



UNIVERSITY OF LEEDS

This is a repository copy of *MNE-NGO partnerships for sustainability and social responsibility in the global fast-fashion industry: A loose-coupling perspective*.

White Rose Research Online URL for this paper:
<https://eprints.whiterose.ac.uk/163479/>

Version: Accepted Version

Article:

Liu, YHS, Napier, E, Runfola, A et al. (1 more author) (2020) MNE-NGO partnerships for sustainability and social responsibility in the global fast-fashion industry: A loose-coupling perspective. *International Business Review*, 29 (5). 101736. ISSN 0969-5931

<https://doi.org/10.1016/j.ibusrev.2020.101736>

© 2020 Published by Elsevier Ltd. Licensed under the Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International License (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Reuse

This article is distributed under the terms of the Creative Commons Attribution-NonCommercial-NoDerivatives (CC BY-NC-ND) licence. This licence only allows you to download this work and share it with others as long as you credit the authors, but you can't change the article in any way or use it commercially. More information and the full terms of the licence here: <https://creativecommons.org/licenses/>

Takedown

If you consider content in White Rose Research Online to be in breach of UK law, please notify us by emailing eprints@whiterose.ac.uk including the URL of the record and the reason for the withdrawal request.



eprints@whiterose.ac.uk
<https://eprints.whiterose.ac.uk/>

Manuscript Accepted by International Business Review

**MNE-NGO Partnerships for Sustainability and Social Responsibility
in the Global Fast-Fashion Industry: A Loose-Coupling Perspective**

Steven Yen-Hung Liu^{a}, Elizabeth Napier^b, Andrea Runfola^c, and S. Tamer Cavusgil^{a,d,e}*

^a*Leeds University Business School, University of Leeds, Maurice Keyworth Building, Leeds LS6
1AN, United Kingdom*

^b*Marketing and International Business, University of Toledo, USA*

^c*University of Perugia, Department of Economics, Via Pascoli, 20, 06123 Perugia, Italy*

^d*J. Mack Robinson College of Business, Georgia State University, USA*

^e*University of South Australia Business School, Adelaide, Australia*

**=Corresponding Author*

MNE-NGO Partnerships for Sustainability and Social Responsibility in the Global Fast-Fashion Industry: A Loose-Coupling Perspective

Abstract

Stakeholders are increasingly aware of the environmental and human rights issues related to highly conspicuous fashion merchandising. To mitigate the negative responses from environmentally conscious consumer groups, fashion merchandisers have sought to partner with non-governmental organizations (NGOs). While there is a growing body of literature on sustainability and social responsibility (SSR), the increasingly popular practice of fast-fashion industry partnering with NGOs has been neglected, and so far, remained under the radar. Such partnerships may be of success, but at the same time while promising on the surface, they can actually go awry, resulting in adverse outcomes for both parties. We build upon the loose-coupling theory to explain the relationships between fast-fashion multinational enterprises (MNEs) and NGOs. We discuss three causes (casual indeterminacy; fragmented external environment; discrete internal environment) and four key benefits (adaptability to environmental changes, flexibility, innovation, and firewalls for separate identity) for loosely-coupled partnerships. We then explore the dark side of such partnerships, identifying three challenges (power imbalance, mistrust and opportunism, and misaligning goals). Finally, we offer a set of propositions as a way of advancing our knowledge of partnerships in fashion merchandising industry.

Keywords: Partnering success, sustainability, social responsibility, fast-fashion merchandising, non-governmental organizations, loose-coupling theory, NGOs, MNEs

MNE-NGO Partnerships for Sustainability and Social Responsibility in the Global Fast-Fashion Industry: A Loose-Coupling Perspective

1. Introduction

The fast-fashion industry has long been under the microscope for irresponsible behaviors such as environmental harms, labor exploitation, and inferior product quality (Murphy & Schlegelmilch, 2013; Wang et al., 2018). “Fast-fashion” is a term used to indicate the strategies retailers adopt to deliver emerging trends quickly (Fernie, 2004). As fashion cycles become increasingly fast-paced, this leads to unsustainable production techniques in order to keep up with consumer demand and increase profit margins (McNeill & Moore, 2015). In response to the growing interest in sustainable business, consumer skepticism towards the fashion industry is growing, as negative information generally outweighs positive initiatives (Skarmeas & Leonidou, 2013). To account for such offenses, managers endeavor to repair public reputations and re-shape public opinion (Beder, 1997). In many other industries, companies align with a non-governmental organization to gain publicity from an ethics leader (Laufer, 2003). However, in the fast-fashion industry, truly successful partnerships between multinational enterprises (MNEs) and non-governmental organizations (MNE-NGOs) remain scant in practice. The reasons for failing MNEs-NGO partnerships remain underexplored (Vachani et al., 2009). Hence, our study aims to offer a systematic assessment of MNE-NGO partnerships in the fast-fashion industry to enrich present aspects for theoretical and empirical implications.

Multiple factors characterize the unique challenges for MNE-NGO partnerships within the fast-fashion industry. First, the fast-fashion industry business model conflicts with sustainability requirements. To meet the demand for ready-to-wear clothing, fast-fashion firms adopt maximizing speed and synchronicity to maintain a rhythm of flexibility to quickly deliver

the latest trends to consumers (Tokatli, 2008). Due to the short life cycle of fast-fashion garments, most clothing items are thrown away within one year, resulting in millions of tons of plastic microfibers being dumped into the ocean (Macarthur, 2017). Fast-fashion firms exploit the 'take-make-dispose' model to maintain low prices for clothing and reduce time to market (Barnes & Lea Greenwood, 2006; Runfola & Guercini, 2013). To keep production costs low, fast-fashion companies often manufacture in countries with lower environmental awareness and looser regulatory systems (Shen, 2014). Therefore, focusing on low-cost and most trendy design, fast-fashion MNEs compromise their ethical standards to stay competitive in the industry.

Second, criticisms over the fast-fashion industry have become intensified over time. Over the last decade, the call for MNEs to contribute to sustainable development is ever-increasing due to their global influence (Kolk & Van Tulder, 2010). The increasing interconnectedness between companies and stakeholders creates new pressures for marketers to be held accountable for their actions and to fulfill sustainability and social responsibility (SSR) requirements (Waddock, 2008; Pedersen & Gwozdz, 2014). Extant research calls for studies on how MNEs connect with different stakeholders to address and the increasing concerns of sustainability issues (Vachani et al., 2009). Accordingly, ethical standards on social and ecological issues play an essential role in the relationship between companies and society (Ingenbleek et al., 2007). As a result, firms are obligated, now more than ever, to adopt sustainable practices (Goworek et al., 2018). As focal SSR offenders, fast-fashion MNEs face immense ethical pressures to improve their SSR practice.

Finally, as national moral standards and ethical practices are fragmented, NGOs are a source of valuable information in shaping the sustainability norms in the global fast-fashion industry. NGOs are key facilitators that advocate for unified sustainability norms and standards

on a global scale (Doh & Teegen, 2002). NGOs are key actors that influence the industrial rules-of-game and accordingly shape MNEs' global business practices (Teegen et al., 2004). They also play a crucial role to strongly orient public opinion by raising awareness and conflicts against unethical MNEs (Villo et al. 2020). In fast-fashion industry, where people urge SSR improvements, NGOs claim the high moral ground for their role to inspect the SSR practice adopted by MNEs.

Within these unique issues of MNE-NGO partnerships in the fast-fashion industry, we employ the lens of loose-coupling theory to better explore the context. The unique challenges discussed above imply a boundary condition to apply traditional relationship governance theory for MNE-NGO partnerships in the fast-fashion industry. Accordingly, we contend that the loose-coupling relationship to be an advantageous mechanism for MNE-NGO partnerships to accomplish SSR in the fast-fashion industry. We intend to contribute to the literature in three ways: (1) we suggest why SSR is an appropriate angle to evaluate MNE-NGO partnerships in the fast-fashion industry; (2) we contend why and how a loosely coupled relationship is the advantageous governance mode for fast-fashion MNE-NGO partnerships; and (3) to address why some fast-fashion MNE-NGO partnerships outperform others, we draw on loose-coupling theory to suggest the antecedents, benefits, and governance problems (the dark side) of such partnerships.

Our focus on the SSR of partnerships between fast-fashion MNEs and NGOs serves a timely topic. Prior to the COVID-19 pandemic, many fashion firms were ambitious in setting SSR objectives. However, due to a decrease in sales of 28-38%, tangible financial assets are top priorities in order to survive (Martinez-Pardo et al., 2020). A recent report suggests, on the one

hand, firms imbedded SSR within their supply chain from conception will remain successful in their partnerships with NGOs. For example, in order to stay afloat, Patagonia shut down operations completely at the end of March 2020 and is likely to recover quickly from their enduring integration of sustainability and commitment to their partnerships with NGOs (Wolf, 2020). On the other hand, companies prioritize commercial success are relatively inactive in their collaborations with NGOs during the crisis, such as Nike, Target, and PVH Corporation (Martinez-Pardo et al., 2020; Wolf, 2020). Varied strategic responses across MNE-NGO partnerships during the crisis suggest some partnerships are more resilient than others. However, little is known regarding the governance mechanisms between MNEs and NGOs that determine such a relentless partnership commitment to SSR. Therefore, we intend to address why and how some MNE-NGO partnerships are more robust and excellent in delivering SSR than others in fast-fashion industry.

Implications offered through the present study are of interest to both global fashion marketers as well as NGOs. Building on loose-coupling theory, we employ a novel angle to understand relationship governance between MNEs and NGOs in fast-fashion industry. Our study identifies the need of loose-coupling to cope with the distinctive purposes, experiences, and knowledge sets between fast-fashion MNEs and NGOs. Indeed, we propose the rich merits of such loose-coupling partnerships in delivering SSR, including the increased adaptability to environmental changes, flexibility, innovation, and separate organizational identity. Finally, while partnerships may be beneficial, they may also face challenges. An unsuccessful collaboration for SSR could lead to a public relation crisis which brings image detriments. With the rising attention on SSR, accompanied by advancements in IT and infrastructures across the globe (Katsikeas et al., 2019), the influence of messages hurting MNEs and NGOs has been

enormously amplified. Hence, our research adopts the loosely-coupling theory to identify the governance problems in MNE-NGO partnerships. We offer an important road map for both MNEs and NGOs in the industry to evaluate the partnership on a proactive basis.

