produced in Italy (Achille and Zipser, 2020). This industry accounts for 7.4% of Italy's Gross Domestic Product (GDP), with over 79,000 artisan small-to-medium-sized enterprises (SMEs) (Confartigianato, 2019). These suppliers are the source of craftsmanship—a key success factor for luxury fashion. Yet, these artisan suppliers, for even the most renowned luxury brands, struggled to manage their finances and inventories during the crisis (Biondi, 2020). Even though the success of the '*Made in Italy*' label is dependent upon craftsmanship and material quality situated in the lower-tier suppliers, luxury brands struggled to ensure that their supply chains were resilient at Covid-19's onset (Achille and Zipser, 2020).

Buying firms are often considered the main powerholder (Koberg and Longoni, 2019; Seuring and Müller, 2008) with most research focused on the buyer's viewpoint (McLoughlin and Meehan, 2021). When buying firms use power, it can provoke fairness or unfairness perceptions on their suppliers (Reimann and Ketchen, 2017). These justice perceptions are important because they directly affect suppliers' commitment to follow through with the buyer's demands (Chen and Chen, 2019). Justice refers to the extent to which an action, outcome or situation is aligned with an ethical or philosophical system (Colquitt et al., 2001). Justice is, however, a scattered and

underdeveloped theoretical construct in inter-organisational relationships (Bouazzaoui et al., 2020). There is also a call for investigating SMEs (e.g., to provide a more complete understanding of their supply chain relationships (Liu and Park, 2021)) given the prominent role they play in the creation of jobs and economy of a country (Kull et al., 2018). We respond to these calls to explore how dependence influences behaviour between buying firms and their suppliers (Kim and Fortado, 2021) and the impact on justice perceptions (Bouazzaoui et al., 2020) by researching both buyers and suppliers, including SMEs.

Building upon resource dependence theory (RDT), our study explores how dependence impacted power use by luxury fashion brands during the Covid-19 pandemic, and how this affected their suppliers' perceptions of justice. Our research questions are:

- How did perceptions of dependence impact power use in a multi-tier luxury cashmere supply chain?
- What were the effects of buying firms' power use on suppliers' perceptions of justice?

In the following sections, we review the literature on dependence, power and justice, describe the methods used for the research and the key findings of the research. We conclude with a discussion of the findings, developing a framework of archetypes emerging from the dynamic interplay of dependence, power use and justice and state the contribution the research makes to theory and practice.

## 2. Literature Review

### 2.1. *Dependence*

We adopt RDT to explore how dependence affected power use and what were the effects of power use on suppliers' justice perceptions in a multi-tier luxury cashmere supply chain during Covid-19. RDT provides a useful theoretical foundation to explore supply chain relationships (Zhang et al., 2021) as it focuses on power use in relationships characterised by the exchange of resources (Marttinen and Kahkonen, 2022).

RDT posits that the survival of a firm is contingent upon its ability to safeguard critical resources (Pfeffer and Salancik, 2003). Firms depend on each other to provide important resources needed to achieve desired outcomes (Jajja et al., 2017). Dependence is crucial to understanding how firms will behave in different situations because a firm's ability to influence another firm depends on its capacity to control resources that another firm needs (Cox, 2007). Firms need to understand how to manage dependences and interact with each other because, when left unmanaged, resource dependence can damage social, economic and reputational performance (Drees and Heugens, 2013).

Research has shown, for example, that being dependent on a buying firm encourages suppliers to share valuable resources (Chen et al., 2016). RDT provides a useful framework for supply chain management research, as supply chain management is based on consecutive, linked and planned interactions, relationships and exchanges between companies in a chain (Harland, 1996) and dependence is to how firms will behave towards each other.

Furthermore, dependence and power are closely linked. Most power studies are based on the perspective of RDT (Huo et al., 2017). According to RDT, power is vital to foresee firms' strategic

actions (Jin and Shao, 2022). RDT is, therefore, deemed appropriate to explore power differences between firms in supply chain management (Chen, 2018).

## 2.2. Power

Power is the capacity of an actor to influence others' actions (Glover 2020). According to Emerson (1962, p32), '*the power of actor A over actor B is the amount of resistance on the part of B which can be potentially overcome by A*'. Power is a political behaviour that influences how decisions are made (Marshall et al., 2015) and enables one company to influence the actions of another company in a supply chain (Maloni and Benton, 2000). Research shows that more powerful parties obtain favourable exchange terms while coercing the actions of other parties (Hope, 2010). Consequently, less powerful parties, generally suppliers, may be forced to agree on exploitative conditions because buying firms have power over them (Schleper et al., 2017).

Power is a multidimensional construct (Zhang et al., 2020). There are different types of power, and these exist simultaneously in configurations, counterbalancing each other (Huo et al., 2017). French and Raven (1959) classified power into five bases: expert, referent, reward, legitimate and coercive, with later research showing that each power base has power tactics that are used to achieve pre-established goals (Marshall et al., 2015). Power tactics include benefiting suppliers by giving business to them (reward tactics) or exploiting suppliers (coercive tactics) which allow the power source to control the relationship (Schleper et al., 2017). By using power tactics the more powerful supply chain actor creates greater risks and challenges for the weaker actor (Nyaga et al., 2013).

Power bases have also been categorised into *Mediated* and *Non-mediated power* (Benton and Maloni, 2005). The use of non-mediated power (expert and referent) is based on the inherent motivation of the target and does not need intention from the source. Mediated power (coercive, legitimate and reward) includes deliberate attempts to obtain specific actions from the target. Each power base and their tactics are explained below.

*Expert power* refers to the perception that one company holds expertise or knowledge which is valued by others. Expert power's strength depends on knowledge in one area (French and Raven, 1959). Expertise becomes a power base because the competent firm can exert their influence (Nyaga et al., 2013). An expert tactic could include giving critical information, and rationally persuading other parties by using facts and evidence. *Referent power* refers to a party's desire to be identified with another party for recognition by association and the internalization of the goals and values (Zhao et al., 2008). A tactic from the referent base could include inspirational appeals, for instance, a fashion brand with a strong reputation for setting the working condition standards in its industry can attract suppliers by appealing to their need to improve health and safety for their own workers (Amengual et al. 2020).

*Reward power* refers to the ability of one party to reward another for an action, such as increased business or shared benefits from cost reductions. A reward tactic could include giving more business to suppliers performing well. For instance, Nike conducts supplier audits against a code of conduct and uses the results of such audits to increase or decrease order volumes (Stevenson and Cole, 2018).

*Legitimate power* refers to power exercised through structural or legal authority (Glover 2020). The source's power over the target is a function of the extent to which the target believes that the source has the legitimate authority to influence them (Kim et al., 2005). Legitimizing tactics include using contract terms to demand compliance of suppliers during crises. Finally, *coercive power* refers to one party's ability to issue threats or punishment to another. A coercive tactic could

include threatening or actual punishment, for example, after it was revealed that workers at a supplier facility in Leicester making garments for Boohoo were paid £3.50 (€4.03) an hour to work in unsafe conditions, the fashion company punished this behaviour by terminating business with more than 60 of its suppliers (Russell, 2020).

Depending on how power bases are translated into tactics, power can be counterproductive. For instance, if a more powerful party uses its power forcefully and frequently, this behaviour can lead to perceptions of unfairness, resentment, and, ultimately, disengagement from the relationship by the weaker party (Maloni and Benton, 2000). Power imbalance favouring the more powerful party might result in supplier exploitation that could then reduce suppliers' incentives to invest in high-quality and innovative products (Schleper et al., 2017). Conversely, Pulles et al. (2014) propose that coercive tactics do not necessarily influence supplier resource allocation negatively.

The differences in the previous research may stem from the idea that power is situational and context specific (Meehan and Wright, 2012), while also being unequal and asymmetrical (Glover 2020; Villena and Craighead 2017), leading to different power tactics having unpredictable effects. Therefore, it is important to understand how power is used and how power tactics are perceived by different actors in a supply chain (Reimann and Ketchen, 2017). Little is known about what happens when different types of power are used in conjunction; in other words, research should consider the interactions between *mediated* and *non-mediated power* (Vos et al., 2021) and their related power tactics. Using French and Raven's (1959) theoretical lens of different power types in conjunction with RDT provides a solid theoretical foundation (e.g., Huo et al., 2017). Thus, in this study, we use the classification of *mediated* and *non-mediated power* and explore how *dependence* affects the use of different types of power by buyers, tier-1 and lower-tier suppliers.

### 2.3. Power in Buyer-Supplier Relations

Power has been extensively explored in the supply chain management literature to understand relationship performance in terms of cooperation (Maloni and Benton, 2000), commitment (Zhao et al., 2008), adaptation (Nyaga et al., 2013), sustainability compliance (Touboulic et al., 2014), and satisfaction (Benton and Maloni, 2005). There are also studies that examined different bases of power in the buyer-supplier relationship context (e.g., Maloni and Benton, 2000; Marshall et al., 2019). Nonetheless, prior research mainly focuses on the buyer's perspective with the supplier's view relatively ignored.

For instance, Marshall et al. (2019) found that influential buyers encourage suppliers to undertake socially responsible actions through leadership with little known about the supply side. There is a clear imbalance between buyers' and suppliers' power, with asymmetries between suppliers and brands analysed across multiple industries (Roh et al., 2013; Villena and Craighead, 2017) including fashion (Talay et al., 2020); however, the implications of these imbalanced power relationships need further investigation, especially through the suppliers' lens (Touboulic et al., 2014). Further, how different types of power are used by global brands and how they cascade power tactics through tier-1 and lower-tier suppliers has not been answered (Zhao et al., 2008).

Most research has focused on dyadic relationships between buyers and suppliers. However, this perspective does not capture the complexity required to understand a company's behaviour as a result of the larger supply chain in which the company is embedded (Choi et al., 2001; Kim et al., 2011). For example, the relationship between a buyer and a supplier functions differently when it involves two or more competing suppliers (Wu and Choi, 2005), or a buyer might realise that suppliers are colluding to reject its demands (von Weltzien Høivik and Shankar, 2011). Thus,

understanding the complex relationships among multiple members of a supply chain can be critical to a buying firm.

The role that supply chain members play and the mechanisms to achieve collective outcomes also requires attention (Alinaghian et al., 2020). The lack of research focused on lower-tier suppliers leaves us uninformed about how vulnerable they are, what capabilities they possess, and under what conditions they operate and cooperate (Villena and Gioia, 2018). Most of the lower-tier suppliers are SMEs, often overlooked in the operations and supply chain management literature (Kull et al., 2018). Our study examines both the buyer and supplier perspective and examines how tier-one and lower-tier suppliers use their power tactics in response to the buying firms' power use.

