

Exploring the Formation of Relational Collaboration among Competitors

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Abstract

Objective: This paper aims to explore how a relational collaboration process is formed among bag and suitcase craftsmen in an Industrial Village in Indonesia.

Design/Methods/Approach: The study is a qualitative case study formulated from nine informants interviewed with different roles, from the initiators, actors, and community leaders to local government agencies. Information collected is analyzed using the Gioia method with the three stages of analysis: concepts, themes, and dimensions.

Findings: Different from previous research, which stated that three perspectives of the interaction form of the dynamics of business competition, namely rivalry, competitive-cooperation, and relational, can only be manifested mutual-exclusively according to a certain cultural context, this study finds that those perspectives can be manifested as an evolutionary stage. which we label as "relational-collaboration." "Collaboration is an inseparable process following dynamic changes and adjusting the challenges and opportunities in each competitive interaction change. The changing evolution processes begin from rivalry competition to competitive cooperation and turn again into relational collaboration. Rivalry interaction through price wars has had a negative impact on all craftsmen and even on their social environment. The emergence of an awareness of the price-war impact made a small number of craftsmen initiate to work together through the formation of a cooperative to support their capital business. Although initially, only a few craftsmen became members, the commitment of the initiator members led other craftsmen to join in. This process continues to grow until the formation of relational collaboration among craftsmen in response to orders in large quantities within and outside the country.

Originality: Limited study found to discuss how relational collaboration is formed, especially those focusing on the business cluster. This study expects to fill the gap by exploring the empirical aspect of forming relational collaboration among competitors.

Key words: Competition, Craftsmen, Rivalry Interaction, Competitive-Cooperation, Relational Collaboration, Evolution, Stakeholder

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1. Introduction

Competition is a phenomenon that always appears in the business world. Competition raises threats, attacks, and responses from competitors during the interaction between or among competitors. In its development, the competition faced by businesses is changed to follow stakeholders' trends, desires, and expectations to provide value-added for business. Every competing business will have a positive or negative impact on the business position in the market in the short and long run. Differently, the relational competition provides advantages for competing businesses. Companies will work together to produce innovative products and services to meet customer needs (M. J. Chen & Miller, 2015).

The relational perspective aims to "raise all boats" that benefit all stakeholders, market participants, and competitors (M. J. Chen & Miller, 2015). The results sought are a win-win solution. The perspective engaged not by damaging or defeating competitors but by cooperating well, contributing to each other to create value for all players, including competitors (Freeman, Wicks, & Parmar, 2004). The relational perspective focuses on the relationship between partners rather than competition. It allows companies with competitors or partners to walk like wearing shoes (Tsai, Su, & Chen, 2011). The relational view that there are only relationships with each other is a necessity and cannot be separated. They are bound together in a state of interdependence, bringing together opposites, both within the framework of two entities joining together in an inclusive one (M. J. Chen & Miller, 2012) where arranged complementary characters such as "inside and outside," "spears and shields" and many and few (M. J. Chen & Miller, 2011).

Concerning relational competition, the study explores the relational collaboration perspective deeply. It answers whether a business model is applied without cheating, dropping, or even turning off opponents (justifies any means). It is a business model carried out in collaboration, in an atmosphere of togetherness (mutual cooperation), mutual assistance, and business empowerment where all enjoy the collaboration without harm.

There is little literature found discussing relational perspectives. The existing literature, limited in numbers, discusses relational concerning cluster business. It is also found an explanation of the relational dimension (M. J. Chen & Miller, 2015) contrasting relational perspectives between east and west (M. J. Chen & Miller, 2012), AMC models (M. J. Chen, Su, & Tsai, 2007) focusing on the tendency of actors involved in the dynamic competition. However, to the best of our knowledge, there is no study found to discuss how relational collaboration is formed, especially those focusing on the business cluster. This condition had been echoed by M. J. Chen & Miller (2015) stating that the existing competitive theory did not yet describe a broader framework of relational engagement among competitors, and they are limited to the concept only, but failed to investigate the application. The bag and luggage industry (Intako) has experienced a long and varied form of interaction dynamics several times to find a form of relational collaboration that brought them to their peak of glory. Knowing how they change and the reasons for changing to a form of relational collaboration is an interesting phenomenon to study. This study expects to fill the gap by exploring the empirical aspect of forming relational collaboration among competitors. Researchers found that relational collaboration is formed through an evolution process.