The remainder of this paper is organized as follows. We first analyze the MNE-NGO literature in international business to discuss the fashion industry offenses. Second, we present motives for purposeful partnerships, followed by the reasons for loose-coupling mechanisms. Third, we draw from the loose-coupling theory to illustrate both benefits and the dark side of fast-fashion and NGO partnerships with a theoretical framework. Fourth, we discuss the substantive contributions of this research. Finally, we offer managerial implications and future research avenues.

2. MNE-NGO partnership mechanism in international business: A literature review

Firms can no longer go it alone as strategic partnerships are essential for growth, success, and longevity. MNE partnerships with NGOs have historically provided a competitive edge, access to additional resources, grow the customer base, and strengthen the weaker aspects for each entity through knowledge sharing and innovation spillovers. In particular, MNE-NGO partnerships contribute to increasing the legitimacy of the company to stakeholders (Kong et al., 2002). While the positive outcomes of such alliances have been discussed, the motives, the mechanisms, and the challenges behind such partnerships remain underexplored (Vachani et al., 2009). Table 1 presents a selection of some of the most relevant contributions that addressed the topic of MNE-NGO partnerships.

*** Place Table 1 about here ***

Our study aims at resolving the two missing gaps in past MNE-NGO partnership research. First, although prior work indicates MNE-NGO partnerships and business-to-business relationships might share some similarities (Reed & Reed, 2009), the unique governance mechanisms for MNE-NGO partnerships is little understood. In addition, the literature stream lacks a study to systematically address the factors that benefit or limit the MNE-NGO partnership performance. On the one hand, Baur and Schmitz (2012) stress the role of co-optation in benefiting the partnership performance. On the other hand, Dahan et al., (2010) proposes internal aspects that may impede the MNE-NGO partnership effectiveness. Departing from the past studies solely focus on either the merits or the demerits of MNE-NGO partnership, we intend to offer a systematic, integrative, and theory-based discussion of such partnerships to reach a comprehensive view.

We argue these issues arise from a neglect of industrial context encompassing the MNE-NGO partnerships. In response, we consider the unique industrial context that shapes the dynamics of the partnership. Specifically, because profit-driven MNEs and NGOs share very different missions, a clarification of the overarching goal behind MNE-NGO partnerships in the industry is needed before we probe into governance mechanisms or factors driving performance. We argue SSR to be the primary goal for MNE-NGO partnerships in fast-fashion industry. As mentioned, because fast-fashion industry is characterized by (1) a business model conflicting with SSR, (2) increasing ethical pressures on SSR practice, and (3) segmented SSR requirements across international markets, it is likely these SSR issues are the primary purpose behind fast-fashion MNEs' collaboration with NGOs (and vice versa). By specifying the focus on SSR, our study offers a relevant conceptualization for such partnerships in fast-fashion industry.

Our focus on the fast-fashion industry addresses the prevalence of MNE-NGO partnerships

in the context. For fast-fashion MNEs, partnering with NGOs helps in meeting the increasing SSR demands from stakeholders. Such partnerships serve as a means of publicizing efforts to appeal to the masses (Perks et al., 2013). Partnering with NGOs increases fast-fashion MNEs' transparency and trustworthiness to the public, with an ethical report on MNE's practices offered by a trusted third party. Indeed, NGOs provide sources of ethical knowledge for fast-fashion MNEs, as well as increased trust, credibility, and reputation. Extant industrial cases exemplify fast-fashion MNEs' collaborations with NGOs to respond to the increased attention to unsustainable practice. For example, fast-fashion firms such as Zara and H&M partner with well-known NGOs. Zara joined forces with Water.org (Water.org, 2019) to expand access to safe water and sanitation for those in need in countries such as Bangladesh and Cambodia. H&M partnered with the Ellen MacArthur Foundation for projects facilitating the diffusion of a circular economy, an innovative design process for a regenerative economy.

The public stress also drives NGOs to collaborate with fast-fashion MNEs. Such partnerships generate greater public awareness of SSR problems such as gender equality and environmental sustainability. These outcomes would not otherwise be achievable if NGOs acted alone. Partnering with fashion firms brings NGOs with industrial knowledge of operations and marketing skills for a more significant impact. Partnering with the private sector presents opportunities to expand networking. Well-known examples of partnerships include: The World Wildlife Foundation (WWF) and IKEA; and the United Nations Educational, Scientific and Cultural Organization (UNESCO) and Panasonic.

Overall, our study presents a significant departure from extant IB research on MNE-NGO partnerships in multiple ways. First, we focus on the contextual influences of the fast-fashion industry. The fast-fashion industry presents a unique context that past MNE-NGO partnership

literature might not be completely applied. We argue that SSR is a more appropriate angle to evaluate MNE-NGO partnership performance in such industry. Second, by choosing a specific industrial domain, our study complements the literature by proposing a novel mechanism underlying MNE-NGO partnerships: the loose-coupling relationships. Finally, building on theoretical reasonings and industry insights, we systematically suggest the drivers and challenges (the dark side) for the MNE-NGO loose-coupling. Our theorization underscores the SSR performances from MNE-NGO partnerships, with critical implications for future scholars and practitioners. In the following section, we postulate why the fast-fashion industry is an SSR offender and how such industrial characteristics contextualize a challenging background for MNE-NGO partnerships.

3. SSR: The moral imperative for the fast-fashion industry

Sustainability and social responsibility (SSR) refers to the intentions that go beyond the national and industrial standards that advocate for a collective ecological balance. SSR includes initiatives aimed at long-term objectives that call for companies to contribute to the development of economies at a local and global level (Reed & Reed, 2009; Marano & Tashman, 2012). Specifically, SSR activities relate to philanthropic projects that affect the general welfare of the community. These initiatives are formed through the history, legacy, and culture of the business to improve the wellbeing and longevity of future generations. SSR is distinctive from corporate social responsibility (CSR), as CSR involves managing a firm in such a way that is economically profitable, law-abiding, and ethically and socially supportive (Carroll, 1979). CSR is traditionally a short-term strategy to build positive brand awareness.

We employ the concept of SSR to argue that a firm's strategy incorporates various partnerships to increase stakeholder awareness of social initiatives by means of creating shared

value between the business and the society. Ethical standards on social and ecological issues play an important role in the relationship between companies and society (Ingenbleek et al., 2007). According to this view, corporations take on this responsibility by improving the welfare of stakeholders. As a result, firms are obligated to adopt SSR practices to appeal to the demand for sustainable practices in a world of dwindling resources (Goworek et al., 2018).

The fast-fashion business model drives the increasing SSR concerns. Global textile consumption is estimated to amount to 30 million tons a year (Shen, 2014). Fast-fashion merchandisers' focus on speed and low-cost inevitably comes with massive pollution, labor exploitation, and textile waste. The fast-fashion industry compels firms to race to produce the latest trends as quickly as possible, resulting in critical SSR offenses. Fast-fashion companies embody unsustainable behavior as firms deliver trends to consumers at an increasingly fast rate (Joy et al., 2012). Despite these offenses, the demand for fashion items continues to rise exponentially. Industry experts estimate, by the year 2025, there will be an increase of 77 percent of carbon dioxide emissions, 20 percent of water use, and 7 percent of land use (Remy et al., 2016).

Accordingly, we argue SSR performance is a fitting way to evaluate MNE-NGO relationships in the fast-fashion industry. As illustrated, increased pressures from stakeholders, mass media, and internet exposures have pushed both the fast-fashion MNEs and NGOs to improve their SSR practices. Under strong pressure for SSR in this industry, MNE-NGO partnerships can be viewed as a strategic response for both parties to seek legitimacy. Improvement of SSR practices constitutes primary motivations behind MNE-NGO relationships in this industry. Therefore, apart from prior studies that focus on instrumental reasons behind MNE-NGO relationships (please see the references in Table 1), our study addresses normative

implications of SSR in MNE-NGO relationships.

SSR performance of MNE-NGO partnerships in the fast-fashion industry is little understood. Global brands like Gap and Nike have been scrutinized in the past decades for their ethical failures due to their use of sweatshop labor and various environmental offenses (Shaw et al., 2006). In 1991, Nike was publicly shamed when the fashion firm was caught exploiting low-cost labor in Indonesia (Nisen, 2013). Protests broke out and damaged Nike's image worldwide. An implication of such scandals is continuously brought to people's attention could be an ineffective collaboration between MNEs and NGOs in the fast-fashion industry. A systematic, thorough, and theory-based understanding of MNE-NGO partnerships in the fast-fashion industry is needed.

4. Causes of the loose-coupling relationships between fast-fashion MNEs and NGOs

We build upon the loose-coupling theory to explain the relationship between fast-fashion merchandisers and NGOs. A loose-coupling relationship refers to a system in which every party is connected but also remains independent, therefore not wholly determined by their connected counterparties (Orton & Weick, 1990). Specifically, loose-coupling is a system that allows causal indeterminacy, dispersed expectations, and fragmented goals and actions (Orton & Weick, 1990). Scholars suggest an important feature of loose-coupling is that it manages incompatible concepts to work and to be mediated between the two extremes (Orton & Weick, 1990; Thompson, 1967). The subunits within a loose-coupling system are not connected by strict rules or hierarchies, but rather orchestrated through strong leadership, shared values, and focused targets (Orton & Weick, 1990). Each party is connected, interdependent, and responsive, but each entity also maintains clearly separated identities from one another in a loosely coupled relationship. Multinational fast-fashion merchandisers and NGOs have different purposes, segmented external environments, and distinctive organizational cultures that allow for a

connected collaboration, while also retaining distinctive autonomy. Varying motives for fast-fashioned MNE-NGO partnerships are highlighted in Table 2.