#### 2.4. Justice

Relationships are characterised by power asymmetry in complex social, economic and political settings (Kanyoma et al., 2020). For example, a relatively weak party is dependent on a more powerful partner to obtain resources (Tao et al., 2022), which typically occur as a consequence of inequity between buyers and suppliers (Carnovale et al., 2019). In competitive contexts where buying firms have the ability to choose between multiple suppliers, low supplier-switching costs may result in inequity for suppliers (Mir et al., 2022), ultimately damaging buyer-supplier relationships (Nyaga et al., 2013).

Inequity theory focuses on organisational justice (Adams, 1963) and the role of fairness in organisational relationships. Justice, fairness and the resulting behaviour are closely linked as Mir et al. (2002:27) state: '*Justice, in the form of rule adherence, is the antecedent to fairness perceptions, which eventually drives behaviour*' (Mir et al., 2022: 27). The role of justice in buyer-supplier relationships has so far received little attention with calls for studies linking dependence, power, and justice (Carnovale et al., 2019).

Organisational justice is made up of interactional, procedural and distributive justice (Carnovale et al., 2019). *Interactional justice* refers to interactions between parties and has two separate dimensions: interpersonal justice (respectful treatment) and informational justice (appropriateness of explanations) (Chen and Chen, 2019). *Procedural justice* happens when decisions are made in inclusive, participatory, transparent, and accountable ways (Williams and Doyon, 2020); resulting in legitimate and adaptive decision-making processes (Bennett et al., 2019). *Distributive justice* refers to fair compensation for tasks undertaken, for example, costs and benefits are allocated based on equity and equality (Bennett et al., 2019). The different dimensions of justice affect the integrity, benevolence and ability dimensions of trust and opportunism (Wang et al., 2014; Huo et al., 2019).

Prior research is inconclusive in understanding how a buying firm's behaviour affects suppliers (Terpend and Krause, 2015). In addition, relatively weaker supply chain actors have been portrayed as passive power targets dominated by more powerful power sources, and have not been examined as key decision-makers (Tao et al., 2022). The justice literature, so far, has also failed to investigate the perceptions of suppliers (Mir et al., 2022) or how these are impacted by dependence and power use in supply chains.

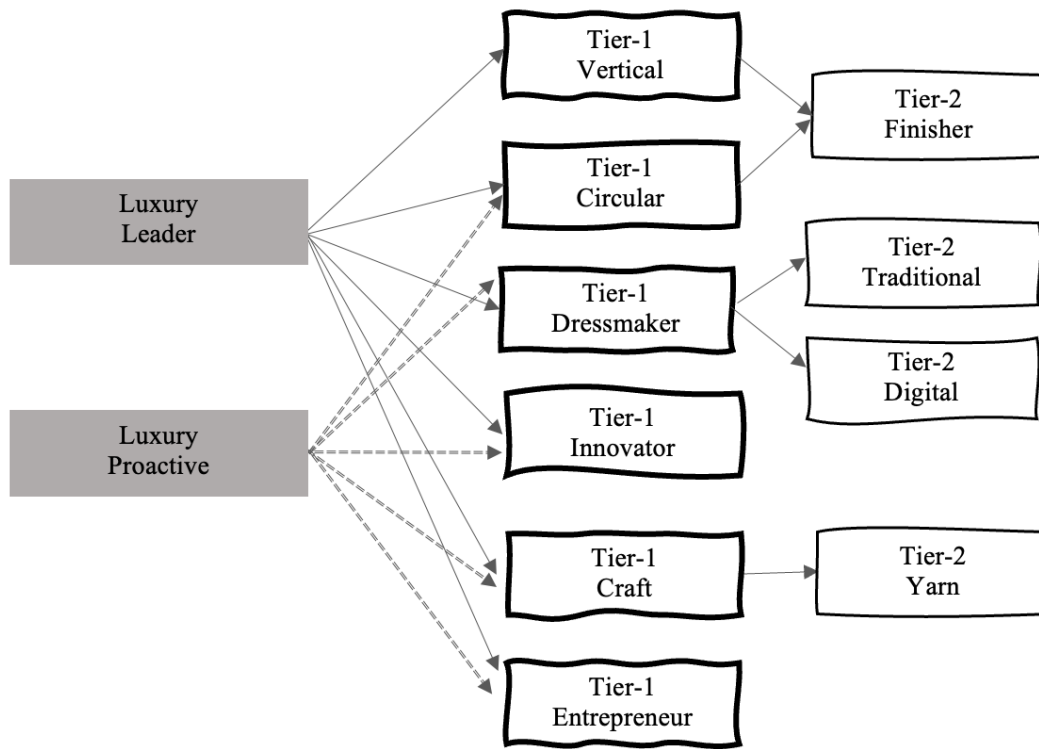
Furthermore, context-specific characteristics and industrial contingencies play fundamental roles in relationships. Most existing research does not consider industry characteristics as sources of uncertainty that affect resource dependence within a supply chain. The only exception is Zhang et al. (2021) who state that industrial dynamism mitigates the negative influence of supplier dependence on suppliers' CSR performance. Our research context, the luxury fashion industry,

has unique characteristics that may shift power and, thus, justice perceptions among supply chain players. Our study fills this gap in our current knowledge of dependence, power and justice in supply chains.

### 3. Methodology

#### 3.1. Research Method

We used a qualitative case study approach to examine the power dynamics resulting from the disruptions created by Covid-19 for brands, tier-1 and lower-tier suppliers in a luxury fashion supply chain. To answer our research questions, we focused on a supply chain producing world-class cashmere products in Italy. We included key members at three tiers of the Italian cashmere supply chain, including two luxury brands, six tier-1 suppliers (one is a finished garment manufacturer, four are vertically integrated fabric producers, one provides value-added services of dyeing and printing), and four lower-tier suppliers (one yarn producer and three process providers involved in dyeing, finishing and digital printing). The sample is illustrated in Figure 1.



**Figure 1: Our Cashmere Supply Chain**

Most participants are based in Italy. Italy is the biggest manufacturer of high-quality cashmere fabrics and garments (Borsa Italiana, 2019), accounting for 60% of the world’s cashmere material transformed into final products (*e.g.*, fabrics and garments). To put this in perspective, the second largest manufacturing country, the UK, has 12% (Camesasca, 2011). The towns of Biella and Valsesia, located in the Piedmont region in Northern Italy, are of particular importance to cashmere production due to water purity of the Sesia and Cervo rivers (Lisanzauomo, 2018). This purity enables manufacturers to obtain a softness in their cashmere products that is impossible to attain

elsewhere. The Italian cashmere industry is also a relatively spatially bounded supply chain with a high-quality product. For instance, 90% of Kering's supply chain is in Italy (Pinamonti et al., 2019). Focusing on a single country and industrial sector also allowed us to control variances that cross-industry or cross-country studies would not allow.

### 3.2. Data Collection

The unit of analysis of this study was the experiences of managers in each firm within a multi-tier supply chain using a nested case study approach. Two luxury brands included in this study sell cashmere products globally and have a considerable market share of luxury products worldwide, particularly for cashmere products, and are known for their high-quality designs and products<sup>1</sup>. We conducted interviews with the most knowledgeable respondents at these brands about their relationships with their suppliers. The interviews took place from March to June 2020 with follow-up interviews taking place in January-February 2021.

We next selected a sample of tier-1 suppliers due to their strategic importance to the brands. We chose them to ensure that the entire range of strategic practices would be included and that suppliers would then be identified through theoretical (different to each other) and literal replication (similar to each other) in order to generalise to theory. We engaged six tier-1 SME suppliers located in the main cashmere production regions of Italy and interviewed their CEOs and sustainability managers.

We then selected four tier-2 suppliers that provide strategic processes (*e.g.*, printing, dyeing) that are critical for the final cashmere product: one manufactures yarns for a wide range of luxury products, while the remaining three provide critical services such as digital printing, dyeing, and finishing treatments that affect product quality. These suppliers are critical to the quality of the final cashmere products. We interviewed their CEOs and managers in relevant positions. Table 1 summarises the profile of all participating companies and interviewees.

In addition, 10 of our participating firms (two brands, five tier-1 and three lower-tier suppliers) identified three Italian luxury brands that used coercive tactics during Covid-19. We have included them as indicative of key actors and their behaviours perceived by other brands and suppliers within the Italian cashmere supply chain. However, they were not interviewed despite of several attempts to engage them in our study.

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<sup>1</sup> Pseudonyms to ensure anonymity.

Chain Member	Company (Anonymised)	Task	Interviewees	Size (No of employees)	Origin
<b>Brands</b>	<i>Luxury Leader</i>	<i>Brand</i>	Sustainability Manager	≈25,000	France
	<i>Luxury Proactive</i>	<i>Brand</i>	Responsibility Manager	≈10,000	UK
	<i>Luxury Italian 1*</i>	<i>Brand</i>	<i>Induced from data</i>	≈13,000	Italy
	<i>Luxury Italian 2*</i>	<i>Brand</i>	<i>Induced from data</i>	≈6,000	Italy
	<i>Luxury Italian 3*</i>	<i>Brand</i>	<i>Induced from data</i>	≈6,000	Italy
<b>Tier-1 Suppliers</b>	<i>Tier-1 Vertical</i>	<i>Vertical Fabric Producer</i>	CEO	50-200	Italy
	<i>Tier-1 Circular</i>	<i>Vertical Fabric Producer</i>	CEO	50-200	Italy
	<i>Tier-1 Dressmaker</i>	<i>Finished Garment Manufacturer</i>	CEO and Corporate Sustainability Manager	200-500	Italy
	<i>Tier-1 Innovator</i>	<i>Process Supplier</i>	CEO	50-200	Italy
	<i>Tier-1 Craft</i>	<i>Vertical Fabric Producer</i>	CEO	200-500	Italy
	<i>Tier-1 Entrepreneur</i>	<i>Vertical Fabric Producer</i>	CEO and Sustainability Manager	≈300	Italy
<b>Lower-tier Suppliers</b>	<i>Tier-2 Finisher</i>	<i>Process Supplier</i>	Owner and Chemical Manager	50-200	Italy
	<i>Tier-2 Traditional</i>	<i>Process Supplier</i>	Owner and Chemical Manager	200-500	Italy
	<i>Tier-2 Digital</i>	<i>Process Supplier</i>	CEO	≈50	Italy
	<i>Tier-2 Yarn</i>	<i>Yarn Producer</i>	Environment/Safety Manager	500-1000	Italy

**Table 1.** Companies and interview participants

The production of *Tier-1 Dressmaker* and *Tier-1 Craft* is exclusive to high-level luxury products whereas 92% of the production of *Tier-1 Entrepreneur* is for luxury production with 8% for fast fashion. Fabric producers, yarn producers and process providers provide materials and services to the luxury industry (e.g., approximately 80% of their production goes to the luxury fashion industry) due to their production quality, flexibility, and craftsmanship.