2. Literature Review

The transformation in the business environment results in competitive relations and widens to follow the changes that occurred. The changes in the competition are dynamics, moving to follow the current opportunities (Ginzberg & Schumpeter, 1947). The dynamic process in the market, moving toward or away from equilibrium in the market (Austrian school view), makes the company's competitive advantages also temporary (M. J. Chen, 2009; D'Aveni, Dagnino, & Smith, 2010).

Another form of competitive relationship arises when an innovation widens this relationship, which offers that competitors are not rivals. However, they are partners who can be invited to collaborate to respond to the transformation in the business environment. Collaborating will allow companies to compete more effectively (Markman, Gianiodis, & Buchholtz, 2009). Although cooperation (competitive-cooperative) enables companies to be more effective in gaining a competitive advantage, it does not mean that there are no problems. The distribution of cakes that result from collaboration often becomes a scourge between partners (Vapola, Tossavainen, & Gabriellson, 2008; Hamel, Doz, & Prahalad, 1989; Khanna, Gulati, & Nohria, 1998). Companies collaborate to make larger cakes or bigger benefits, but at the same time, they compete for a bigger portion of the cake in the market. It is the form of competitive-cooperative and part of a relational perspective that promotes the relationships between partners who join in the collaboration.

The purpose of the different dynamics view of competition will reflect the shift in emphasis on the allocation of values from rivals, to competitive advantage, to the creation of value for many stakeholders. M. J. Chen & Miller (2015) suggest that there are three prototypical views of competitive dynamics: rivalry, competitive-cooperative, and relational by using five dimensions that are goals/objectives, method, actors, tools, and time horizons. For further discussion, the researchers decided to focus on the relational perspective based on the consideration that this perspective is directly related to the research question, namely how relational collaboration can be formed among competitors.

The rivalry perspective has the goal of plundering/taking value from competitors. The company believes that to get value from competitors, the company must seize, take or seize the victory. In the actor dimension, the actor is a competitor. On the equipment/means dimension, the rivalry view focuses on the means of economic competition. The rivalry view has a short-term time horizon, consistent with Schumpeter's idea that competitive advantage from a rivalry perspective is temporary (Smith, 2001).

The competitive-cooperation perspective aims to gain a competitive advantage. The choice to cooperate also expands the range of possible interaction partners to include suppliers and partners in the industry, allowing companies to compete more effectively (Markman et al., 2009). This view also expands the tools/means of competing; in addition to economics, this view also includes politics to achieve competitive advantage. The competitive-cooperative perspective, apart from focusing on the short term, also looks at the consequences for the medium term.

The relational perspective aims to "raise all boats" that benefit all stakeholders, market participants, and competitors (M. J. Chen & Miller, 2015). The results sought are a win-win solution. The method is not by damaging or defeating competitors but by cooperating well and contributing to each other, which can create value for all players, including competitors (Freeman et al., 2004). The relational perspective focuses on the relationship between partners rather than competition, so this view allows companies with competitors or partners to walk like wearing shoes (Tsai et al., 2011). The relational view is that there are only relationships with each other, and it is a need and inseparable. They are bound together in a state of interdependence, bringing together opposites, both within the framework of two entities joining together in an inclusive one (M. J. Chen, 2002) where arranged complementary characters such as "inside and outside", "spears and shields", "and many and few (M. J. Chen & Miller, 2011)/