As the goals between fast-fashioned MNEs and NGOs are related, but still varied, we argue that loose-coupling management is a sustainable mechanism for MNE-NGO partnerships. We summarize our conceptualization of loose-coupling relationships between fast-fashioned MNEs and NGOs in Figure 1.

*** Place Table 2 and Figure 1 about here ***

We build upon Orton and Weick (1990) to describe how and why the loose-coupling management appropriately serves MNE-NGO partnerships in the fast-fashion industry. To illustrate, Orton and Weick (1990) identify three defining characteristics of a loose-coupling system: (1) causal indeterminacy, (2) fragmented external environment, and (3) dispersed internal environment.

First, causal indeterminacy implies a vague, abstract, and ambiguous connection across variables (Orton & Weick, 1990). Loosely coupled parties lack a strict causality interpretation system across problems, actions, and solutions (Weick, 1976). The unclear link between means and ends create spaces for flexibility. We assert that, as SSR is an intangible notion that demands a localized inferential deduction, a loose-coupling partnership allows two parties, with very different specializations, to develop idiosyncratic understandings. MNE- NGO partnerships are particularly challenged due to the nature of the cross-sector partnerships (Googins & Rochlin, 2000; Wymer & Samu, 2003). Significant differences between sector-specific experiences, knowledge, and norms present structural problems if fast-fashion MNEs and NGOs opt for a tight-coupling relationship. The central governance issues in the unique context of fashion merchandisers and NGOs is due to pursuing a “fix” to SSR offenses but lacking a clear

operationalization. A loose-coupling relationship allows each partner to use their own knowledge to read and adapt to the SSR expectations. Therefore:

Proposition 1a: The causal indeterminacy of SSR is likely to encourage the loose-coupling partnerships between NGOs and fashion merchandisers.

Second, a fragmented external environment implies that loosely coupled parties encounter incompatible expectations and dispersed environmental stimuli (Orton & Weick, 1990). As illustrated, a critical issue for fast-fashion MNEs to partner with NGOs is that, the fast-fashion business model is contradictory with strict SSR expectations. To stay competitive in the industry, it is imperative for fast-fashion MNEs to maintain trendy product supplies with affordable prices to meet customers' expectations. Failing to meet customer demand might lead to a decrease in profitability, disappointing stockholders. However, in the fast-fashion industry, short-term life cycle brings problem of waste, cost reduction engenders labor exploitations, and the dispersed global supply chain makes it challenging to monitor suppliers' ethical behaviors. These SSR risks disturb public's expectations of NGOs. To resolve this dilemma, a loose-coupling relationship generates a buffer for both parties to avoid legitimacy loss. For fashion merchandisers, loose-coupling arrangements ensure merchandisers will not shift away from the profit-maximization narrative. For NGOs, separate organizational identities of loose coupling provide protection from losing public legitimacy. Thus:

Proposition 1b: The fragmented external environment is likely to encourage the loose-coupling partnerships between NGOs and fashion merchandisers.

Finally, the dispersed internal environment refers to a weak connection across divisional elements, processes, and activities (Orton & Weick, 1990). A loose-coupling system generates dispersed spaces that guarantee each actors' capacity for autonomous actions. Minimum levels of formal institutions, regulations, or policies constitute the foundation of loose-coupling management to eliminate unnecessary controls or constraints (Bahemia, Sillince, &

Vanhaverbeke, 2018). For loose-coupled partnerships between fashion MNEs and NGOs, only the necessary information for certain SSR purposes are shared, just particular departments or representatives are involved, and both parties agree that the partnership addresses certain operational scopes. A clear boundary fosters self-determination to improve both parties' satisfaction and commitment in the relationship. Within the loosely coupled exchange process, both parties maintain their autonomy to propose and negotiate an adapted approach. Compared to other tight-coupling systems such as ownership control, a loose-coupling relationship increases the likelihood of reaching a pragmatic operationalization for SSR activities for both sides.

Hence:

Proposition 1c: The dispersed internal environment is likely to favor the loose-coupling partnerships between NGOs and fashion merchandisers.

5. Benefits of loose-coupling relationships between fast-fashion MNEs and NGOs

Building on the loose-coupling theory, we suggest the following benefits of loose-coupling partnerships between fast-fashion MNEs and NGOs: (1) adaptability, (2) flexibility, (3) innovation, and (4) buffering for separate identities (Beekun & Glick, 2001; Orton & Weick, 1990).

First, the loose-coupling collaboration benefits both fast-fashion merchandisers and NGOs to cope with environmental changes. As a loose-coupling collaboration allows actors to receive and read information independently from each actor's idiosyncratic environments, a successful loose-coupling system will expand each actor's scope of information and strategy set (Beekun & Glick, 2001; Orton & Weick, 1990).

The fast-fashion industry makes such benefits of loose-coupling especially important. The very short product cycle constitutes a high industrial volatility. It is imperative for fast-fashion

companies to utilize their networking resources to build resilience amid the fast-changing environment (Remy et al., 2016). Moreover, as the fast-fashion industry has become the main industry SSR offender, the challenge is not only to maintain economic profitability but also to cultivate socio-ecological legitimacy across the globe. As mentioned, the fast-fashion industry is known for its extremely short product life cycle, high volatility, and rapidly shifting fashion and style trends. Retailers are under pressure to be highly responsive in stock and logistics systems to adjust to changes in consumer interests.

These characteristics constitute the fast-changing, volatile, and dynamic industry. Fast-fashion merchandisers constantly face the challenges of adapting themselves to the external changes, and their goals in SSR operations might be frequently revised. We argue that, a loose-coupling partnership with the NGO expands the fast-fashion MNE's knowledge and understanding in legitimacy-building. Such cross-sector information sharing, learning, and knowledge exchange generate a collaboration-level resilience amid unforeseeable changes (Bahemia et al., 2018; Beekun & Glick, 2001). Therefore, we suggest:

Proposition 2a: The loose coupling between NGOs and fashion merchandisers is likely to increase the partnership's adaptability toward external changes.

Second, the loose coupling between fast fashion MNEs and NGOs advances the level of flexibility inside the partnership. Loose-coupling theory suggests, as the loose-coupling system allows causal indeterminacy, the vague causal connection between actions and consequences shifts the joint decision-making from a calculative way toward a more creative style (Orton & Weick, 1990; Sarasvathy, 2001). Indeed, as the loose-coupling system allows each actor to retain its identity and autonomy, the decision process is collective and goal-oriented that is inclusive of diversified strategy perspectives (Orton & Weick, 1990). A higher-level of inclusiveness thereby

guarantees the spaces for flexibility, in terms of decision-making, activity set, goal setting, and strategy focus.

As mentioned, the internal culture, mindset, and identity between fast-fashion MNEs and NGOs can be extremely different from each other. A loosely coupled collaboration with constrained integration in certain areas will ensure the essential space for both parties to develop their localized goals and strategies. An unnecessary tight-coupling collaboration between fast-fashion MNEs and NGOs might lead to severe cultural conflicts and collaboration problems.

Hence:

Proposition 2b: The loose coupling between NGOs and fashion merchandisers is likely to enhance the partnership's flexibility.

Third, loose coupling benefits the partnership between fast-fashion MNEs and NGOs in innovation. Loose-coupling theory contends a loose-coupling relationship safeguards each party from retaining its own knowledge system, in a way that facilitates the relationship-level idea generation by having conversations between two knowledge paradigms (Orton & Weick, 1990; Weick, 1976, 1995). That is, a loose-coupling system ensures every party is willing to contribute to the collective knowledge domain without worrying about being exploited or forced to change its own view (Beekun & Glick, 2001; Weick, 1995). As parties do not need to fully agree on certain organizational value and principles within the loose-coupling system, each party also does not need to be concerned about addressing a different opinion might lead to severe conflicts (Orton & Weick, 1990). Past research in other areas finds empirical support that loose-coupling augments business alliances' innovation performance (Acharya et al., 2019; Bahemia et al., 2018).

Applying these insights on fast fashion MNEs and NGOs, we propose that a loose-coupling relationship constructs a sophisticated climate for bilateral communication and knowledge exchange. This is particularly important for fast-fashion MNEs and NGOs as their organizational missions, goals, and cultures tend to be mismatched. A loose-coupling collaboration is more likely to generate innovative ways to address the complexity of SSR problems. Accordingly, we delineate:

Proposition 2c: The loose coupling between NGOs and fashion merchandisers is likely to enhance the partnership's innovation potential.

Finally, the loose-coupling sets up the firewall and safeguards both fast-fashion MNEs and NGOs to retain separate and independent identity from the collaboration. Loose-coupling theory suggests that, since only limited areas are communicated or integrated into a loose-coupling relationship, systematic problems could only be partially spread across loose-coupled actors (Orton & Weick, 1990). Weak integration and informal processes imply that each party can easily terminate the loose-coupling relationship without worrying about relationship-specific investments (Weick, 1976). As a loose-coupling relationship allows each actor to have full autonomy and control over its activities, it implies that each actor assumes full accountability of its actions outside the domain of the collaboration (Orton & Weick, 1990; Weick, 1976).

We argue that for such a “firewall” that retains independent identity as well as limited accountability is important to both the fast fashion MNE and the NGO. For fast fashion MNEs, it is essential to stay financially competitive to fulfill their commitment to stockholders. They cannot let NGOs excessively interfere with their operations so as to jeopardize profitability.