We conducted interviews with managers from each company with an average interview length of 40 minutes. In four of the 12 interviews, we conducted interviews with two managers from the same company. We conducted the interviews via Zoom and Microsoft Teams because of travel restrictions resulting from the Covid-19 pandemic. Anonymity was given to interviewees to encourage open discussion of sensitive information. They were assured that our research was conducted independently and was not funded by any firm or brand. Semi-structured interviews were used as the prime source of information.

We also collected industry reports and newspapers about the fashion industry globally and in Italy from publicly available resources. We interviewed industry experts to learn more about power structures and dependence between the companies in the luxury cashemere supply chain. Extensive notes were taken during the conversations with the experts, as they were not recorded. These multiple sources allowed us to triangulate information.

### 3.3. *Semi-Structured Interviews*

In the interviews, we asked questions on the interviewees' company response and their supply chain members' responses to Covid-19. Interviews were conducted in English or Italian in accordance with the respondent's preference. All interviews were recorded after obtaining the respondents' permission. Two were not recorded. A team member immediately transcribed the interviews and translated the Italian transcripts into English. Translations were validated with a native Italian and a native English speaker.

### 3.4. *Data Analysis*

After the completion of each transcript, text segments were separated into an Excel file. We began identifying first-order quotes of open codes that were broad and unidentified. These codes emerged from the respondent's own language and word use. All first-order quotes were then grouped into second-order categories through the process of axial coding. Finally, second-order categories were aggregated into overarching dimensions.

Credibility was maintained by systematically coding the interview data. One of the research team members created the initial set of first-order codes and then defined and labelled second-order categories and dimensions. Another researcher then went through the interview data and coded the data using their own classification. If disagreements occurred, the entire research team went back to the raw interview data for further clarification and arrived at consensus. The research team had regular meetings to discuss and compare codes. This comparison helped the research team reach consensus and eliminate inconsistencies. Thus, the findings represent a consensus from two analysts rather than one individual's interpretation.

Appendix A shows the data structure, displaying the emergent first-order quotes that generated the second-order categories, which we condensed into four overarching themes.

## 4. Findings

In this section, we report how dependence impacted power use in a luxury cashmere supply chain, and the effects of power use on justice perceptions.

### 4.1. *Dependence in a Luxury Fashion Supply Chain*

Prior research shows that supplier dominance is more unusual than customer dominance (Huo et al., 2017). That is, situations are rare in which buying firms are dependent on their suppliers due to, for example, a unique expertise or technology. In the luxury cashmere supply chain, this is exactly the case. Luxury brands are dependent on fabric producers that possess superior quality and technical expertise as well as craftsmanship that is critical for luxury products (Brun et al., 2008). Fabric producers are also dependent on their own suppliers because they provide value-added services such as printing, dyeing and embroidery, all of which are essential for the final product to be exquisite. We call this *craftmanship-induced buyer dependence*: the degree to which a buying firm depends on its suppliers to assure the craftsmanship that is needed for superior quality luxury cashmere products.

We also identified another type of dependence in this supply chain: *market-position-induced supplier dependence*, which refers to the degree to which a supplier depends on its buyer to receive orders, so it can safeguard its business. For example, tier-1 suppliers are dependent on the luxury brands that issue orders, while lower-tier suppliers are dependent on tier-1 suppliers that procure necessary services from them.

Even though buying firms in other industries have attempted to become less dependent on a limited number of suppliers by supplier diversification (Drees and Heugens, 2013), the luxury fashion industry is unique. It is vital for luxury brands to nurture relationships with their key suppliers so they can guarantee the superior quality and technical expertise needed for an exquisite final product. We define *craftmanship-induced buyer dependence* and *market-position-induced supplier dependence* as two dependence types that impact power use in a chain whose long-term success is dependent upon suppliers with unique heritage and technical resources.

## 4.2. Dependence and Power Use

### 4.2.1. Craftmanship-induced Buyer Dependence and Non-mediated Power Use

Power and dependence are critical factors (Tachizawa and Wong, 2014), affecting multi-tier supply chain structures and management. There is a dependence threshold beyond which power becomes crucial (Huo et al., 2017). Building on this, we see that when a buying firm understands its dependence on a supplier, the buying firm then uses its power to meet its requirements.

The luxury brands who were aware of their dependence on their suppliers used *non-mediated power* to foster supplier relationships. They used their knowledge, wisdom, expertise, technical and business capability to help their strategic suppliers. As a result, they benefitted from their suppliers' technical expertise. For instance, *Luxury Proactive* and *Luxury Leader* stated an awareness of their dependence on their suppliers' craftsmanship. Brand heritage was particularly critical to *Luxury Leader* as it has a very recognisable signature style and has trademark products associated with cashmere. *Luxury Proactive* also acknowledged that having good quality materials (fabric) is crucial to their market success. Both brands could not produce the highest quality cashmere products if their fabric was not outstanding.

Both brands collaborate with their suppliers through relational and technical support. *Luxury Proactive* and *Luxury Leader* also used their strong position in the supply chain to collaborate with each other to support their tier-1 and lower-tier suppliers. *Luxury Leader* arranged third-party training for its direct suppliers to provide information and suggestions on how to cope with uncertainty during Covid-19. These brands combined resources and collaborated horizontally to influence the fashion industry, for example, by developing a supplier development program during COVID-19's onset.

The brands were aware of their lower-tier suppliers' expertise and used collaborative tactics. For example, *Luxury Proactive* and *Tier-1 Craft* piloted a traceability project to test different cashmere fibres and empower the herders in key raw material production countries. *Luxury Leader* embarked on innovation with *Tier-1 Vertical* to enhance the efficiency and sustainability of production processes. Both brands sought to harness supplier expertise by cultivating collaborative long-term relationships; going as far as conducting their own (rather than third-party) audits, and hiring people formerly employed by their suppliers in key production districts.

Tier-1 suppliers also recognised their own dependence on their suppliers. Referring to artisans such as knitters and weavers, *Tier-1 Craft*, *Tier-1 Circular* and *Tier-1 Vertical* expressed that it would be the beginning of the end of the cashmere industry if the smaller artisan suppliers went out of business. Several tier-1 suppliers stated that the supply chain was only as strong as its weakest link, acknowledging their *dependence* on lower-tier suppliers and showed serious concern for their artisans' continuity during the pandemic.

Tier-1 suppliers used *non-mediated power* with their own suppliers. The tier-1 suppliers that were conscious of their *craftmanship-induced dependence* used their values, purpose and culture to help lower-tier suppliers. For example, *Tier-1 Craft*, *Tier-1 Circular* and *Tier-1 Vertical* had

very close relationships with small weaving, spinning, and finishing artisans, and provided support (e.g., buying materials for their suppliers), sent letters and messages of support, and created jobs as part of community development efforts. As *Tier-1 Circular's* CEO noted, “*The weaving and spinning artisans are financially weak. We have always tried to help them. We invest a lot in them, procure for them and give them business.*” However, this assistance involved reciprocal expectations. Tier-1 suppliers supported their suppliers, and, in return, lower-tier suppliers delivered premium quality fabrics and services.

#### 4.2.2. Market Position-induced Supplier Dependence and Mediated Power Use

The brands who recognised *craftsmanship-induced buyer dependence* worked with their suppliers to ensure their survival during Covid-19. *Luxury Leader* redistributed orders and, as confirmed by *Tier-1 Vertical*, it made sure order volumes were consistent. *Luxury Proactive* and *Luxury Leader* did not cancel orders or ask for any discount. The suppliers stated that other Italian luxury brands did not realise their *craftsmanship* heritage; instead, these brands only perceived that the suppliers were dependent due to financial and market access, which led to brands’ *mediated power* use through coercive tactics.

Two of these brands (*Luxury Italian 1* and *Luxury Italian 2*) used their dominant position and used *mediated power* through *coercive tactics* to meet their own organisational objectives. During Covid-19, these brands asked for significant discounts and/or left orders at supplier facilities, impeding suppliers from issuing invoices for goods that had already been produced. The brands offered no compensation or financial risk mitigation schemes, jeopardising their supply chain’s continuity and, ultimately, threatening the ‘*Made in Italy*’ reputation.

Although there was no evidence of mediated power use between tier-1 suppliers and their suppliers, we found reciprocal mediated power use from tier-1 suppliers towards the brands. Suppliers stated that Italian luxury brands took tier-1 and lower-tier suppliers for granted. “*The Italian supply system is unique [but] Italian brands take it for granted.*” (CEO, *Tier-1 Vertical*). Reacting to these coercive tactics, their suppliers used reciprocal coercive tactics against the brands. Fabric producers, whose expertise is the cornerstone of the ‘*Made in Italy*’ label, collectively resisted the brands demands. For example, *Tier-1 Vertical* and *Tier-1 Circular*, among other fabric producers in the same production district, collaborated. They came together to organise a cohesive tier response to the fashion brands’ coercive power use, refusing to accept the brands’ demands. *Tier-1 Vertical* informed us that when *Luxury Italians* heard that lower-tier suppliers were discussing the brands’ demands and forming resistance, the luxury brands changed from one type of coercive tactic to another: asking for discounts verbally instead of issuing written requests to avoid any paper trails. Additionally, suppliers saw the brands’ coercive behaviour as an opportunity to redistribute power within the supply chain. As one stated, “*when the sharks gather, the fish group together to try to defend themselves*” (CEO, *Tier-1 Vertical*).

We did identify a lack of consistency in informants’ perceptions of *non-mediated* and *mediated power use*. Despite being aware of *craftsmanship-induced buyer dependence*, *Luxury Proactive* did not pursue the same collaborative relationship with every supplier. While they used non-mediated power to build relationships with strategic suppliers (fabric producers), *Luxury Proactive* used mediated power with a purely contractual focus with, what they saw as, less strategic suppliers, such as *Tier-1 Innovator*. *Tier-1 Innovator* criticised the brand and stated that their efforts were not rewarded with secure orders: “[*after innovating at brand request*] *Why don’t you send me some volumes? That [secure orders] would be a complete change for me.*” (General Manager, *Tier-1*

*Innovator*). The lack of long-term purchasing agreements created counterproductive effects on this supplier who perceived mediated power use negatively.

Applying French and Raven's (1959) theoretical lens to differentiate power in conjunction with RDT and dependence embeddedness, Huo et al. (2017) develop interlocking power dyads and explain that dependence asymmetry affects the buying firm's operational performance. Power type differential becomes vital because some power types might compensate for the detrimental consequences or might jeopardize the positive impacts of some other power types. Building on this, our results assert that when brands use non-mediated power through collaborative tactics without providing financial support, suppliers may feel resentment and consider this an implicit form of coercion as the costs that they have to bear are not recognized.