Relational collaboration is carried out by embracing various parties for the mutual welfare of employees, clients, customers, and the wider community (Parmar et al., 2010; Lomi & Pallotti, 2012). The goal is to elevate all parties (M. J. Chen & Miller, 2015). The emphasis is on understanding all stakeholders in the corporate environment to get the most benefit and gain good support and cooperation (Donaldson & Preston, 1995; Parmar et al., 2010). The relational perspective offers short-term benefits and builds a business to ensure long-term business continuity through a perfectly built image and reputation by meeting the expectations of all existing stakeholders. The best way to build a reputation is through honest relationships with all stakeholders. This relationship can be in the form of offering quality goods and services, engaging in mutually enriching reciprocal transactions, and committing to all employees with full responsibility must be a strategic priority (M. J. Chen, 2002). Reputation represents a resource in its truest sense: it is valuable, rare, and incomparable (Barney, 1991; Wernerfelt, 1984). Resources originating and built by considering social aspects will be able to ensure access to information and opportunities and gain trust (Tsui & Farh, 1997). The key understanding from the relational perspective is that these socially derived and constructed resources are to gain trust (Tsui & Farh, 1997).

Through privileged access, culture will provide a way to create very strong social bonds between them. This will make it easier for them to share knowledge, capital, and human or material resources (Steinmo & Rasmussen, 2018). This will be a major source of competitive advantage and a greater ability to create value for customers. This condition is in line with Miller et al. (2014) that there is a direct relationship between relationships formed by an organization, dynamic capabilities, and unique abilities. According to Hofstede (2001), in collective societies, people tend to have close ties between their members that lead to cohesive groups with long-term relationship orientation. Doney, Cannon, & Mullen (1998) argue that loyalty, joint effort, and interdependence of collective societies show a strong tendency towards cooperation, reflected in the nature of collective partnerships, which tend to be based on mutual benefit (C. C. Chen, Chen, & Meindl, 1998). This implies the prevalence of group interests over individual interests, and the goal-setting process considers collective welfare (Hofstede, 2001). Countries with high collectivities are common in Asia (M. J. Chen & Miller, 2015)

Meanwhile, individual societies are characterized by their tendency to compete (Doney et al., 1998) and evaluate task outcomes (Ng, Koh, Ang, Kennedy, & Chan, 2011) found in the West. Because of the individual focus on outcomes, individual people will tend to show lower loyalty to people and companies (Doney et al., 1998). This has a negative impact on collaborative relationships. This can be seen in countries that tend to put their personal interests above others and set goals without considering the welfare. Self-affirmation is reflected in individual actions based on personal beliefs and values (Hofstede, 2001), so it is unsuitable for applying relational collaboration.

3. Method

This research uses a qualitative approach with a case study. The case was reviewed in the Tanggulangin Bag and Suitcase Industry Village, a district in East Java, Indonesia. The study uses the AMC approach to understand how actors engage in relational collaboration.

Sampling

The study applied a purposive sampling technique to determine the informants. Individuals are chosen purposively as informants to those who can provide information related to the phenomenon (Johnson & Onwuegbuzie, 2007). In-Depth Interviews are carried out until saturation is reached (Fusch & Ness, 2015). The In-depth interviews involved nine

informants, starting with the initiator, who became a key informant about how ideas emerge and their manifestations in the business world. The informants were also selected from the actors considering how they are involved in relational relations, then the leaders of the community in terms of their support, and the government contribution to the actors in relational collaboration.

Further, to ensure credibility, the study carries out trustworthiness by using credibility criteria following the opinion of Lincoln and Guba (1986). To test trust, credibility is checked by triangulating data using more than one data source, including colleagues, community leaders, religious leaders, and government agencies. In addition, triangulation theory is used by using various perspectives to interpret data.

Apart from informants, other sources are documents such as public documents obtained from the Intako Cooperative, the YouTube site, the internet, and relevant news that appears in the mass media. For field observations, researchers observe the physical environment, craftsmen, activities, interaction patterns, suppliers, production processes, and marketing during the observation process.

Data Collection

The study applies semi-structured, one-on-one interviews, documentation, and direct observation. Interviews are conducted for about 45-60 minutes at a time and location agreed upon by the informant. The interview protocol was prepared first (Cross & Linehan, 2006; O’Neil & Bilimoria, 2005). The study applied the Gioia method to analyze the information collected. It is a representation of the core concepts and their relationships serving as the basis for an emerging theoretical framework conducted in the field with three stages of analysis: the concepts, themes, and dimensions.