For NGOs, they cannot offer a full endorsement of fast-fashion MNEs' SSR behaviors. Public opinion is important in terms of who is responsible if the partnership fails, and why it was

preemptively aborted. In partnering with corporations, NGOs often struggle with how to cope with ethical issues arising from dishonest or questionable business operations (Burchell & Cook, 2013). To achieve these goals, NGOs aim to retain their autonomy in order to take the right actions in coping with such dilemmas. When collaborating with controversial fast-fashion merchandisers, NGOs set boundaries to manage their public sentiments for a quick exit (Joutsenvirta, 2011). Therefore, when partnering with fast-fashion merchandisers, NGOs strive for an independent public image to avoid legitimacy concerns (Ashman, 2001). Any ethical scandal of the MNE will very much hurt the NGO's credibility and legitimacy. Thus, we contend:

Proposition 2d: The loose coupling between NGOs and fashion merchandisers is likely to set up the firewall to retain each party's independent identity.

6. Why loose-coupling between fast-fashion MNEs and NGOs may fail

Yet, despite their promise, loose-coupling of fast fashion MNE-NGO partnerships may become dysfunctional. Building on the loose-coupling theory, we address the dark side of partnerships between fast-fashion MNEs and NGOs manifesting in power imbalance, mistrust and/or opportunism, therefore lacking goal alignment (Orton & Weick, 1990; Weick, 1976). For the primary propositions of each dark side challenges (P3, P4, and P5), we offer derivative propositions to suggest possible sources of these dark sides in fast-fashion context (P3a-b, P4a-c, and P5a-b). As this is one of the first study using loose-coupling theory in the fast-fashion context, we rely on interfirm governance literature to develop these derivative propositions. In particular, the current study addresses the dark side in the global fashion industry and the unique governance problems with NGOs, in contrast to profit-seeking partnerships. We discuss these issues in the following sections.

6.1 Power Imbalance

Loose-coupling research suggests power structure determines the nature of partnership dynamics and is a critical premise whether the loose-coupling mechanism works (Orton & Weick, 1990). In a loosely coupled system, each party maintains a level of autonomy to decide its strategy and activity. At the partnership level, each party should contribute based on the party's own willingness (Weick, 1976). If the bilateral power is imbalanced, the superior party is likely to demand the inferior party to adhere to the dominant partner's interest (Cowan et al., 2015; Emerson, 1976). This hierarchical order from the superior party lowers the inferior's sense of autonomy and constrain the inferior's flexibility (Danneels, 2003). Therefore, the power imbalance is a significant detriment to the loose-coupling system, shifting the relationship to be more hierarchical and controlling.

Power imbalance presents a relationship-level challenge for imposing a loose-coupling relationship in many ways. Power imbalance harms the relationship development and causes the partnership to become vulnerable (Kumar et al., 1995). The stronger partner will enjoy a greater choice of candidate partners to select from (Emerson 1976; Kumar et al., 1995), thereby undermining the weaker partner's structural motivation to consistently identify or cooperate. The weaker partner is constantly exposed to the threat of being exploited by its opponent's power advantage. Power imbalance also hinders necessary task coordination and joint decision making (Gulati & Singh, 1998). Such fears and concerns inhibit the weaker partner's affective reason to continue with the relationship (Anderson & Weitz, 1989). As a result, relational conflicts escalate and impair trust development with higher levels of power imbalance (Kumar et al., 1995). Therefore:

Proposition 3: The power imbalance between NGOs and fashion merchandisers present a challenging relationship structure to perform a loose-coupling partnership, potentially leading to ineffective SSR.

Regarding the relationship between fast-fashion MNEs and NGOs, at least two relationship characteristics may lead to a power imbalance. First, differences in resource abundance between fast-fashion MNEs and NGOs could constitute an imbalanced power structure. According to the resource dependence theory, the level of resource availability between two organizations is a critical factor in shaping the power structure (Casciaro & Piskorski, 2005; Drees & Heugens, 2013; Emerson, 1976). That is, as the inferior party is more dependent on the superior in receiving essential resources, the superior will exercise its advantage to demand constraints and controls at the relationship (Casciaro & Piskorski, 2005).

This parasitic relationship results in the misuse of power to acquire a greater share of the relationship's benefits and dictate the activities of the less powerful one (Cowan et al., 2015; Emerson, 1976; Blau 2017; Hewett & Bearden, 2001). Imbalanced power structure may descend from the need of NGOs to partner with companies for fundraising. For example, according to the Corporate-NGO Partnerships Barometer 2017 (C&E Advisory Services, 2017), a survey that maps 126 partnerships among leading U.K.-based firms and major NGOs, for 93 percent of the NGOs, receiving a revenue flow still represents the primary reason for continued partnerships. Consequently, in a scenario where the fast-fashion merchandiser becomes the major source of finances for the NGO, the former enjoys coercive power advantage. Hence:

Proposition 3a: Resource dependency between NGOs and fashion merchandisers constitutes a power imbalance, which weakens the loose-coupling of partnership, potentially leading to ineffective SSR.

Second, a very different level of moral grounds between fast-fashion MNEs and NGOs poses another challenge for the power balance. The institutional theory describes that an

organization's legitimacy should be viewed as an operational resource and intangible asset (Suchman, 1995; Tost, 2011). Suchman (1995) contends that legitimacy, which is obtained by continued compliance with the institutional pressures, is an important source of organizational empowerment in gaining social supports. NGOs' source of societal legitimacy lies in their constant activities in offering solutions to ethical issues, exposing ethical scandals to the public, assisting the social vulnerability, and pushing environmental movements toward SSR (Arenas, Lozano, & Albareda, 2009).

Gnes and Vermeulen (2019) find that, the role of legitimacy in empowering NGOs in a certain area is particularly important when the context shows high normative pressures. As the fast-fashion industry has been blamed as the SSR offender, the legitimacy crisis might empower the NGO with a much higher moral ground in the partnership. Indeed, fashion merchandisers may lack SSR knowledge and experience. In this situation, the NGO enjoys the privilege of expertise and the right to define legitimacy criteria. Multiple international business studies find that, when entering foreign markets, MNEs tend to comply with local normative pressures to gain local legitimacy (Henisz & Zelner, 2005; Martínez-Ferrero & García-Sánchez, 2017; Suchman, 1995). These empirical findings show that a legitimacy crisis shadows MNEs' autonomy and force MNEs to comply. Accordingly, we suggest:

Proposition 3b: Mismatched moral grounds between NGOs and fashion merchandisers constitute a power imbalance, which weakens the loose-coupling of partnership, potentially leading to short-term and ineffective SSR.

6.2 Mistrust and opportunism

In accordance to the loose-coupling literature, as a loose-coupling system does not strictly impose formal rules or policies, therefore a loose coupling partnership is necessary in

order to unify independent actors through socialization (Orton & Weick, 1990; Weick, 1976, 1995). Mutual trust plays the foundation that facilitates information sharing, flexibility, and solidarity of the loose-coupling relationship (Beekun & Glick, 2001; Lado et al., 2008; Newton et al., 2014). As suggested by Newton et al. (2014), mutual trust in a loose-coupling partnership creates the space of minimal oversight toward each other, creating a climate that each party reasonably considers the relationship-level benefits rather than solely driven by self-interests. Trust is thereby the invisible infrastructure for any loose-coupling relationship.

Specifically, interorganizational trust implies a willingness to rely on an exchange with a partner in whom one has confidence (Morgan & Hunt, 1994). Higher trust is associated with a lower level of opportunism (Gulati, 1995) and presents confidence in partner integrity, reliability, and benevolence (Doney & Cannon, 1997; Gulati & Singh, 1998). Interorganizational trust also facilitates resource mobilization and reforms the exchange climates that benefits both the relationship and performance (McEvily et al., 2003).

In a loose-coupling system, parties are connected through weak linkages (Orton & Weick, 1990; Weick, 1976). Such an exchange system might create instability for the entire loose-coupling arrangement (Danneels, 2003). In order to arrange a loose-coupling network among firms, it is essential to resolve each partner's concerns of the free-riding issue to preserve the weak ties within the network (Dhanaraj & Parkhe, 2006; Klerkx & Aarts, 2013; Nambisan & Sawhney, 2011). Concerns of opportunism could cause a structural impediment to loose-coupling operation and lower the overall performance (Dhanaraj & Parkhe, 2006). The failure to build and maintain trust leads to difficulties in ongoing communication and collaboration, which is particularly harmful to loose-coupling partnerships that rely on voluntary contributions (Beekun & Glick, 2001; Newton et al., 2014). Hence:

Proposition 4: The mistrust and opportunism between NGOs and fashion merchandisers are likely to present a challenging relationship structure to perform a loose-coupling partnership.

To address the “dark side” of trust-building between fast-fashion MNEs and NGOs, we rely on the rich literature of interorganizational relationship management (Liu et al., 2018; McEvily et al., 2017; Morgan & Hunt, 1994; Palmatier et al., 2006; Palmatier et al., 2008). Building on the Transaction-Cost Economics (TCE), a great body of literature identifies three key challenges of interorganizational trust-building: external uncertainty, behavioral uncertainty, and asset specificity (Geyskens et al., 2006; Katsikeas et al., 2009; Palmatier et al., 2006).

First, past research suggests the high level of external uncertainty implies an adjustment problem for future collaborations (Heide, 1994; Katsikeas et al., 2009; Williamson, 1985). That is, external uncertainty lowers the managers’ ability to address all the possible changes in future collaborations. When past practice cannot be followed, ambiguities regarding collaboration requires ongoing communications to be adapt to external changes. Conflicts and mistrust might thereby arise from such a volatile environment.

Notably, although a loose-coupling system might expand both parties’ horizon and information set to better cope with external changes, it does not mean the trust-building within a loose-coupling partnership is immune from the external uncertainty. We argue that, from ex-ante, external uncertainty poses an environmental challenge for trust-building to exact the loose-coupling system. However, from the ex-post, once the loose-coupling manner is firmly established, both parties will benefit from a broader scope of the information set to manage environmental changes. As mentioned, the fast-fashion industry is characterized by a short-term product cycle to catch the trendiest product format (Tokatli, 2008). The Internet and social media also make it difficult when or where any ethical scandals might be bringing into the public’s

attention. These environmental volatilities pose a condition to build mutual trust and eliminate opportunism (Wathne & Heide, 2004; Williamson, 1985). Therefore, we suggest:

Proposition 4a: External uncertainty of the fashion industry constitute mistrust and opportunism, which weakens the loose-coupling partnership between NGOs and fast-fashion merchandisers, potentially leading to ineffective SSR.