Unlike the tier-1 fabric producers that were aware of *craftmanship-induced buyer dependence* who then fostered collaborative relationships with lower tiers, tier-1 suppliers perceived *market-position-induced supplier dependence* and prioritised their own-survival during Covid-19.

*Tier-1 Innovator* created new production lines and found alternative ways to bypass the brands and directly reach consumers by sharing knowledge resources with a medical equipment partner and a non-woven material producer to create a local supply chain to produce masks and surgery items.

*Tier-1 Dressmaker* used, what we call geopolitical sensemaking, to cope with uncertainty. They closely monitored the evolution of Covid-19 in China and used this knowledge in their decisions. They also reorganised internally, for example, by creating disaster plans and preventative measures for the expected supply disruptions, so they were ready with the disaster plan in case one of its production plants closed and it could only work from another plant.

When a buying firm uses mediated power to demand suppliers commit resources for a specific reason (e.g., process innovation to help the buyer), tier-1 and lower-tier suppliers expect consistent production volumes or secure orders in return. Otherwise, they perceive that their efforts are unrewarded. Their investment is not reciprocated by better business terms from the brands.

### 4.3. Power Use and Perceptions of Justice

#### 4.3.1. Non-mediated Power Use and Perceptions of Justice

Acknowledging *craftmanship-induced buyer dependence*, *Luxury Proactive* and *Luxury Leader* recognised suppliers' efforts and reached out to them with care. They did not try to control or coerce suppliers; instead, they encouraged them to undertake environmentally and socially responsible actions, innovation, and knowledge exchange. There were strong relational ties, particularly between *Luxury Leader* and *Tier-1 Vertical* and *Luxury Proactive* and *Tier-1 Craft* and *Tier-1 Dressmaker*: "If I was ever having a difficult time, they [referring to *Luxury Leader*] would ask me, 'is it possible to do this', in a very collaborative way" (CEO, *Tier-1 Vertical*). An overall perception of *interactional justice*, including respectful treatment and information sharing, was stated by the participating tier-1 suppliers.

*Tier-2 Finisher* confirmed that its buyers, such as *Tier-1 Vertical* and *Tier-1 Circular*, governed their suppliers through relationships. During Covid-19, no direct buyers cancelled orders or asked for discounts. *Tier-2 Traditional* and *Tier-2 Digital* also stated that their buyers (tier-1 suppliers) made sure they were not feeling alone and provided emotional support, leading to positive perceptions of *interactional justice*.

The way brands used non-mediated power also impacted *procedural justice*, including decision making that is inclusive, participatory, transparent and accountable. *Tier-1 Craft* emphasised the

difference between *Luxury Proactive* and the other brands: *Luxury Proactive* had supply chain knowledge and included suppliers in decision making. According to *Tier-1 Craft*, *Luxury Proactive* worked in a customised, inclusive and participatory way.

There was no positive or negative *procedural justice* perceptions between tier-1 suppliers and lower-tier suppliers. Nevertheless, some lower-tier suppliers stated negative *procedural justice* perceptions because of brands' (lack of) expertise. Lower-tier suppliers highlighted that luxury brands did not have technical knowledge on their supply chain operations, leading the lower-tier suppliers to perceive brands and their decision making as "ignorant" and "detached. "Once upon a time, brands knew exactly how fabric was dyed, printed, or sewn. Today we talk to managers and stylists who absolutely do not know how their product is made; this ignorance means that they will continue asking more and more things that cannot be achieved because they do not know that dying a piece takes 4-5 hours" (Owner, *Tier-2 Traditional*). Resentment was evident among lower-tier suppliers due to a lack of direct relationships with the brands, resulting in a negative *procedural justice* perception.

Non-mediated power use impacted justice perceptions in unexpected ways. Despite positive perceptions of *interactional* and *procedural justice*, there were no positive or negative perceptions of *distributive justice*, which refers to fair compensation in terms of cost and benefit allocation. It seems that buying firms, aware of their craftsmanship-induced dependence on suppliers, can use power through non-mediated, collaborative tactics, resulting in clear and open communication and inclusive decision making; but non-mediated power use does not guarantee that costs and benefits will be shared with suppliers.

#### 4.3.2. Mediated Power Use and Perceptions of Justice

Tier-1 suppliers faced multiple coercive power tactics from some of their direct buyers, including *Luxury Italian 1* and *Luxury Italian 2*. These brands perceived their suppliers as dependent and their mindset, as well as governance models, were coercive. Their mediated power use prevented collaborative relationships, unlike their main competitors, the French and British luxury brands including *Luxury Proactive* and *Luxury Leader*.

The use of mediated power through coercive tactics led to suppliers' negative perceptions of *interactional justice*. *Luxury Italian 1* and *Luxury Italian 2* failed to build close relationships. In fact, their treatment of tier-1 suppliers and lower-tier artisan businesses was coercive. These suppliers also had negative perceptions of *procedural justice* because brands' decision making was not inclusive and because brands did not acknowledge or understand the importance of supply chain operations. Finally, suppliers had negative perceptions of *distributive justice* because the brands were cost oriented, and they did not share costs or benefits despite very high profit margins.

*Tier-2 Digital*, *Tier-2 Finisher* and *Tier-2 Traditional* were particularly disappointed that the brands had no initiatives to fairly distribute their profits with them. The brands' increased financial and/or operational expectations during Covid-19, created a dire situation for lower-tier, small, artisan businesses. *Tier-2 Finisher* stated that brands demanded more and more from them, but price remained the brands' key priority, even when they could see their suppliers struggling.

Furthermore, mediated power use led suppliers to associate the demands of *Luxury Italians* with dictatorship, leading to negative *procedural justice* perceptions. "This is particularly happening with the Italian brands. If they want [to work with] a supplier, their attitude is 'supply this, supply that" (CEO, *Tier-1 Dressmaker*).

Tier-1 suppliers stated their disappointment with some luxury brands, while *Tier-1 Vertical* and *Tier-1 Circular* said they did not expect coercive behaviour, especially from the brands who were

telling the Press about their support for their suppliers. Corporate hypocrisy emerged as the Italian brands made public statements about everyone working together during Covid-19 while, behind the scenes, using mediated power to punish their suppliers, leading to the negative *distributive justice* perceptions.

*Tier-1 Circular*, *Tier-1 Vertical* and *Tier-2 Yarn* pointed out that small artisans such as weaving and spinning factories suffered severe financial difficulties and lose business due to the use of luxury brands' coercive power use during Covid-19. Lower-tier suppliers highlighted the perceived brand domination within their respective supply chains and reflected on the lack of *distributive justice*, stating that the Tier-1 suppliers received the bulk of coercive demands. *Tier-2 Finisher* went as far as asking the brands not to 'squeeze' the tier-1 suppliers. Although lower-tier suppliers had no direct relationship with the brands, the brands' coercive behaviour towards tier-1, led to the perception of dictatorship and antipathy towards the brands. As a result, lower-tier suppliers have negative perceptions of interactional, procedural and distributive justice toward brands.

#### 4.3.3. Mediated Power Use, Non-Meditated Power and Perceptions of Justice

When we deconstructed the mediated power construct, *reward and legitimate power* use led to interesting and unexpected findings in terms of justice. Brands were aware of their craftsmanship-induced dependence on suppliers, but when *rewards (mediated power)* were not used in conjunction with *non-mediated power*, it led to negative perceptions of *distributive justice*. For example, *Luxury Proactive* used collaborative tactics with one of its most strategic suppliers, *Tier-1 Craft*, but failed to initiate cost-sharing and/or performance gains benefits. *Tier-1 Craft*, despite having positive *interactional* and *procedural justice* perceptions of *Luxury Proactive*, stated that the costs of its operational efforts were not recognised leading to a negative perception of *distributive justice*.

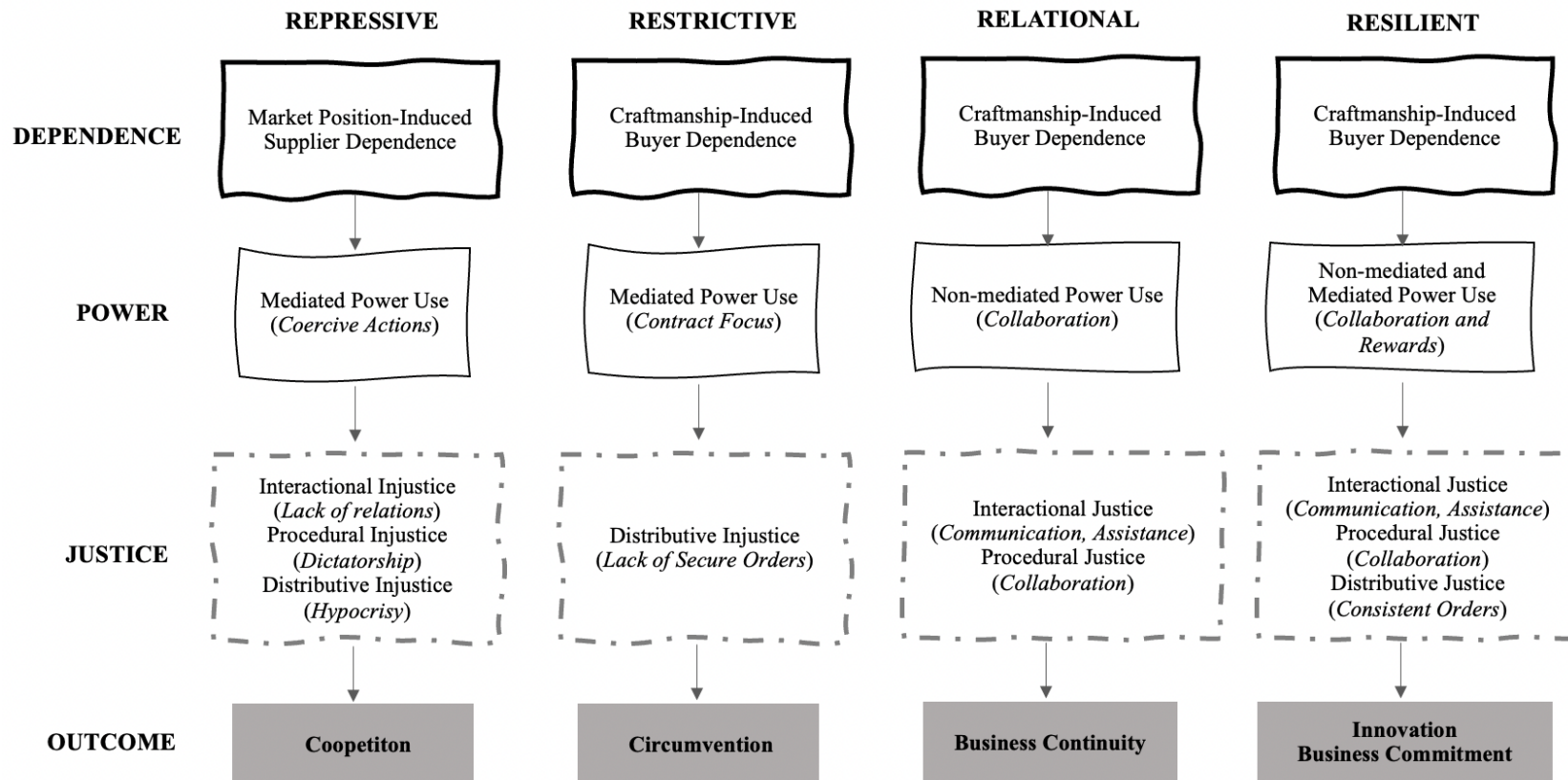
*Luxury Leader*, on the other hand, used *non-mediated power* in parallel with *rewards*, in their interactions with *Tier-1 Vertical*. The use of both mediated and non-mediated power tactics led to collaborative projects, order redistribution, and consistent volumes as stated by the supplier. In this example, there was a positive perception of *interactional, procedural* and *distributive justice* outcomes.