Measurement

The data analysis technique was carried out in 3 stages: open coding, axial coding, and selective coding (Pandit, 1996; Corbin & Strauss, 1990; Gioia, Corley, & Hamilton, 2013) using NVivo 11 pro. The method visualized the results in diagrams to easily compile the data structure and explore the main emerging ideas (Corley & Gioia, 2004; Gioia et al., 2013). The elaboration process of the three steps applied Gioia method are; (1) first-order analysis, by identifying initial concepts and grouping them into several categories and looking for similarities and differences between categories. These first-order concepts are intended to uncover key elements of the meaning of informant statements but not deeper data patterns or relationships. In this stage, constant comparison techniques and software programs were applied to able to differentiate second-order themes that incorporate first-order concepts (Glaser & Strauss, 2017; Strauss, 1987; Corbin & Strauss, 1990); (2) second-order analysis, linking between categories to form theoretical relationships that describe and explain the phenomenon under study. The second-order theme serves as the basis for the theory of the formation of further relational collaboration; (3) the aggregate dimension, by further checking to filter the themes that appear in the second order into an aggregate dimension. This process examines the relationship between first-order concepts and second-order themes that can be filtered into a simpler and complementary set of groupings. In this stage, the study also consolidates the theme into more general analytical dimensions, which capture the overarching concept relevant to the process of forming relational collaboration.

4. Results and Discussion

The results of data collected from informants are then structured based on concepts, themes, and dimensions. The concepts are structured and used as a basis for the formation of themes, and it is also the same as dimensions formed from one or two themes. For themes, the study describes the foundation based on informants, which are given in the table below.

Table 1. Data Structure of Theme Formation

No	Themes	Informant Groups	Frequency of words similarity
1	Feeling the loss together	2,4,1	21
2	Aware of unfair competition	2,4,7	15
3	Trying to break the deadlock	1,2,4, 6, 8	13
4	Criteria for leader figure	1,4	7
5	Plan and approach	1	4
6	Internalization of members	1,2,4	7
7	Frame togetherness	1,2	5
8	Relational lighters	1,2,3,4,5	28
9	Form a team work and build a network	1	3
10	Hard work becomes a character	4	2

The table above provides information groups of informants contributing to the formation of the themes. Each theme is acknowledged by informant groups of nine key informants interviewed. Each theme is constructed and then formed for dimension. The integrated structure map of each stage, from concepts, and themes, to dimensions, is visualized in the picture based on the Gioia method presented in the figure below:

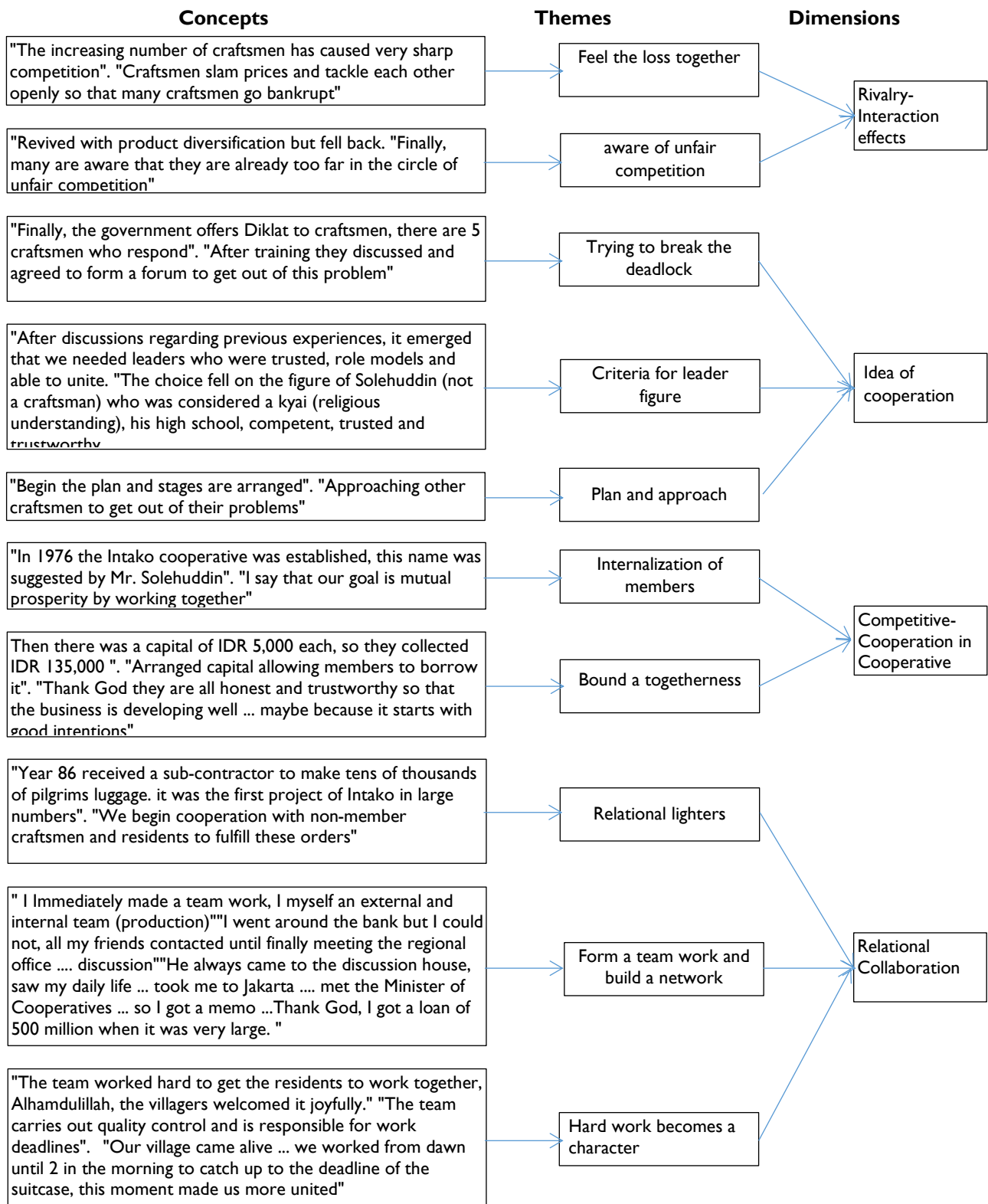


Figure 1. Concept, theme, and dimension formed

The study develops four dimensions by taking into account ten themes developed in the early stage of the study as given in the previous table to follow the approach of Gioia. Based on the study, it is found that relational collaboration did not just appear but through a long process. The formation of relational collaboration is inseparable from one another process. It is a unified process, and each process takes a long time. This process was continuous from one process to another until a relational collaboration was formed. It could also be right to call it an evolutionary process. This process is corrected from the four dimensions: the rivalry effect, awareness of cooperation, the establishment of cooperation, and relational collaboration. The explanation of each process until the formation of relational interaction occurs is presented in the following.

The study found that the initial process started with a rivalry competition called the rivalry effect. It describes the fierce competition effect in price experienced by craftsmen. This rivalry effect combines two themes: feeling the loss and being aware of unfair competition. The findings of the study show that the two themes contributed to 34.29% similarity words delivered by three groups of informants, which are initiator (informant 1), religious leader (informant 7), and craftsmen (informant 2.4).

In the rivalry effect, the theme of feeling the loss is intended to describe the bankruptcy experienced by craftsmen. It was found that there was 20.0% or (21 times) the impact of competition mentioned by three informants (1,2,4). As found in this theme, this condition occurred due to price wars (informant 1, 4). Each craftsman wanted to sell their goods that had not been sold, forcing them to sell at lower prices (informant 2). It also found that a large number of unsold goods occurred due to the impact of a short-term shock in demand. Further, the study found that the sign of price wars was reflected in prices offered no longer taking into account production costs as each of them only wanted to convert unsold stock of goods into money (informants 2, 1, 4). The excerpt of the conversation is presented below

"At that time, unfair competition arose lasted a long time, and the situation was getting worse so that many entrepreneurs went bankrupt" (informant 2.4).