Second, behavioral uncertainty between fast-fashion MNEs and NGOs is another important reason that causes mistrust and opportunism in the partnership. Behavioral uncertainty refers to the likelihood that an actor will act opportunistically in the relationship (Heide, 1994; Stump & Heide, 1996; Williamson, 1985). Two factors lead to the behavioral uncertainty of fast-fashion MNEs and NGOs in the partnership. First of all, SSR is an abstract concept that needs localized translation and operationalization. Such characteristic implies the performance ambiguity problem of SSR activities (Heide, 1994; Stump & Heide, 1996; Wathne & Heide, 2000). When action performance cannot be accurately and objectively measured from ex-ante, it creates an opportunism concern that each party cannot be completely certain if its opponent acts opportunistically during the collaboration process (Williamson, 1985).

In addition, because fast-fashion MNEs and NGOs share very different missions and purposes, misalignment of incentives motivate each party to opportunistically exploit the partnership (Niesten & Jolink, 2012). On the one hand, fast-fashion retailers notoriously embody unsustainable behavior as firms deliver fashion trends to consumers at an increasingly fast rate at the cost of human rights violations and environmental pollution (Joy et al., 2012). Publicizing partnerships with NGOs provide basic facts about the nature of the partnership, but often fails to provide details about the labor and sourcing practices (Dickson & Eckman, 2008). Negative media exposure and NGO campaigns influence the shift of the focus from the product to the

abuses in sustainable supply chain practices (Carrigan, et al., 2013).

On the other hand, fast-fashion merchandisers are concerned that NGOs might turn against the merchandiser in pursuit of their own selfish interests (Rivera-Santos & Rufín, 2010). NGOs take chances to leverage their influences on mass media to address environmental and societal issues. For example, Carrigan et al. (2013) report evidence that NGO campaigns shift stakeholder focus from the product and service to ethical supply chain practices, attributing social responsibilities onto merchandisers. Therefore, we assert:

Proposition 4b: Behavioral uncertainty constitutes mistrust and opportunism, which weakens the loose-coupling partnerships between NGOs and fashion merchandisers, potentially leading to ineffective SSR.

Finally, the cross-sector collaboration between fast-fashion MNEs and NGOs implies necessary relationship-specific investments from both parties. The safeguarding problem might challenge mutual trust in such partnerships (Heide, 1994; Stump & Heide, 1996; Williamson, 1985). SSR activities require certain resource allocations and capital investments to be properly implemented (Thauer, 2014). SSR campaigns vary in the goal of resolving the focal issue, and fast-fashion merchandisers might need to allocate investments for this specific task. For example, unique human capital resources might need to be deployed in order to perform specialized SSR activities. Regarding pollution reduction, company investments in green research and development and production processes might be at a pre-commercial stage that is not yet marketable. Commitments to technological advancements in green production create expert knowledge and specialized machinery, which constitute assets that are not re-deployable. As Williamson (1985) describes, relationship-specific investments turn the market-based partnership into a small number condition. The investing party would, therefore, become vulnerable if its

relationship-specific investments cannot be safeguarded from the opponent's possible opportunistic behaviors. Hence:

Proposition 4c: Asset specificity constitutes mistrust and opportunism, which weakens the loose-coupling partnerships between NGOs and fashion merchandisers, potentially leading to ineffective SSR.

6.3 Lack of Goal Alignment

As suggested by loose-coupling studies, because loose-coupling systems do not employ strict procedures or process controls in cross-organizational arrangements, it is important to have goal alignments that motivate both parties to stay focused and united (Orton & Weick, 1990; Weick, 1995). As mentioned, socialization is an important mechanism underlying the loose-coupling system to unify diverse interests (Weick, 1976). Shared mission, goal, or strategic focus will compensate the ambiguities in the loose-form process, shifting both parties' focus toward the focal results or performances (Orton & Weick, 1990). Goal alignment between actors is a key driver in enacting a loose-coupling relationship. In fast-fashion MNE-NGO partnerships, when each party is confident that its opponent would dedicate genuine efforts for the SSR goal, the party would be tolerant toward the opponent's novel ideas, strategies, and activities. Ouchi (1980) finds that a functioning loose-coupling system constantly reaffirms the shared values and goals to compensate for the relatively weak rules and regulations. In other words, a misfit in goals and views jeopardizes the longevity and effectiveness of the loosely coupled partnership. A loose-coupling relationship without a unifying goal will make the relationship segmented and disintegrated. Thus:

Proposition 5: The lack of goal alignment between NGOs and fashion merchandisers is likely to present a challenging relationship structure to perform a loose-coupling partnership.

In terms of fast-fashion MNE - NGO partnership, a natural reason to bring the two parties closer together is to improve SSR performance. However, the multi-faceted nature of SSR might create challenges for fashion MNEs-NGOs partnerships to identify a specific and focused goal to enact the loose-coupling. Fashion merchandisers and NGOs tend to underestimate the difficulty of an unambiguous definition of reciprocal roles and responsibilities. As mentioned, SSR is a vague and abstract notion that requires subjective interpretations to translate the principles into relatable notions and measurable activities. Thus, SSR activities at the partnership level require sound mutual understanding to make sure both parties are on the same page. In the absence of this mutual understanding, the relationship could be driven by short term goals and, and consequently, fail to produce synergetic outcomes. Both the fashion firm and the NGO ought to be transparent about the goals, anticipated outcomes, as well as the risks in collaborative SSR projects. However, it is difficult for fast-fashion merchandisers to understand the NGOs' altruistic logic. Based on 120 subjects from leading companies and NGOs, the 2017 C&E Advisory Corporate-NGO Partnerships Barometer report suggests that most practitioner-NGO partnerships face ambiguities in measuring and communicating the impact of the partnership. Over one-third of companies (36 percent) are self-rated as 'poor' or 'below average' at communicating the impact of partnerships. Overall, the multi-faceted nature of SSR implies high levels of misunderstanding and conflicts, partly arising from different views on business and societal priorities. Thus:

Proposition 5a: The multifaceted nature of SSR constitutes the misalignment of goals, which weakens the loose-coupling partnerships between NGOs and fashion merchandisers, potentially leading to ineffective SSR.

Another key challenge for the partnership's goal alignment is the discrete expectations of SSR across different countries. Although the contemporary business practice widely recognizes

the importance of business ethics, each national, policy, culture, and business practice understands the moral principles and practices very differently (Cavusgil et al., 2014; Leung et al., 2002; Morris et al., 1999). A central challenge for MNEs' SSR is to understand and cope with the variety of SSR standards across different countries (Kolk, 2010). That is, as MNEs cope with the complexity of cross-national operations, it remains unclear how MNEs deal with trade-offs between moral principles of different nations. For example, the famous 1996 Nike scandal of using child labor in Pakistan shocked Western consumers (Meyer, 1999). The rising attention led to a series of protests and boycotts against Nike products, forcing Nike to shut down the controversial plant. However, several post investigations show very different perspectives. Spar and Burns (2000) note that, Nike offered much higher wages and built more quality workplaces for Pakistani plant workers than the local counterparts. Scamardella (2015) asserted that Nike set a standard in Pakistan that changed and advanced the local SSR practices.

This example illustrates the complexity of varying moral principles, norms, and practices that MNEs encounter. Given that the fast-fashion industry is highly internationalized, fashion MNEs face the challenge of implementing a code of conduct across all the stakeholders in the global supply chain (Remy et al., 2016). Indeed, the relativistic understanding of ethics and moral principles suggests that it is unlikely to carry out universal SSR practices that satisfy all countries (Cavusgil et al., 2014). The fast-fashion MNEs' paradox between profitability and responsibility would be further compounded by varying local, multi-local, and global SSR expectations. Although MNE-NGO partnerships might be a possible way to address the issue, Kolk (2010) warns such a relationship might add another dimension of the complex paradox faced by MNEs.

Proposition 5b: The varying SSR expectations and regulations across different countries contribute to misalignment of goals, which weakens the loose-coupling partnerships between NGOs and fashion merchandisers, potentially leading to ineffective SSR.

7. Discussion

The global fashion merchandising sector is a \$3 trillion industry, accounts for two percent of the world's GDP, and employs some 33 million workers (Wells, 2017; Wang, et al., 2018). Fast-fashion merchandisers, while very profitable, have not yet demonstrated a resolve to systematically practice sustainable and socially responsible behaviors (SSR). As a solution, many fashion merchandisers partner with established NGOs as a promising strategy to meet stakeholder demands. Yet, such a strategy is fraught with mishaps. Adopting best practices in forming relationships can go a long way towards avoiding partnership selection mishaps and achieving intended outcomes for both partners. By incorporating the loose-coupling perspective, this study suggests multiple propositions regarding the relationship performance of fashion merchandiser-NGO partnerships. Our study extends the international business field's understanding in three ways.

First, we contribute to the literature of MNE-NGO partnership management. As an extension from works on generic patterns across industries, our study specifically focuses on the context of fast-fashion business. We identify the pressure of SSR improvement motivates both MNEs and NGOs to form collaborations. However, in this industry, MNEs adopt a SSR-violating business model for profit-maximization, whereas NGOs aim at addressing environmental and social problems to meet the public's increasing demands. Extremely contrasting missions, values, and capacities between MNEs and NGOs in the industry characterize a tough interorganizational context. However, one would still find such MNE-NGO partnerships the prevalent practice in the industry. To offer contextualized understandings, we

propose a loose-coupling perspective to address partnerships between fast-fashion MNEs and NGOs. Our conceptualization underscores the mechanism of resolving the dissonance between fast-fashion MNEs and NGOs in achieving SSR performance. We suggest the dissonance in causal indeterminacy, fragmented external environments, and discrete internal environments between two organizations might drive the need of loose coupling relationships. Moreover, we state such collaborations benefit in enhancing adaptability to changes, flexibility, innovation, and securing separated organizational identities.