Multiple tier-1 suppliers stated that they would like fair treatment from the brands with secure orders. *Tier-1 Innovator*, for example, called for the luxury brands, including *Luxury Proactive*, to allocate resources and compensate the suppliers fairly, as suppliers were investing in economic as well as community and heritage development programmes for the brands.

When the brands used mediated power to force tier-1 suppliers to commit to an initiative (e.g., process innovation), the suppliers expected consistent production volumes or secure orders. A perceived lack of rewards, in terms of brands' long-term commitment, led tier-1 and lower-tier suppliers to form negative *distributive justice* perceptions.

#### 4.4. Cross Case Analysis: Dependence, Power and Justice

A cross-case comparison led to the identification of four different power archetypes: resulting from the way supply chain actors perceived dependence, used power, and perceived (in)justice. As depicted in Figure 2, the archetypes are: *Repressive (mediated power based on market position-induced supplier dependence)*, *Restrictive (mediated power based on craftsmanship-induced buyer dependence)*, *Relational (non-mediated power)*, and *Resilient (mediated and non-mediated power)*.



**Figure 2:** Dependence, Power Use and Justice Perceptions

#### 4.4.1 Repressive (Mediated Power Use and Market-Position-Induced Supplier Dependence)

In *repressive* archetypes, buying firms put their own objectives first. As evidenced in the cases of mediated power use through coercive tactics, the buying firm acknowledged *market position-induced supplier dependence*. Coercive tactics were used to exploit the suppliers for more lucrative business terms, particularly during the Covid-19 crisis. They used opportunistic behaviours with suppliers through coercive tactics such as lowering costs and increasing profit margins. As a result, suppliers developed negative perceptions of *interactional, procedural and distributive justice*. In addition, the mismatch between brands' corporate marketing statements and their actions towards their suppliers during the crisis, signalled corporate hypocrisy.

Supplier relationships were damaged when buying firms managed resources using threats and coercion. Even though luxury fashion brands needed supplier expertise, in terms of premium quality and craftsmanship to produce the highest quality cashmere products, they did not understand this dependence and behaved opportunistically, risking the cashmere supply chain's long-term survival. Overall, this approach failed to manage critically important resources in a fair way, jeopardising fashion brands' long-term capability to benefit from supplier expertise, innovation and loyalty.

#### 4.4.2 Restrictive (Mediated Power Use and Craftmanship-induced Buyer Dependence)

Some buying firms were aware of *craftmanship-induced buyer dependence* on the supplier for critical resources, but when brands used contracts to force suppliers to invest in initiatives, suppliers perceived such contract-imposed business obligations as coercion.

Using mediated power through either coercive or legitimate tactics created counterproductive effects, leading to unequal distribution of outcomes, risks or benefits during the crisis. When less strategic suppliers (*e.g.*, dyeing services) were managed through contracts without any security in terms of future business, suppliers associated this type of power use with negative justice perceptions and perceived that their efforts were not rewarded. This restrictive power use had unintended consequences of the brands.

This made suppliers aware of their own power, expertise, which resulted in aspirations to change the supply chain either by cooptation (*e.g.*, suppliers, who are competitors, collaborating against the brands) or circumvention (*e.g.*, reinventing their business by selling directly to the consumer). Tier-1 and lower tier suppliers' awareness of their own expertise and knowledge power resulted in radical actions of cooptation, where the suppliers adopted similar values, promoted resistance to the brands' demands, and shared an inclusive supply chain mindset towards their competitors and their lower-tier suppliers.

In addition, artisan businesses providing value-added services did not trust fashion brands. They were aware of their own power and were convinced that fashion brands would not change their opportunistic behaviours; thus, they became self-reliant. *Restrictive* approaches led these suppliers to seek ways to circumvent the brands by creating new production lines or by finding alternative ways to reach consumers bypassing the brands.

#### 4.4.3 Relational (Non-mediated Power Use)

The brands using this archetype acknowledged their dependence on suppliers and used several practices including assisting the suppliers, communication, first-party inspections and sharing technical knowledge to manage their suppliers. We call this the *Relational* archetype. Buying firms mitigated costs and risks for their suppliers by building collaborative governance structures, usually with their strategic suppliers. The suppliers, in turn, perceived fairness in terms of

*interactional* and *procedural justice*. This led to the buying firm obtaining the benefit of securing long-term business continuity. However, missing from this archetype there were perceptions of *distributive justice*, which were only found in the next archetype.

#### 4.4.4 Resilient (Mediated and Non-mediated Power Use)

A brand using only non-mediated power cannot ensure cost-sharing and/or performance gains are distributed fairly. When suppliers (even strategic suppliers) observe that financial incentives and benefits are not distributed equitably, they do not have perceptions of *distributive justice*. Even though we show that relationship-based actions are strong antecedents to ensuring business continuity, *interactional* and *procedural justice* did not compensate for the financial risks the suppliers had to bear. We found that negative perceptions of *distributive justice* overshadowed positive perceptions of interactions or procedures.

In the *Resilient* archetype, we observed the three types of justice: *interactional*, *procedural justice* and *distributive*. Brands built partnerships through collaboration, using non-mediated power through collaborative tactics and rewarding suppliers for their efforts in this partnership. As a result, suppliers perceived interactional, procedural and distributive justice.

Our research showed that brands who were aware of their dependence on their suppliers used collaborative tactics. However, as we analysed the data, we found that the type of power used was critical and important to ensure that suppliers perceived these tactics as fair and just. The use of mediated power and non-mediated power in isolation did not lead to the full recognition of justice. Even though, referent power use, as a non-mediated power base, is associated with positive examples of collaboration and partnership (Benton and Maloni, 2005; Reimann and Ketchen, 2017), its use alone failed to reward the supplier leading to a sense of unfairness.

*Luxury Leader* was the only brand in our sample that secured orders and that ensured *Tier-1 Vertical* had consistent volumes. *Tier-1 Vertical*, in turn, perceived all types of justice, showed commitment to the brand and stated it was empowered so it could continue supporting its own suppliers without disruptions or uncertainty.

## 5. Discussion

This research is important because the Covid-19 crisis brings into sharp relief the weaknesses in our supply chains. Understanding behaviours and their outcomes across supply chains during crises can give us insight into how to survive and manage through future crises as well as informing us about who will behave in specific ways, why they behave in these ways, and how those behaviours will impact our supply chains. Specifically, this research extends RDT by linking dependence, power and justice in a multi-tier supply chain producing high-end luxury cashmere products in Italy. Through this study we have gained insight into how perceptions of dependence in the supply chain resulted in different actors using different types of power, and how buying firms' power affected the perceptions of justice on tier-1 and lower-tier suppliers.

In the luxury cashmere supply chain, we identified two types of dependence impacting the use of power: *Craftmanship-induced buyer dependence* and *market-position-induced supplier dependence*. We found three key uses of power: mediated, non-mediated and a combination of mediated and non-mediated, which led to different perceptions of justice by suppliers. The interaction of dependence, power use and justice perceptions then led to the development of four archetypes. The *repressive* archetype, where buying firms perceive their suppliers as dependent actors and use mediated power through coercive tactics, leading suppliers to perceive *interactional*, *procedural* and *distributive injustice*. Suppliers, in turn, develop reciprocal coercive

tactics against the buying firms in the form of co-competition. The *restrictive* archetype, where buying firms, aware of their own dependence on their suppliers, used mediated power through contracts, but suppliers perceive distributive injustice and create strategies to circumvent the buying firms and restructure their supply chains. The *relational* archetype, which is based on the awareness of *craftmanship-induced buyer dependence*, leading the buying firms to use non-mediated power through collaboration tactics, but where suppliers perceive a lack of distributive justice because no reciprocal business security or future orders are provided when suppliers invest in the relationship. And finally, the *resilient* archetype, where buying firms are aware of their dependence on their expert suppliers and combine mediated and non-mediated power by giving the suppliers secure orders, which then lead the suppliers to perceive all justice constructs positively and resulted in the supplier willingly investing in resources for the relationship in conjunction with giving the brands technical knowledge, preferred status, capability and sustainability initiatives.

Our study contributes to knowledge in a number of ways. The first contribution is adding to the knowledge of the dynamics of buyer-supplier relationships in multi-tier supply chains. Past studies have primarily focused on dependence-power dynamics between buyers and tier-1 suppliers (e.g., Huq et al., 2014; Niu et al., 2017; Nyaga et al., 2013; Talay et al., 2020), but we move beyond tier-1 and explore a multi-tier supply chain to understand how luxury fashion brands recognize their level of dependence on suppliers, use different power tactics, and cascade requirements to their tier-1 and lower-tier suppliers during a crisis. Using the multi-tier luxury cashmere supply chain, we observe that some lower-tier suppliers, particularly artisans, have essential craftmanship capabilities that determine luxury products' quality and, consequently, they may have more power than buying firms (Vos et al., 2021).

Building on previous RTD studies on power, our second contribution is to link dependence and power use, a research gap identified by earlier research (e.g., Marttinen and Kahkonen, 2022), with justice, an underdeveloped theoretical construct in supply chain literature (e.g., Carnovale et al., 2019), to understand how power use affects the ways justice is perceived. This adds to theory across the three domains of RDT, power theory and justice theory.