The theme of awareness of unfair competition explains how craftsmen realize the impact of irrational competition. The findings of this study indicate that finally, the craftsmen realized the bad impact of the competition. This is because they experienced business conflicts changing into social conflicts between craftsmen (informant 4,7). In fact, this study also found that conflicts often caused commotion among local residents and disrupted their social life (informant 2). It is found that the triggers of conflicts were due to suspicion among residents, feelings of discomfort, and the desire to win against others (informant 4, 7, 2). The excerpt of the conversation is presented below

"Finally, many realized ... we had gone too far in the circle of unfair competition" (informant 2.4).

The dimensions of the idea of cooperation are formed by three themes and contribute to the 22.9% word similarity conveyed by two groups of informants, namely initiators and craftsmen. These three themes are the basis for forming this dimension: trying to break the deadlock, figuring out a leader's criteria, and planning and approaching.

The theme of trying to break the deadlock explains the results of the discussion on how to overcome craftsman conflicts. There are 13 times or 12.38% similarities of strategies for resolving conflicts. The findings show that training was the main source of ideas for craftsmen on how to resolve it. The findings showed that the craftsmen who attended the training gained knowledge on managing a good business. This became a trigger for discussion, both during and outside the training, on resolving conflicts between craftsmen (informants 1, 2, 4, and 8). Furthermore, this study also found that discussions among craftsmen led to an agreement to form a cooperative and appoint a leader to unite craftsmen and create a healthy business climate (informants 4 and 6). The excerpt of the conversation is presented below

"After the training, they discussed and agreed to form a forum to get out of this problem" (informants 1 and 8).

Furthermore, concerning the theme of the figure criteria for a leader, the study found that five craftsmen and also the initiators were involved in the discussion. It discussed the eligibility of a leader who can unite craftsmen. The findings show that the criteria include a religious leader, highly educated, acceptable by all parties, and ability to manage the mandate (informant 4). This discussion also raised the name of Solehuddin as the right leader (informant 4). The excerpt of the conversation is presented below

"After discussing it, it turns out that we need leaders who are trustworthy, fair, role models and can unite." The choice fell on the figure of Solehuddin (not a craftsman), who is considered a kyai (religious figure recognized by the local community) (Informant 1 and 4).

The theme plan and approach describe the initial approach to encourage craftsmen to join the group to resolve conflicts. The findings show that four times (3.81%) use a personal approach as an initial effort to invite craftsmen to join

(informant 1). There are no other attempts other than this approach. The excerpt of the conversation is presented below

"Start making plans and stages" Approach other craftsmen to get involved "(informant 1).

The interaction dimension in competitive cooperation explains the internalization of members and bounding togetherness among members. This dimension is proved by 13 times the word similarity or 11.43%. In the theme of the internalization of members, the study found that the agreement to resolve the conflicts was a unification effort through establishing a cooperative carried out by Solehuddin, a pointed leader, to achieve mutual prosperity (informant 2 and 4). The excerpt of the conversation is presented below

"In 1976, the Intako Cooperative was established. his name was suggested by Mr. Solehuddin" (informants 2 and 4). Solehuddin said that our goal is to achieve mutual prosperity through mutual cooperation" (informant 1).

In the aspect of bounding togetherness among members, it describes the contribution of group members and the development of the cooperative. This study found that each member initially contributed IDR 5,000 in funds and collected IDR 135,000 total at that time managed by the cooperative (informants 1 and 2). Furthermore, the findings of this study also show that over time, the cooperative became more developed and created an independent office. In this study, it was found that one of the factors in the development of the cooperative is the bond of trust and cared for each other among its members (informants 1 and 2). The collected capital was then managed to support back to members. Since the amount was small, a revolving concept applied allowing the funds to be used by all members when needed. The excerpt of the conversation is presented below

"Then, each member deposited a capital of IDR 5,000. The total funds collected was IDR 135,000" (Informants 1 and 2). "Also, at that time, capital management planning was carried out so that all members could borrow it" (Informant 1).