Second, we specify contextual challenges that might fail the loose-coupling collaborations between fast-fashion MNEs and NGOs in fast-fashion industry. Although loose-coupling mechanism is advantageous in addressing interorganizational dissonance in the context, such a relationship mechanism could be vulnerable if certain issues are not managed well in the exchanging dynamics. Drawing on the loose-coupling theory, we identify the threats might arise from power imbalance, mistrust/opportunism, and lack of goal alignments (Orton & Weick, 1990; Weick, 1976). We offer these identified challenges to answer for the different levels of SSR performances across MNE-NGO partnerships in the industry. As mentioned earlier, varying strategic responses to the contemporary COVID-19 crisis show some MNE-NGO partnerships are more resilient than others. Our conceptualization provides a plausible explanation why some partnerships manage to develop into a highly robust and excellent state. That is, robustness and excellence come from mindful managements on these dark side contingencies. Our theory-based roadmap of contingent challenges offers a perspective into the unknown dark sides of MNE-NGO partnerships.

Finally, our theorization of loose-coupling partnerships extends the ongoing debate on the role of profit-driven businesses in SSR. Economists believe that the only responsibility for

business entities is to seek economic rents to maximize stockholders' equity. SSR is viewed as a waste of resources that hinders companies' profitability (Friedman, 1970). Our study shows that, other than investing time and resources to conduct in-house SSR activities, companies might collaborate with NGOs that engage in joint SSR activities without completely moving from stockholders' equity to stakeholders'. The loose-coupling governance ensures the partnership would not shift companies away from their profit-maximizing mission. Moreover, profits could also be achieved through loose-coupling collaboration with NGOs. Supply chain transparency benefits fast-fashion MNEs with a better management of business risks. Collaboration with NGOs would elevate the transparency of supply chain activities from inspections on business disruption from SSR. By engaging suppliers in compliance with NGOs, MNEs benefit from a more robust supply chain management to protect their reputation and brand value.

8. Managerial implications

Economic, social, and environmental impacts of fast fashion are a growing concern. As consumers have accelerated demands for the latest trends at an inexpensive price, this could also be an opportunity to do better while providing products to contribute to an estimated \$192 billion to the global economy (Global Fashion Agenda, 2019). The present study offers a normative advice for fast-fashion MNEs. Our study points out the moral crisis of fast-fashion industry, as MNEs in this industry has been generally regarded as SSR offenders. So far, managerial practices in this industry have failed to meet the basic standards, thus jeopardizing firm reputation and credibility. Through the continuous learning and integration of supply chain practices, fast-fashion MNEs utilize from their operations at global scale. Theoretically, via global operations, fast-fashion MNEs can meet the regulations, norms, and moral standards across international markets. Thus, more fruitful SSR activities can be achieved by fast-fashion

MNEs. Managers should be cognizant of such moral crisis at the industrial level to rebuild the legitimacy of business.

The enactment of loose-coupling relationships between fast-fashion MNEs and NGOs allows both entities to thrive and maintain a partnership. However, the sustainable loose-coupling process requires limited power usage, cultivation of mutual trust, and a joint identification of long-term SSR goals. When MNEs shirk their responsibilities or take advantage of the NGOs' reputation in order to serve its own short-term interests, the loose-coupling relationship is jeopardized. This study shows that MNEs that is focused on short-term gains may lead to a loss of resources and further damages its reputation when a partnership fails. Focusing exclusively on immediate gains may lead the firm to miss opportunities that may not have been recognized and addressed before. This coalition of multiple stakeholders enables managers the opportunity to serve new market segments and generate lasting partnerships. Many global merchandisers realize this opportunity by partnering with organizations such as Canopy, Anti-Slavery International, and the Clean Clothes Campaign. This study offers an useful guidance for managers to conduct partnership with NGOs. That is, managers should be conscious of the partnership threats from power imbalance, mistrust/ opportunism, and misaligning goals.

Finally, implications for managing the partnership dynamics could also be found from in the present study. The existing literature considers NGOs as valuable partners in general and does not discuss the issue of partner selection. Based on 120 subjects from leading companies and NGOs, an industrial report suggests most practitioner-NGO partnerships face ambiguities in communication, with thirty-six percent companies self-rated as poor at communicating with their NGO partners (C&E Advisory Services, 2017). Practitioners might find implications from the present study regarding their concerns on the miscommunication issue in company-NGO

partnerships. Instead of looking for extremely integrative communication to build the unlikely consensus, the loose-coupling approach might be a rather feasible and appropriate way. With significant differences between MNEs and NGOs, we suggest practitioners consider a loose-coupling way with a higher purpose of SSR, limited formalization in communication, and separate organizational identities to manage their MNE-NGO partnerships.

9. Directions for Future Research

This study analyzes the relationship governance in fast-fashion MNE-NGO partnerships and identified ways in which these collaborations can be made more productive. Grounded in loose-coupling theory, this study offers propositions and advances the understanding of MNE-NGO partnerships in this global industry. Future work can strengthen this stream of research in several ways. First, the propositions offered here can be put to an empirical test through data from fashion merchandisers and their NGO partners. Likely, longitudinal data will be useful to validate these expectations. Second, researchers may wish to carry out qualitative case studies to clarify the dynamic process between fast-fashion MNEs and NGOs. In-depth examinations of fashion merchandiser-NGO relationships, covering a reasonable period, should be insightful to further our propositions.

Third, we employed the loose-coupling perspective in examining the fast fashion MNE-NGO partnerships for SSR. Scholars may wish to employ an alternative theoretical lens to study this industry. Plausible perspectives include sociological, political economy, and public policy views. Each of these alternative conceptual frameworks can produce complementary insights. Fourth, the study considers SSR partnerships in the global fashion industry context. Similar efforts should be undertaken in order to be able to generalize about the potential of MNE-NGO

partnerships for SSR. It is possible that such partnerships can prove more fruitful in other industry settings.

In conclusion, SSR initiatives have gained a significant amount of traction in the past decade due to societal demands, regulatory pressures, creative deployment of technologies for sustainability efforts, and competitive imperatives. Yet the global fashion merchandising industry has yet to demonstrate a wholehearted and systematic effort to respond to this call, despite its many offenses to the environment. Investigating the nuances behavior between two entities partnering is highly necessary and would expand our current knowledge in organizational behavior for SSR activities. We hope to inspire researchers to further investigate this new and exciting topic.

References

- Acharya, C., Ojha, D., Patel, P. C., & Gokhale, R. (2019). Modular interconnected processes, fluid partnering, and innovation speed: A loosely coupled systems perspective on B2B service supply chain management. *Industrial Marketing Management*.
- Ashman, D. (2001). Strengthening North-South partnerships for sustainable development. *Nonprofit and Voluntary Sector Quarterly*, 30(1), 74-98.
- Anderson, E., & Weitz, B. (1989). Determinants of continuity in conventional industrial channel dyads. *Marketing Science*, 8(4), 310-323.
- Arenas, D., Lozano, J. M., & Albareda, L. (2009). The role of NGOs in CSR: Mutual perceptions among stakeholders. *Journal of Business Ethics*, 88(1), 175-197.
- Barnes, L., & Lea-Greenwood, G. (2006). Fast fashioning the supply chain: shaping the research agenda. *Journal of Fashion Marketing and Management: An International Journal*, 10(3), 259- 271.
- Bahemia, H., Sillince, J., & Vanhaverbeke, W. (2018). The timing of openness in a radical innovation project, a temporal and loose coupling perspective. *Research Policy*, 47(10), 2066-2076.
- Baur, D., & Schmitz, H. P. (2012). Corporations and NGOs: When accountability leads to co-optation. *Journal of Business Ethics*, 106(1), 9-21.
- Beder, S. (1997). *Global Spin: The Corporate Assault on Environmentalism*, Chelsea Green, White River Junction, VT.
- Beekun, R. I., & Glick, W. H. (2001). Organization structure from a loose coupling perspective: A multidimensional approach. *Decision Sciences*, 32(2), 227-250.
- Blau, P. (2017). *Exchange and power in social life*. Routledge.
- Burchell, J., & Cook, J. (2013). Sleeping with the enemy? Strategic transformations in business–NGO relationships through stakeholder dialogue. *Journal of Business Ethics*, 113(3), 505-518.
- Carrigan, M., Moraes, C., & McEachern, M. (2013). From conspicuous to considered fashion: A harm- chain approach to the responsibilities of luxury-fashion businesses. *Journal of Marketing Management*, 29(11-12), 1277-1307.
- Carroll, A. B. (1979). A three-dimensional conceptual model of corporate performance. *Academy of Management Review*, 4(4), 497-505.
- Casciaro, T., & Piskorski, M. J. (2005). Power imbalance, mutual dependence, and constraint absorption: A closer look at resource dependence theory. *Administrative Science Quarterly*, 50(2), 167-199.
- Cavusgil, S. T., Deligonul, S., & Zhang, C. (2004). Curbing foreign distributor opportunism: An examination of trust, contracts, and the legal environment in international channel relationships. *Journal of International Marketing*, 12(2), 7-27.
- Cavusgil, S. T., Knight, G., Riesenberger, J. R., Rammal, H. G., & Rose, E. L. (2014). *International business*: Pearson Australia.
- C&E Advisory Services, (2017). *Corporate-NGO partnerships barometer 2016*. London: C&E Advisory Services.
- Cowan, K., Paswan, A. K., & Van Steenburg, E. (2015). When inter-firm relationship benefits mitigate power asymmetry. *Industrial Marketing Management*, 48, 140-148.
- Dahan, N. M., Doh, J. P., Oetzel, J., & Yaziji, M. (2010). Corporate-NGO collaboration: Co-creating new business models for developing markets. *Long Range Planning*, 43(2-3), 326-342.