We found two types of dependence: *Craftmanship-induced buyer dependence* and *market-position-induced supplier dependence*, which impact power use. Previous research on power suggests that buyers can exert coercive power without facing immediate negative consequences (Vos et al., 2021); that buying firms' coercive power use can restrain suppliers' risky actions (e.g., mock compliance) (Zhang et al., 2020); and that coercive power is a stronger driver for supplier action than reward power, indicating that suppliers are more sensitive to a threat of losing business than to a promise of continuing business relations (Chen and Chen, 2019). However, our research challenges these findings.

In our research context, where there is inherent craftmanship-induced buyer dependence, luxury brands' using mediated power through coercive tactics resulted in suppliers' negative perceptions in terms of interactional, procedural and distributive justice and led to a number of unanticipated consequences. Suppliers stated the brands were dictators and hypocrites. This shared sentiment resulted in horizontal collaboration between lower-tier suppliers in the form of co-competition and, eventually, collective resistance. Thus, challenging the dominant logic that it is not easy for suppliers to influence buying firms actions (e.g., Villena and Craighead, 2017).

Furthermore, lower-tier suppliers perceived the brands' mediated power use during Covid-19 as an opportunity to redistribute power within the supply chain. Again, challenging even the origins of the power theory, which states that '*the more legitimate the coercion the less it will produce resistance*' (French and Raven, 1959, p.165). Our findings also challenge the view that lower-tier

suppliers are passive when addressing sustainability issues, such as carbon footprint and overtime, unless there is an intervention from a global brand (e.g., Villena and Gioia, 2018). We uncovered how lower-tier suppliers in the Italian cashmere supply chain became aware of and used their expertise power by delivering a collective response and by developing coercive tactics towards the luxury fashion brands.

Using mediated power through contracts has, historically, been key in the luxury fashion industry, but similar to other research, we found that reliance on contractual leverage, even when buying firms are aware of their dependence on suppliers, has negative effects (Huq et al., 2014; Soundararajan and Brown, 2016). When power use has a primary focus on contracts, distributive justice suffers, risking long-term relationships and business continuity.

Previous research also found that in asymmetric buyer-supplier relationships, dependence can force dependent suppliers to try to deepen relationships with key buyers (Sancha et al., 2019). When the cost of abandoning the relationship is prohibitive, a supplier, such as a distributor (Vázquez-Casielles et al., 2017), will remain in a relationship even when they are not willing to. Dependence on the buying firm increases the pressure on the supplier to accept unfavourable conditions. However, we argue that dependent buying firms need to build relational social ties with lower-tier suppliers, as craftsmanship is a critical resource. Dependence is vital to understand as it influences social relationships between buying firms and their suppliers. In alignment with Celestini et al. (2022), we assert that social relationships are important to increase collaboration between supply chain actors in the textile and clothing industry.

Brands might believe that their actions are collaborative but suppliers who must make financial investments expect reciprocal behaviour in the form of secured orders, long-term purchasing contracts, or premium pricing. When brands use non-mediated power through collaborative tactics without providing financial support, suppliers may feel resentment and consider this an implicit form of coercion as the costs that they bear are not recognized. That means, if non-mediated power is used without reward power, interactional and procedural justice will not fulfil the suppliers' need for distributive justice.

Relationships can be interactive, decision-making processes can be inclusive, but resilience in supply chain relations happens only when benefits and gains are distributed equitably. Distributive justice is a key construct to nurture respectful, resilient supply chain relationships with positive effects cascaded onto lower-tier suppliers. Perceived dependence affects buying firms' power use, but the creation of successful collaborative mechanisms is contingent upon the combined use of reward and non-mediated power tactics. A strong position of partnership can provide buying firms with the capacity to ensure product quality, supply continuity, and loyalty. This responsiveness can also help buying firms maintain their relationships with strategic resource providers to protect the chain in case of threatening issues, uncertainties and contingencies.

Our final contribution is the development of the power archetypes. Here we identified the interactions between dependence, power use, and justice. We showed that types of dependence, impacts types of power use by firms and how these behaviours were perceived by suppliers. These archetypes show the critical importance of decisions on how to manage your supply chain and how these decisions have far-reaching implications particularly during crises.

### *5.1. Theoretical Implications*

This study contributes to theory by elaborating power beyond contractual relationships (McLoughlin and Meehan, 2021) and by linking power, dependence and justice (Carnovale et al., 2019). Responding to calls for more research looking at the ways suppliers deal with uncertainty

(Kim and Fortado, 2021), we investigated a multi-tier supply chain and explore buyer-supplier-supplier relationships during Covid-19.

Relating to RDT, we found that *craftmanship-induced buyer dependence* and *market-position-induced supplier dependence* impact the use of *mediated* and *non-mediated power* in different ways, leading to varying perceptions in terms of *interactional*, *procedural* and *distributive justice* with implications for supply chain management. Dependence and partnership might be considered opposite approaches to relationship management (Touboulic and Walker, 2015) but dependence is a determinant of the relationship closeness (Zhang et al., 2020). Suppliers' dependence on a buying firm is a key characteristic in buyer-supplier relationships (Kraljic, 1983) but we reveal the importance of buyer dependence and assert that buying firms need to recognise their dependence on tier-one and lower-tier suppliers to ensure supply chain continuity.

Power use is critically important. Even when buyer dependence is acknowledged, different types of power leads to different consequences in terms of suppliers' justice perceptions, which then determine suppliers' reciprocal power tactics. Even though Chen and Chen (2019) make a notable contribution by explaining how reward and coercion boost or harm justice perceptions, they do not take into account non-mediated power use. Similarly, Huo et al. (2019) show that dependence creates different patterns of influence on coercive and non-coercive power, resulting in opportunism; however, they test their model only from the buyer perspective.

We reveal that buying firms' coercive power use driven by market-position-induced supplier dependence results in suppliers' injustice perceptions. Key suppliers, where expert power resides especially at fabric production level in the case of cashmere production, encourage other members to engage in cooperative resistance, which, in turn, affects brands' practices. By showing that craftsmanship creates buyer dependence, we argue that suppliers' expertise can allow the target to form reciprocal coercive tactics to circumvent the source, making the dependency between the source and the target contingent on craftsmanship.

When contracts are the only means used by buying firms, counterproductive effects occur. Unless mediated power is combined with non-mediated power, distributive justice suffers and, even if interactional and procedural justice are ensured, suppliers' justice perceptions remain compromised. Using non-mediated and reward power in conjunction ensures justice, resulting in strong social ties between buying firms and suppliers with relational implications for lower-tier suppliers that are fundamental for business continuity.

We also noted some blurred boundaries between mediated and non-mediated power. '*Reward power depends on the source's ability to administer positive valences and to remove or decrease negative valences*' (French and Raven, 1959, p.156), and "*(with referent power) the agreement of his (the target's) beliefs with those of a reference group (the source) will both satisfy his need for structure and give him added security through increased identification with his group*" (French and Raven, 1959, p.162). When the use of rewards increases the target's attraction to the source, the target may want to have a stronger association to maintain the relationship.

At the lower tiers, there was a clash in the way reward power was perceived. Traditionally, it is believed that reward power drove performance improvements of suppliers (e.g., Maloni and Benton 2000); however, rewards are perceived differently by the brands and by lower-tier suppliers.

Brands might believe that their actions are collaborative but suppliers who must make financial investments expect reciprocal behaviour in the form of secured orders, long-term purchasing contracts or premium pricing. When brands use non-mediated power through collaborative tactics

without providing financial support, suppliers might feel resentment and consider this an implicit form of coercion as the costs that they bear are not recognized.

This signals the importance of the perception of the rewarder and the rewarded and indicates a lack of construct clarity around reward as a power base and as an action. Some buying firms (*e.g.*, *Luxury Proactive*) might support their suppliers through collaborative projects. However, without consistent production volumes or secure orders, suppliers do not feel their efforts are rewarded by the brands. Reward is primarily a power tactic, and its perception is dependent upon its combination with other types of non-mediated power as well as suppliers' relationship to the source.

Lastly, we provide some novel implications in terms of the study context. Previous research on supply chain management conducted in the context of fashion looked at various topics, including sustainable supply chain governance (Li et al., 2014), supply chain uncertainty (Philip et al., 2020), social sustainability in developing countries (Huq et al., 2014). However, these studies focused on the fast fashion industry characterised by short life cycles, low prices, low quality, and fragmented supply chains. Our context, a multi-tier luxury cashmere supply chain, heavily relies on suppliers' craftsmanship, heritage, and know-how, which bring additional complexities and opportunities. To the best of our knowledge, this study is the first contribution linking dependence, power and justice across luxury fashion supply chains where craftsmanship and supplier expertise play a key role for the business and supply chain continuity.

## 5.2. Practical Implications

The study provides several practical implications. Luxury fashion brands must realise that their business continuity is contingent upon their suppliers' expertise to deliver the highest quality products and services. Supplier expertise is crucial to the continued sign of quality that is the '*Made in Italy*' label. Most luxury fashion brands are not vertically integrated, and their market success is critically dependent upon their suppliers' performance. This dependence makes tier-1 and lower-tier suppliers a power source and was awakened by the brands' coercive behaviour during the Covid-19 pandemic. Therefore, brands should avoid the use of coercive and/or contractual tactics, particularly in times of crisis, because tier-1 and lower-tier suppliers associate these with hypocrisy and dictatorship and, in turn, build resistance and resentment towards the brands. If brands want to avoid a situation where suppliers use collective action to punish poor behaviours of the brands, to restructure their supply chains and to bypass the brands to reach the final consumer because of perceived injustice, they would do well to heed the findings of this study. We suggest that they create close relationships, acknowledge suppliers' expertise, and reward their efforts accordingly. Otherwise, their supply chains may not survive another crisis.

Additionally, our results show that brands can improve their strategic and operational performance through collaborative tactics, resulting in trust and loyalty. Brands are, therefore, suggested to have simultaneous top-down and bottom-up supply chain strategies where lower-tier suppliers are seen as important and avoid the pursuit of traditional arm's-length approaches where key knowledge is lost and resentment from lower-tier suppliers builds. Finally, we have uncovered that combined mediated and non-mediated power tactics, *e.g.*, knowledge support, emotional support, communication, and consistent orders leads to brands receiving technically advanced production, supply chain knowledge, sustainability practices, process innovation, and inherent artisanal wisdom embedded in lower-tier suppliers; while suppliers feel supported and report interactional, procedural, and distributive justice with the benefits of willingness to invest, innovate and go above and beyond for the brand.

### *5.3. Limitations and Further Research*

We conducted qualitative research with a relatively small sample in a very specific context: luxury fashion. Our timeline has not been long enough to see a response coming from the brands to suppliers' power tactics, such as resistance, cooptation, and circumvention. Given that the Covid-19 pandemic continues and that there might be some power tactics beyond our knowledge, further research could investigate how brands modify their power use in response to changing dynamics and the pressure for change exerted by lower-tier suppliers.