The relational collaboration dimension describes the receipt of large orders from customers, the type of relational collaboration that exists to fulfill these orders, and the implementation process. In the relational collaboration dimension, three themes make up a contribution of 31.43%. The three themes that make up are relational lighters, forming teamwork and building a network, and hard work becomes a character.

The theme of relational lighters describes the initial orders received by cooperatives and the involvement of cooperative members and non-members as well as local residents to fulfill these orders. This study found that large orders were received by the artisan team cooperative to meet the needs of hajj pilgrims' bags and suitcases (informants 1,2, and 4). Due to the number of cooperative members being small at that time, other craftsmen, non-members, and even the community, including children, are invited to join to fulfill orders (informants 1,2,3,4, and 5). The excerpt of the conversation is presented below

"In 1986, received a subcontractor to make tens of thousands of suitcases for Hajj pilgrims, Intako's first largest project" (informants 1,2, and 4).

"We started a collaboration with non-member craftsmen and residents to fulfill this large order" (informants 1,2,3,4, and 5).

The theme of forming teamwork and building a network explains the process of involving craftsmen and other groups and how to organize customer orders. The study found that the cooperative leader formed external and internal teams to respond to the demand. The internal team was tasked with production activities, while the external team was assigned to persuade craftsmen and the community to get involved. The internal team was then broken down into small teams according to types of work activity (informant 1). The excerpt of the conversation is presented below

"Immediately make teamwork, I have an external and internal team (production)" (Informant 1).

In addition, the study also found that large funds were needed to fulfill orders, and initially, they had difficulty getting funds. However, a recommendation from the ministry of cooperatives made the bank provide a loan of IDR 500 million (informant 1). The excerpt of the conversation is presented below

"I managed to get a loan of 500 million rupiahs even though it was very big at that time" (Informant 1).

For the theme of hard work becomes a character, it explains how the tasks shared and sharing knowledge and skills occurred. This study found that the learning process was self-taught on the spot (informant 1). The task activities

were split based on their ability, where children were given light tasks such as nailing the product. Since the order was carried out for three years, all parties involved are finally proficient and independent. This then makes large orders from home and abroad can be managed as they have been conducting what is known as relational collaboration to fulfill orders according to quantity and quality (informant 1).

The developments that occur in the Intako industrial center illustrate an evolutionary process—starting from rivalry developing in the form of cooperative-competitive interactions and then turning into relational collaboration, illustrating that evolution occurs gradually/periodically where the evolution from the old form to the new form undergoes a transition (Poisson-de Haro, Espejo, & Martí, 2022; Nishiura, S., & Leeruttanawisut, 2022).

Discussion

This study explores in detail how village and society craftsmen formed and how their competitive rivalry turned into a relational competition using the Gioia method. The study found that the change in competitive interaction is an evolution process through three stages: rivalry interaction, competitive-cooperation, and relational collaboration. The changes in competitive interaction are dynamic (Hadded & Hamrouni, 2022), adjusting to the challenges and opportunities occurring in each life cycle. This finding is in line with the first premise by (M. J. Chen & Miller, 2015) which says that competition is dynamic and interactive. It is also echoed by Siggelkow (2007) and Zajac, Kraatz, & Bresser (2000). Further, the existing literature explains that one form of competitive interaction grows naturally within a certain period until it experiences saturation (Greiner, 1998) (Greiner, 1998).