- Danneels, E. (2003). Tight–loose-coupling with customers: the enactment of customer orientation. *Strategic Management Journal*, 24(6), 559-576.
- Dhanaraj, C., & Parkhe, A. (2006). Orchestrating innovation networks. *Academy of management review*, 31(3), 659-669.
- Dickson, M. A., & Eckman, M. (2008). Media portrayal of voluntary public reporting about corporate social responsibility performance: Does coverage encourage or discourage ethical management? *Journal of Business Ethics*, 83(4), 725-743.
- Doh, J. P., & Teegen, H. (2002). Nongovernmental organizations as institutional actors in international business: Theory and implications. *International Business Review*, 11(6), 665-684.
- Doney, P. M. and J. P. Cannon (1997). "An Examination of the Nature of Trust in Buyer-Seller Relationships." *Journal of Marketing* 61(2): 35-51.
- Drees, J. M., & Heugens, P. P. M. A. R. (2013). Synthesizing and Extending Resource Dependence Theory: A Meta-Analysis. *Journal of Management*, 39(6), 1666-1698.
- Emerson, R. M. (1976). Social exchange theory. *Annual review of sociology*, 335-362
- Fernie, J. (2004), "Retail logistics", in Bruce, M., Moore, C. and Birtwistle, G. (Eds), *International Retail Marketing*, Butterworth-Heinemann, Oxford, pp. 39-63.
- Friedman, M. (1970). The social responsibility of business is to increase its profits. *The New York Times Magazine*, 13.
- Geyskens, I., Steenkamp, J. B. E., & Kumar, N. (2006). Make, buy, or ally: A transaction cost theory meta-analysis. *Academy of Management Journal*, 49(3), 519-543.
- Global Fashion Agenda. (2019). *Pulse of the fashion industry*. Global Fashion Agenda and Boston Consulting Group: Boston, MA, USA.
- Gnes, D., & Vermeulen, F. (2019). Non-Governmental Organisations and Legitimacy: Authority, Power and Resources. *Journal of Migration History*, 5(2), 218-247.
- Googins, B., & Rochlin, S. 2000. Creating the partnership society: Understanding the rhetoric and reality of crosssectoral partnerships. *Business and Society Review*, 105(1): 127-144.
- Goworek, H., Oxborrow, L., Claxton, S., McLaren, A., Cooper, T., & Hill, H. (2018). Managing sustainability in the fashion business: Challenges in product development for clothing longevity in the UK. *Journal of Business Research*.
- Gulati, R. (1995) Does familiarity breed trust? The implications of repeated ties for contractual choice in alliances. *Academy of Management Journal*, 38(1), 85-112.
- Gulati, R. and H. Singh (1998). "The architecture of cooperation: Managing coordination costs and appropriation concerns in strategic alliances." *Administrative Science Quarterly*, 781-814.
- Heide, J.B.(1994). Interorganizational governance in marketing channels. *Journal of Marketing*: 71-85.
- Heide, J. B. and K. H. Wathne (2006). Friends, businesspeople, and relationship roles: conceptual framework and a research agenda. *Journal of Marketing*, 70(3), 90-103.
- Henisz, W. J., & Zelner, B. A. (2005). Legitimacy, interest group pressures, and change in emergent institutions: The case of foreign investors and host country governments. *Academy of management review*, 30(2), 361-382.
- Hewett, K., & Bearden, W. O. (2001). Dependence, trust, and relational behavior on the part of foreign subsidiary marketing operations: implications for managing global marketing operations. *Journal of Marketing*, 65(4), 51-66.
- Ingenbleek, P., Binnekamp, M., & Goddijn, S. (2007). Setting standards for CSR: A comparative

- case study on criteria-formulating organizations. *Journal of Business Research*, 60(5), 539-548.
- Joutsenvirta, M. (2011). Setting boundaries for corporate social responsibility: Firm–NGO relationship as discursive legitimation struggle. *Journal of Business Ethics*, 102(1), 57-75.
- Joy, A., Sherry Jr, J. F., Venkatesh, A., Wang, J., & Chan, R. (2012). Fast fashion, sustainability, and the ethical appeal of luxury brands. *Fashion theory*, 16(3), 273-295.
- Katsikeas, C. S., Skarmeas, D., & Bello, D. C. (2009). Developing successful trust-based international exchange relationships. *Journal of International Business Studies*, 40(1), 132-155.
- Katsikeas, C., Leonidou, L., & Zeriti, A. (2019). Revisiting international marketing strategy in a digital era. *International Marketing Review*.
- Klerkx, L., & Aarts, N. (2013). The interaction of multiple champions in orchestrating innovation networks: Conflicts and complementarities. *Technovation*, 33(6-7), 193-210.
- Kolk, A. (2010). Multinationals and corporate social responsibility. *Politeia*, 26(98), 138-152.
- Kolk, A., & Van Tulder, R. (2010). International business, corporate social responsibility and sustainable development. *International business review*, 19(2), 119-125.
- Kolk, A. (2016). The social responsibility of international business: From ethics and the environment to CSR and sustainable development. *Journal of World Business*, 51(1), 23-34.
- Kong, N., Salzmann, O., Steger, U., & Ionescu-Somers, A. (2002). Moving Business/Industry Towards Sustainable Consumption:: The Role of NGOs. *European Management Journal*, 20(2), 109-127.
- Kourula, A. (2010). Corporate engagement with non-governmental organizations in different institutional contexts—A case study of a forest products company. *Journal of World Business*, 45(4), 395-404.
- Kumar, N., Scheer, L. K., & Steenkamp, J. B. E. (1995). The effects of perceived interdependence on dealer attitudes. *Journal of Marketing Research*, 348-356.
- Lado, A. A., Dant, R. R., & Tekleab, A. G. (2008). Trust-opportunism paradox, relationalism, and performance in interfirm relationships: evidence from the retail industry. *Strategic Management Journal*, 29(4), 401-423.
- Laufer, W. S. (2003). Social accountability and corporate greenwashing. *Journal of business ethics*, 43(3), 253-261.
- Leung, K., Bond, M. H., de Carrasquel, S. R., Muñoz, C., Hernández, M., Murakami, F., Singelis, T. M. (2002). Social axioms: The search for universal dimensions of general beliefs about how the world functions. *Journal of Cross-Cultural Psychology*, 33(3), 286-302.
- Liu, Y.-H. S., Deligonul, S., Cavusgil, E., & Chiou, J.-S. (2018). Always trust in old friends? Effects of reciprocity in bilateral asset specificity on trust in international B2B partnerships. *Journal of Business Research*, 90, 171-185.
- MacArthur, F. E. (2017). A new textiles economy: redesigning fashion's future. *Ellen MacArthur Foundation*.
- Marano, V., & Tashman, P. (2012). MNE/NGO partnerships and the legitimacy of the firm. *International Business Review*, 21(6), 1122-1130.
- Martínez-Ferrero, J., & García-Sánchez, I.-M. (2017). Coercive, normative and mimetic isomorphism as determinants of the voluntary assurance of sustainability reports.

- International Business Review*, 26(1), 102-118.
- Martinez-Pardo, C., Seara, J., Razvi, A., & Kibbey, J. (2020). *Weaving a better future: Rebuilding a more sustainable fashion industry after COVID-19*. Boston Consultant Group: Boston, MA, USA.
- McEvily, B., et al. (2003). Trust as an organizing principle. *Organization Science*, 14(1), 91-103.
- McEvily, B., Zaheer, A., & Kamal, D. K. F. (2017). Mutual and Exclusive: Dyadic Sources of Trust in Interorganizational Exchange. *Organization Science*, 28(1), 74-92.
- McNeill, L., & Moore, R. (2015). Sustainable fashion consumption and the fast fashion conundrum: fashionable consumers and attitudes to sustainability in clothing choice. *International Journal of Consumer Studies*, 39(3), 212-222.
- Meyer, W. H. (1999). Confirming, Infirmiting, and "Falsifying" Theories of Human Rights: Reflections on Smith, Bolyard, and Ippolito Through the Lens of Lakatos. *Human Rights Quarterly*, 21(1), 220-228.
- Morgan, R. M., & Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(3).
- Morris, M. W., Leung, K., Ames, D., & Lickel, B. (1999). Views from inside and outside: Integrating emic and etic insights about culture and justice judgment. *Academy of management review*, 24(4), 781-796.
- Murphy, P. E., & Schlegelmilch, B. B. (2013). Corporate social responsibility and corporate social irresponsibility: Introduction to a special topic section. *Journal of Business Research*, 66(10), 1807-1813.
- Nambisan, S., & Sawhney, M. (2011). Orchestration processes in network-centric innovation: Evidence from the field. *Academy of Management Perspectives*, 25(3), 40-57.
- Newton, J. D., Ewing, M. T., & Collier, P. M. (2014). Resolving contradictions in institutional demands through loose coupling. *Industrial Marketing Management*, 43(5), 747-753.
- Nielsen, E., & Jolink, A. (2012). Incentives, opportunism and behavioral uncertainty in electricity industries. *Journal of Business Research*, 65(7), 1031-1039.
- Nisen, M. (2013). How Nike solved its sweatshop problem. *Business Insider*, 9.
- Orton, J. D., & Weick, K. E. (1990). Loosely coupled systems: A reconceptualization. *Academy of management review*, 15(2), 203-223.
- Ouchi, W. G. (1980). Markets, bureaucracies, and clans. *Administrative Science Quarterly*, 129-141.
- Palmatier, R. W., Dant, R. P., Grewal, D., & Evans, K. R. (2006). Factors influencing the effectiveness of relationship marketing: a meta-analysis. *Journal of Marketing*, 70(4), 136-153.
- Palmatier, R. W., Scheer, L. K., Evans, K. R., & Arnold, T. J. (2008). Achieving relationship marketing effectiveness in business-to-business exchanges. *Journal of the Academy of Marketing Science*, 36(2), 174-190.
- Pedersen, E. R. G., & Gwozdz, W. (2014). From resistance to opportunity-seeking: Strategic responses to institutional pressures for corporate social responsibility in the Nordic fashion industry. *Journal of Business Ethics*, 119(2), 245-264.
- Perks, K. J., Farache, F., Shukla, P., & Berry, A. (2013). Communicating responsibility-practicing irresponsibility in CSR advertisements. *Journal of Business Research*, 66(10), 1881-1888.
- Reed, A. M., & Reed, D. (2009). Partnerships for development: Four models of business involvement. *Journal of Business Ethics*, 90(1), 3.