To better understand the supply chain dynamics between buying firms and lower-tier suppliers at the nexus of dependence, power, and justice, we argue that more robust research is needed in terms of how, and to what extent, dyads and triads influence each other in complex supply chain settings. It would also be interesting to see if, how and to what extent lower-tier suppliers can bypass brands and sell directly to end customers. Longitudinal studies are, therefore, important to explore before, during and after crises to highlight lessons that can be applied to future disruptions.

Future research could also look across different industries with nested supply chains where suppliers may not have expert power but may have undiscovered power bases and tactics. Such comparisons, *e.g.*, between fast-fashion and luxury segments and/or between fashion and other industries, could bring novel insights in terms of dependence, power tactics and justice perceptions.

This paper adds to our knowledge on operations and supply management. It builds a model of four power archetypes based on dependence, power and justice providing a theoretical foundation that can be empirically tested by future research. Theoretical framing can be enriched; for example, there are other disciplines looking at power and justice, such as marketing. A synthesis of constructs from different domains can bring inter-disciplinary, nuanced and critical insights that could help us deal with future crises.

## **6. Conclusion**

Our goal was to explore the relationships among dependence, power use, and justice perceptions in a luxury cashmere supply chain. We uncovered how tier-1 and lower-tier suppliers became aware of, and used, their power during the Covid-19 crisis, leading to surprising outcomes, such as brand circumvention and cooptation. Using coercive or legitimate power tactics results in injustice perceptions, while brands become known for corporate hypocrisy provoking suppliers' resistance against the brands and steps to restructure their supply chains. Conversely, by using non-mediated power tactics, brands might benefit more. For instance, their suppliers felt respected and acknowledged, leading them to form positive interactional and procedural justice. Adding to power and justice theories, we found suppliers perceived distributive justice only when luxury brands combined mediated power tactics and rewards, which can help them develop more resilient supply chains in the future. The study highlights lessons from the Covid-19 pandemic that could be applied to future crises. In particular, if brands are not aware of their dependence on suppliers their supply chain strategy may be ineffective. Conversely, if brands are aware of the consequences of their suppliers' power, then they can understand how to use this dependence strategically, especially during a crisis.

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## Appendix A: The Coding Structure

Overarching Theme	Dimensions	Second-order Categories	Quote (Representative interview data)
<b>DEPENDENCE</b>	<b>Market Position-Induced Supplier Dependence</b>	Suppliers Taken for Granted	There are brands that simply see us as a supplier. They think that if I'm not there, then they'll just get someone else (CEO, <i>Tier-1 Dressmaker</i> )
			Italian brands take for granted that there is always a full and complete supply chain. They take for granted that there will be a perfect supply chain for them (CEO, <i>Tier-1 Vertical</i> )
			Many excellent, small artisan companies find themselves alone or abandoned (CEO, <i>Tier-1 Craft</i> )
			The brands compared to the manufacturing companies don't have much sensitivity. They [brands] wanted to take advantage of the situation (Owner, <i>Tier-2 Finisher</i> )
	<b>Craftmanship-Induced Buyer Dependence</b>	Supplier Expertise	Each brand has a different heritage, but part of the heritage is the supplier base. I could make the best trench coat. But if the base, which makes the raw material, is not outstanding, my finished goods are not of the highest quality (Responsibility Manager, <i>Luxury Leader</i> )
			The finished product is the easiest thing [to produce]. Raw material suppliers and the special [artisanal] operations are strategic (Sustainability Manager, <i>Luxury Proactive</i> )
			When they [the French companies] lost [vertical] production, [they] understood how important it is to keep it [supplier relations] (CEO, <i>Tier-1 Craft</i> )
			When partners [suppliers] like ours disappear, which are not many, they [the brands] will have a big know-how problem (CEO, <i>Tier-1 Dressmaker</i> )
			They [the brands] would not have the same level of guarantee and sustainable processes that they have with us (CEO, <i>Tier-1 Entrepreneur</i> )
			If we were to lose these small artisans who make up our supply chain... That's what makes 'Made in Italy' great (CEO, <i>Tier-1 Craft</i> )
			The Italian supply system is unique, so foreign companies appreciate it and don't take it for granted (CEO, <i>Tier-1 Vertical</i> )
			In artisan businesses, there is still the strength and skill of the craftsmen who know how to dye (Owner, <i>Tier-2 Traditional</i> )
	<b>Ignorance of Craftmanship-Induced Buyer Dependence</b>	Lack of Knowledge	When I speak to other colleagues in other brands, they are not knowledgeable. They don't know the difference between different types of material. That basic knowledge is missing (Responsibility Manager, <i>Luxury Leader</i> )
			I had a conversation with X [a brand], they purchase finished goods, but they don't even know their fabric suppliers (Responsibility Manager, <i>Luxury Leader</i> )
			Those who don't have production do not understand the importance of having it (CEO, <i>Tier-1 Craft</i> )
Once upon a time, brands knew exactly how fabric was dyed, printed, or sewn. Today we talk to managers and stylists who absolutely do not know how their product is made; this ignorance means that they will continue asking more and more things that cannot be achieved because they do not know that dying a piece takes 4-5 hours (Owner, <i>Tier-2 Traditional</i> )			
All the time, we find ourselves talking with an end customer [brand] who has no idea how fabric is produced (Owner, <i>Tier-2 Traditional</i> )			

<b>POWER</b>	<b>Mediated Power Use</b>	Financial Demands	Customers [brands] have told us that the world is changing. 'Get ready because you have to change quickly, too, and we will ask for discounts (CEO, <i>Tier-1 Entrepreneur</i> )
			One of the first brands in Italy to ask for a discount brought all their suppliers together and said 'we want a discount.' Then we [the suppliers] started chatting about it. Then all of a sudden, another famous brand asked for a discount verbally because they'd heard that suppliers' were complaining about written requests for discounts (CEO, <i>Tier-1 Vertical</i> )
			The first thing they [the brands] did was to cancel everything or to ask for discounts in an already difficult and delicate time, rather than extending payments terms to, even, 180 days (CEO, <i>Tier-1 Vertical</i> )
			Preferred suppliers of [a brand] were forced, in certain situations, to give discounts (CEO, <i>Tier-1 Circular</i> )
			They [the brands] asked about delaying payments (General Manager, <i>Tier-1 Innovator</i> )
			Some brands asked for special discounts on the turnover of 2019: 'I'm asking you for a ten percent discount on your turnover of last year (General Manager, <i>Tier-1 Innovator</i> )
		Order Cancellations	Even if you could safely ship, even during lockdown, the customer would stop it at the warehouse. A lot of 'ready-to-go' goods were not collected (CEO, <i>Tier-1 Entrepreneur</i> )
			Brands cancelled orders or blackmailed companies by saying, 'I will not cancel my order if you give me a discount' ... That is something we really have to talk about (CEO, <i>Tier-1 Vertical</i> )
			Some suppliers were forced, in certain situations, to give ... cancellations or to leave items in stock (CEO, <i>Tier-1 Circular</i> )
		Contract Focus	It's a contractual thing. If I'm not buying the raw material, I'm telling you what you have to buy [to ensure the product quality] (Sustainability Manager, <i>Luxury Proactive</i> )
			We think that we are bringing the means and the knowledge for our suppliers to evolve. It's their choice to do it or not (Sustainability Manager, <i>Luxury Proactive</i> )
			We work through contracts. They [direct suppliers] are responsible that their supply chains are working. We are not directly controlling it because it's huge (Sustainability Manager, <i>Luxury Proactive</i> )
		Order Support	We decided to divide the orders between our suppliers to give everyone a bit of the production share (Responsibility Manager, <i>Luxury Leader</i> )
			During COVID, we tried everything possible not to cancel the orders and not to ask for discounts (Sustainability Manager, <i>Luxury Proactive</i> )
			We didn't cancel the orders. It was a choice at the corporate level to work like this (Sustainability Manager, <i>Luxury Proactive</i> )
<b>Non-mediated Power Use</b>	Relational Support	We never say things like, 'Please sign this. This is what you have to do'. We recognize that [for the supplier] it's an economic effort or an organizational effort or even a change-of-mindset effort. It's not about controlling suppliers and making them do something; it's about encouraging them to do something (Sustainability Manager, <i>Luxury Proactive</i> )	
		We never pushed him [Tier-1 Craft] to do anything. We explained why they should change the way they were doing things. And I think they appreciated it because we treated them as equals. We never dictated to them 'you have to do this' (Sustainability Manager, <i>Luxury Proactive</i> )	
		We try to remain in contact with our suppliers and to understand their situation also to understand any business at risk (Responsibility Manager, <i>Luxury Leader</i> )	

			<p>I can't ask about something I'm not familiar with. I need to adopt a language which is practical for them [the suppliers]. I need to provide them with solutions (Sustainability Manager, <i>Luxury Proactive</i>)</p> <p>It's our responsibility to educate [suppliers] and to lead (Sustainability Manager, <i>Luxury Proactive</i>)</p> <p>I don't accept that we should force suppliers to do something. I respect them, their history, and the way they work (Sustainability Manager, <i>Luxury Proactive</i>)</p> <p>We gave them [our suppliers] more time to do things. We were present in the background, but we didn't push as much during March, April and May (Sustainability Manager, <i>Luxury Proactive</i>)</p> <p>My colleagues conducted long conversations with the suppliers. And then they also provided trainings (Responsibility Manager, <i>Luxury Leader</i>)</p> <p>We arranged, through a third party, a particular training for the supply chain to provide information and suggestions [on how to cope with uncertainty] (Responsibility Manager, <i>Luxury Leader</i>)</p> <p>We try to remain in contact with the suppliers and to understand the situation also to understand any business at risk (Responsibility Manager, <i>Luxury Leader</i>)</p> <p>The weaving and spinning artisans are financially weak. We have always tried to help them. We invest a lot in them, procure for them and give them business. We did not change our behaviour towards them [during COVID-19] (CEO, <i>Tier-1 Circular</i>)</p> <p>We kept a very tight connection with them [our suppliers] because we understand fully that the supply chain is only as strong as its weakest link (CEO, <i>Tier-1 Vertical</i>)</p>
<b>JUSTICE</b>	<b>Interactional Injustice</b>	Lack of Relations	No one really seems like they want to work together to achieve a common commitment (CEO, <i>Tier-1 Entrepreneur</i> )
			We are not seeing [support] from the brands because everyone is focused on their own problems (Sustainability Manager, <i>Tier-1 Entrepreneur</i> )
			A lot of the companies in Italy are family businesses. And that's why they are secretive (CEO, <i>Tier-1 Vertical</i> )
			Every brand is jealous with their supply chain (Sustainability Manager, <i>Tier-1 Entrepreneur</i> )
			The biggest problem is the lack of relationships within the brand. Departments and divisions are completely detached from one another (CEO, <i>Tier-2 Digital</i> )
	<b>Procedural Injustice</b>	Dictatorship	The coercive system [of the brands] is still in place, and it's terrible (CEO, <i>Tier-1 Vertical</i> )
			This is particularly happening with the Italian brands. If they want [to work with] a supplier, their attitude is 'supply this, supply that' (CEO, <i>Tier-1 Dressmaker</i> )
			This [brands' collaborative tactics] was not true of the Italian brands. Our best friends were not Italian; the major Italian brands behaved very badly (CEO, <i>Tier-1 Vertical</i> )
			Once upon a time, brands knew exactly how fabric was dyed, printed, or sewn. Today we talk to managers and stylists who absolutely do not know how their product is made; this ignorance means that they will continue asking more and more things that cannot be achieved because they do not know that dying a piece takes 4-5 hours (Owner, <i>Tier-2 Traditional</i> )
			None of them [the brands] bother to come and see the difficulties we have producing what they demand from us (Owner, <i>Tier-2 Traditional</i> )