This study finds that the formation of rival interactions is caused by the increased number of craftsmen in response to an increase in shock demand shortly. After the decline in demand, it triggered price wars. Over time, the price competition was getting worse as they began to set a price below the average cost to produce a product. This condition has been stated by Ketchen, Snow, & Hoover (2004) that action and reaction in response to other actions would increase competition. Consequently, some of them were bankrupt due to eroded capital. Several scholars have explained that when the number of businesses increases in the market and the customers are constant, it will increase competition, including competing in price (e.g. Kissi et al., 2022; Graafland, 2016). Further, the condition is even worse when barriers to exit are high (e.g. Cadot, Dutoit, & Olarreaga, 2010; Kotey, 2016). It was indicated by the craftsmen's difficulties in finding a proper job at that time.

The negative impact of unhealthy price competition has raised awareness, particularly for craftsmen involved in training provided by the government. However, it was not easy as there was an existence of distrust among craftsmen. To unify them, they agreed to appoint a leader, a non-craftsman, to facilitate a cooperative establishment and become a chief in that cooperative. This initial concept took time because not all craftsmen were aware of the benefits of collaborating under a cooperative, so few of them were involved at the beginning. The literature states that trust from members will easily arise if the leader is trusted (Mach & Lvina, 2017; De Jong, Dirks, & Gillespie, 2016). Humans will not make change efforts if they do not understand exactly the benefits earned from the efforts (Fernandes & Ferreira, 2017; Gnyawali, Madhavan, He, & Bengtsson, 2016). In fact, they will compare the efforts to make changes to the benefits derived from the change (Sinha, Jaskiewicz, Gibb, & Combs, 2020).

Although the established cooperative involved only a small number of craftsmen, the high commitment of its members has developed the cooperative and fully provided benefits for its members. This attracted more craftsmen to join the cooperative afterward. This has been supported by the literature explaining that commitment can improve organizational performance (Huda et al., 2019; Harwiki, 2016; Liang, Huang, Luc, & Wangd, 2015), and a successful organization has always been a magnet for various groups, including stakeholders (Eisenberger, Malone, & Presson, 2016; Boons, Stam, & Barkema, 2015). Over time, the craftsmen are increasingly widely known, even at the provincial level.

The ability to produce good quality products makes them increasingly known. Large orders come not only within the domestic market but also abroad. To respond to the big orders, they cooperate with each other in a large group involving not only all craftsmen (the cooperative and non-cooperative members) but also the community society. This relationship is even wider as huge order continues forcing them to attract another village to involve. The concept of this collaboration is in what-so-called relational collaboration. Works of literature also note the concept of relational collaboration due to different needs such as an increase in demand, need for capital, innovation, or network marketing, among them, Zahoor & Al-Tabbaa (2020), Huda et al., (2019), Ngugi, Johnsen, & Erdélyi (2010), Welbourne & Pardo-del-Val (2009), Mcgrath (2008).

5. Conclusion

The study investigates how competitive interactions changed and turned into relational collaboration in the Industrial Village of Tanguangin, Indonesia's biggest producer of Bag and Suitcase products. With the Gioia method, the study concludes that the formation of relational collaboration is an evolutionary process of the changes in the competition. It is an inseparable process that begins from rivalry competition, changes into competitive-cooperation, and changes again into a relational competition. The decrease in demand triggered the rivalry competition after experiencing a shocking increase, followed by unfair price competition among craftsmen afterward. This drove rivalry

interaction, leading to impact losses for their businesses, and many of them were bankrupt. After saturation, the idea of cooperation emerged from a few craftsmen. The first competitive cooperation was initially indicated by the establishment of a cooperative called Intako. Cooperation is then developed into relational collaboration in response to the increasing demand. It allows managing mass production with the formation of large teamwork through home-based production level laying on the foundation of mutual benefit by sharing orders, transfer of knowledge and skill, and job divisions to meet the standard of uniformity in quality and quantity.

This study uses a single case involving only one industrial center, so it has not generalized and has not proven whether other cases can consistently replicate the findings. For this reason, first, future research can use multiple cases or comparative case studies that can explore more broadly and elaborate theoretically to refine the findings. It is recommended to use object polarization to get more perfect data.

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Conflict of Interest

The authors declare that the research was conducted without any commercial or financial relationships construed as a potential conflict of interest.

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