	<b>Distributive Injustice</b>	Lack of Sufficient Margins	Cash flow and [lack of] support for SME suppliers or subcontractors are the main problems (CEO, <i>Tier-1 Dressmaker</i> )
			Why don't you send me some volumes [after innovating at request of a brand]? That would be a complete change for me? (General Manager, <i>Tier-1 Innovator</i> )
			The cost [of our efforts, e.g., sustainability investments] is not recognized [by the brands] (CEO, <i>Tier-1 Craft</i> )
			We asked the brands not to squeeze our customers [first-tier suppliers] (Chemical Manager, <i>Tier-2 Finisher</i> )
			Brands' requests are cascaded down to suppliers. They say, 'if we want to resume work, you give me ten percent discount [for what has been produced]'. My clients [Tier-1 and Tier-2 suppliers] are made to suffer. I don't have the margin to afford to sell at ten percent of what I do (Owner, <i>Tier-2 Traditional</i> )
			I don't understand why a brand is not okay giving their suppliers a bit more margin when they sell their dress for €12,000 (CEO, <i>Tier-2 Digital</i> )
			[The brands need to] share the costs [of innovating]. The margins they have should be spread over the entire supply chain (Environment/Safety Manager, <i>Tier-2 Yarn</i> )
			Our [weaving] factories are slowly running out of business and are closing (Environment/Safety Manager, <i>Tier-2 Yarn</i> )
			Prices have become more important than the pieces. Brands want things and ask for different requirements, but nobody wants to pay. It is not right to ask things and then not to pay what things are worth (Owner, <i>Tier-2 Finisher</i> )
	Hypocrisy	I didn't expect, especially from people [the brands], that at the same time they were telling the press, we need to come back to humanism [they were doing the opposite] (CEO, <i>Tier-1 Vertical</i> )	
		It is unacceptable that companies [brands] say to the end consumer, 'look how good we are about not harming the planet' and then turn around and harm their suppliers. That, I think, is absolutely unacceptable (CEO, <i>Tier-1 Vertical</i> )	
		Suppliers needed help [during COVID-19]. We have problems if we are not paid for two or three months, even if there are government support measures (CEO, <i>Tier-1 Dressmaker</i> )	
		There are continuous claims [from the brands]. They are claims only. I don't have much hope. Positive messages [from the brands] don't help (Owner, <i>Tier-2 Traditional</i> )	
		I want to say to the brands who are asking their suppliers to become sustainable, you become sustainable first (CEO, <i>Tier-2 Digital</i> )	
	<b>Interactional Justice</b>	Communication, Assistance	I received letters of support and encouragement [from brands] not to lose hope, to continue working because the whole supply chain is important. I must say that was really encouraging (CEO, <i>Tier-1 Craft</i> )
			We had clients [brands] who were supportive right away, saying 'don't worry if you need us, we will help you (CEO, <i>Tier-1 Dressmaker</i> )
If I was ever having a difficult time, they [referring to Luxury Leader] would ask me, 'is it possible to do this', in a very collaborative way (CEO, <i>Tier-1 Vertical</i> )			
We need trust-based relationships and [one brand] has done this. They have managed to bring their supply chains together based on trust and relationships (CEO, <i>Tier-2 Digital</i> )			

			<p>We are collaborating with some [other suppliers] to produce surgery and related products. There is trust, there is the belief that everybody will do their part, and that we can all make some profit (General Manager, <i>Tier-1 Innovator</i>)</p> <p>Our clients did not leave the orders at our facility (Owner, <i>Tier-2 Finisher</i>)</p> <p>During the COVID crisis, I received several calls from my customers [Tier-1 and Tier-2] asking how I was and how things were going. This personal touch was so important and kind. It made me feel really good (CEO, <i>Tier-2 Digital</i>)</p>
	<b>Procedural Justice</b>	Supplier Inclusion	<p>[Referring to a Luxury Leader project] they did it in a very collaborative way with continuous reviews, continuous meetings (CEO, <i>Tier-1 Vertical</i>)</p> <p>Proactive brands see me not as a supplier but as a partner (CEO, <i>Tier-1 Dressmaker</i>)</p> <p>We propose new technologies to one of our top clients. Even though they are much bigger than us, they are happy to learn from us (CEO, <i>Tier-1 Dressmaker</i>)</p> <p>With Luxury Proactive and [another brand], you feel like their bosses have a coherent vision across all their brands, then I see why they work with almost everyone [suppliers] in a personalized way (CEO, <i>Tier-1 Craft</i>)</p>
	<b>Distributive Justice</b>	Consistent Orders	<p>[Referring to Luxury Leader] The support was very strong (CEO, <i>Tier-1 Vertical</i>)</p> <p>[Referring to Luxury Leader] We always saw that they paid a lot of attention to the volumes they were giving us. To give us consistent volumes (CEO, <i>Tier-1 Vertical</i>)</p> <p>The support is [about] the security of future business (CEO, <i>Tier-1 Vertical</i>)</p> <p>We always talk about the price, which is important but it's also important to have faith in the relationship [in which] the orders are consistent (CEO, <i>Tier-1 Vertical</i>)</p>
<b>OUTCOME</b>	<b>Coopetition</b>	Collective Resistance	<p>We shared a lot of information with our suppliers, with a lot of the small weaving, spinning and finishing plants. We maintained a really tight connection with them because we understand that the supply chain is only as strong as its weakest link (CEO, <i>Tier-1 Vertical</i>)</p>
			<p>A lot of our competitors, all of us, started exchanging information very openly (CEO, <i>Tier-1 Vertical</i>)</p>
			<p>It was a very nice exercise of helping each other, even though we compete fiercely in the market (CEO, <i>Tier-1 Vertical</i>)</p>
			<p>When the sharks gather, the fish group together to try to defend themselves (CEO, <i>Tier-1 Vertical</i>)</p>
			<p>We were all grouped together [in the production district]. Then, unfortunately, it was not carried out in the best way. We could not create the desired impact... [information] sharing didn't happen; the concept of transparency wasn't there (Environment/Safety Manager, <i>Tier-2 Yarn</i>)</p>
	<b>Circumvention</b>	Desire for Change	<p>The name of the game is we need to have positive earnings (General Manager, <i>Tier-1 Innovator</i>)</p>
			<p>I am leveraging my relationship with a partner who produces medical equipment and a producer of non-woven materials to create a local supply chain to produce masks and surgery items and there is real trust. There is the belief that everybody will do their part, and, in return, we will all take some margin (General Manager, <i>Tier-1 Innovator</i>)</p>
<p>COVID actually represents an enormous opportunity that we need to reinvent ourselves (Sustainability manager, <i>Tier-1 Dressmaker</i>)</p>			

			There are no more kings; there will be democratic staff working together (CEO, <i>Tier-1 Dressmaker</i> )
			For a company like us with a bit of integration, with other partners, with some courage and investment, we can really think about producing products directly to the final customer (General Manager, <i>Tier-1 Innovator</i> )
<b>Business Continuity</b>	Long-term Relational Orientation		We try to remain in contact with our suppliers and to understand their situation also to understand any business at risk (Responsibility Manager, <i>Luxury Leader</i> )
			Each brand has a different heritage, but part of the heritage is the supplier base. I could make the best trench coat. But if the base, which makes the raw material, is not outstanding, my finished goods are not of the highest quality (Responsibility Manager, <i>Luxury Leader</i> )
			Our relationship with the tier-two suppliers and tier-three suppliers is quite strong (Sustainability Manager, <i>Luxury Proactive</i> )
			Luxury brands buy from certain companies [suppliers in particular production regions] in order to establish long-term supply chain relationships (CEO, <i>Tier-1 Entrepreneur</i> )
			It shouldn't be just Covid-19 that makes us think of them [our suppliers], we must think about them every day. We must look for solutions so we can keep the supply chain solid and stable (CEO, <i>Tier-1 Circular</i> )
<b>Business Commitment</b>	Innovation		Last week, I worked with three mills in Prato [the production region]. They are producing fabrics with a recycled content, mainly cashmere. I provided some support to convert the existing fabric into a recycled certified version (Responsibility Manager, <i>Luxury Leader</i> )
			[Referring to a product innovation project with <i>Luxury Leader</i> ] they did it a very collaborative way (CEO, <i>Tier-1 Vertical</i> )
			We propose new technologies to one of our top clients. Even though they are much bigger than us, they are happy to learn from us (CEO, <i>Tier-1 Dressmaker</i> )
			Some brands are true partners. We do engineering with them, R&D, development on sustainability (CEO, <i>Tier-1 Dressmaker</i> )
	Commitment		I ask raw materials suppliers, 'please, if possible, can I join the audit?' First, it's for my personal knowledge. I think this builds trust with our raw material suppliers (Responsibility Manager, <i>Luxury Leader</i> )
			We try to remain in contact with our suppliers and to understand their situation also to understand any business at risk (Responsibility Manager, <i>Luxury Leader</i> )
			We were assured [by some luxury brands] that they would like to continue with us as a strategic partner (CEO, <i>Tier-1 Entrepreneur</i> )
			We had clients [including <i>Luxury Leader</i> ] who were supportive right away, saying 'don't worry if you need us, we will help you (CEO, <i>Tier-1 Dressmaker</i> )
			If I was ever having a difficult time, they [referring to <i>Luxury Leader</i> ] would ask me, 'is it possible to do this', in a very collaborative way (CEO, <i>Tier-1 Vertical</i> )
			We kept a very tight connection with them [our suppliers] because we understand fully that the supply chain is only as strong as its weakest link (CEO, <i>Tier-1 Vertical</i> )