- Remy, N., Speelman, E., & Swartz S. (2016), Style that's sustainable: A new fast-fashion formula, McKinsey & Company.
- Rivera-Santos, M., & Ruffin, C. (2010). Odd couples: Understanding the governance of firm–NGO alliances. *Journal of Business Ethics*, 94(1), 55-70.
- Runfola, A., & Guercini, S. (2013). Fast-fashion companies coping with internationalization: driving the change or changing the model? *Journal of Fashion Marketing and Management: An International Journal*, 17(2), 190-205.
- Sarasvathy, S. D. (2001). Causation and effectuation: Toward a theoretical shift from economic inevitability to entrepreneurial contingency. *Academy of management review*, 26(2), 243-263.
- Scamardella, F. (2015). Law, globalisation, governance: emerging alternative legal techniques. The Nike scandal in Pakistan. *The Journal of Legal Pluralism and Unofficial Law*, 47(1), 76-95.
- Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of management review*, 20(3), 571-610.
- Shaw, D., Hogg, G., Wilson, E., Shiu, E., & Hassan, L. (2006). Fashion victim: the impact of fair trade concerns on clothing choice. *Journal of Strategic Marketing*, 14(4), 427-440.
- Shen B. (2014), "Sustainable fashion supply chain: Lessons from H&M." *Sustainability* 6, no. 9 (2014): 6236-6249.
- Skarmeas, D., & Leonidou, C. N. (2013). When consumers doubt, watch out! The role of CSR skepticism. *Journal of Business Research*, 66(10), 1831-1838.
- Spar, D. L., & Burns, J. (2000). *Hitting the wall: Nike and international labor practices*: Harvard Business School Publishing Cambridge, MA.
- Stump, R. L. and J. B. Heide (1996). Controlling supplier opportunism in industrial relationships. *Journal of Marketing Research*, 431-441.
- Teegen, H., Doh, J. P., & Vachani, S. (2004). The importance of nongovernmental organizations (NGOs) in global governance and value creation: An international business research agenda. *Journal of International Business Studies*, 35(6), 463-483.
- Thauer, C. R. (2014). Goodness comes from within: Intra-organizational dynamics of corporate social responsibility. *Business & Society*, 53(4), 483-516.
- Thompson, J. D. (1967). *Organizations in action*. New York: McGraw-Hill.
- Tost, L. P. (2011). An integrative model of legitimacy judgments. *Academy of management review*, 36(4), 686-710.
- Tokatli, N. (2008). Global sourcing: insights from the global clothing industry—the case of Zara, a fast-fashion retailer. *Journal of Economic Geography*, 8(1), 21-38.
- Vachani, S., Doh, J. P., & Teegen, H. (2009). NGOs' influence on MNEs' social development strategies in varying institutional contexts: A transaction cost perspective. *International Business Review*, 18(5), 446-456.
- Villo, S., Halme, M., & Ritvala, T. (2020). Theorizing MNE-NGO conflicts in state-capitalist contexts: Insights from the Greenpeace, Gazprom and the Russian state dispute in the Arctic. *Journal of World Business*, 55(3), 101068.
- Waddock, S. (2008). Building a new institutional infrastructure for corporate responsibility. *The Academy of Management Perspectives*, 22(3), 87-108.
- Wang, H., Liu, H., Kim, S. J., & Kim, K. H. (2018). Sustainable fashion index model and its implication. *Journal of Business Research*.
- Water.org (2019), Meet Our Brand Partners. Retrieved March 18, 2019, from

- <https://water.org/partners/>
- Wathne, K. H., & Heide, J. B. (2000). Opportunism in Interfirm Relationships: Forms, Outcomes, and Solutions. *Journal of Marketing*, 64, 36-51.
- Wathne, K. H., & Heide, J. B. (2004). Relationship governance in a supply chain network. *Journal of Marketing*, 68(1), 73-89.
- Weick, K. E. (1976). Educational organizations as loosely coupled systems. *Administrative Science Quarterly*, 1-19.
- Weick, K. E. (1995). *Sensemaking in organizations* (Vol. 3): Sage.
- Wells, J. (2017, September 26). 8 Things You Should Know about Fast Fashion. Retrieved August 19, 2018, from <https://thecircle.ngo/8-things-know-fast-fashion/>.
- Wolf, C. (2020). Tracking the Fashion Industry's Evolving Response to the Coronavirus Crisis. Retrieved May 26, 2020, from <https://www.gq.com/story/fashion-response-coronavirus>.
- Williamson, O. E. (1985). The economic institute of capitalism. *New York. The Free Press*, 9, 19.
- Wymer, W. W., & Samu, S. 2003. Dimensions of business and nonprofit collaborative relationships. *Journal of Nonprofit and Public Sector Marketing*, 11(1): 3-22.

Table 1. Selected research on MNE-NGO partnerships in international business literature

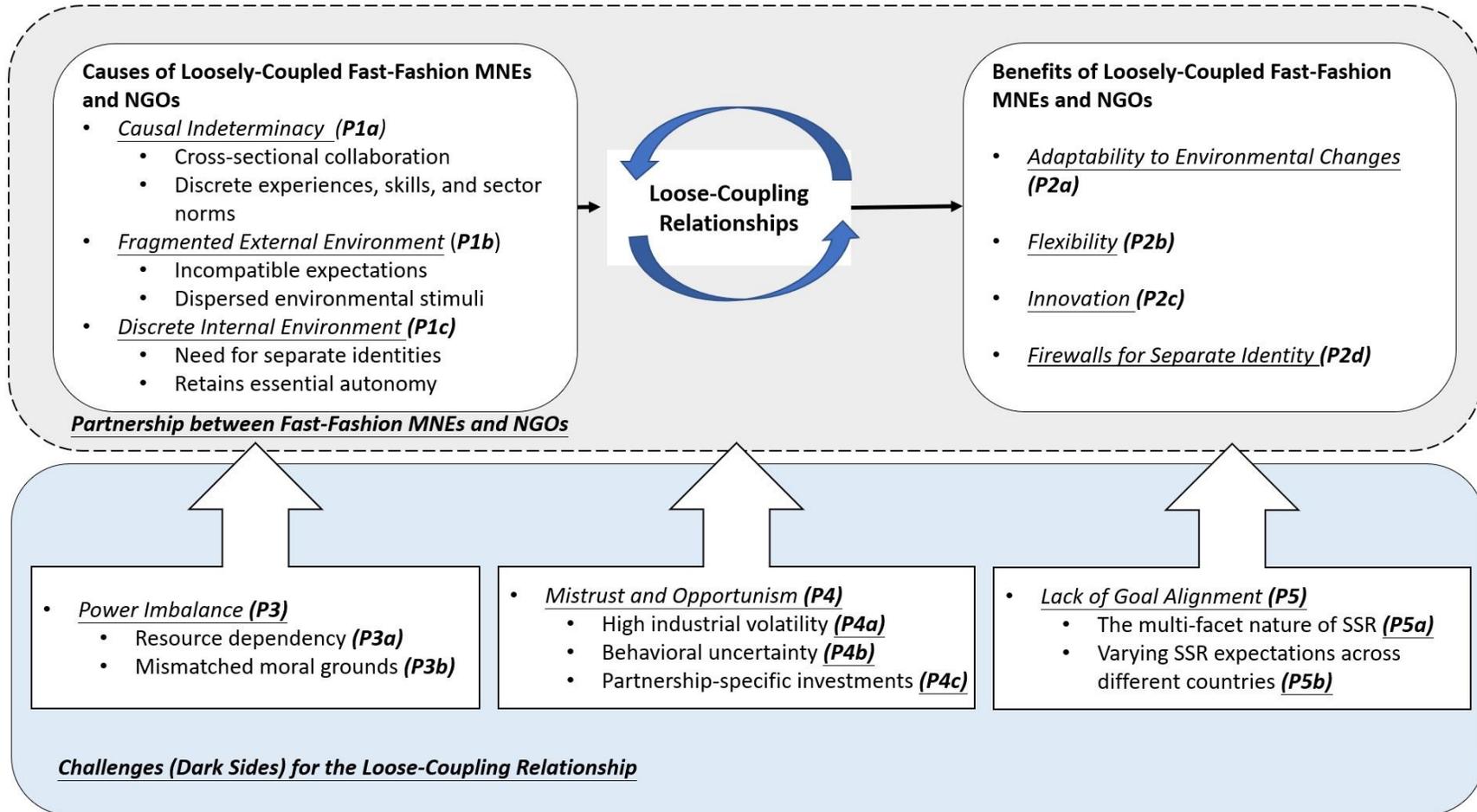
STUDY	RESEARCH AIM	THEORETICAL APPROACH	TYPE OF STUDY	KEY FINDINGS
Teegen et al. (2004) <i>(Journal of International Business Studies)</i>	Discussing the role of NGOs as key actors in global value chains, emphasizing directions for future research in international business.	Civil society theory and International business streams of research (such as O.L.I. paradigm)	Conceptual	The authors identify three main areas of the impact of NGOs on international business literature. They highlight in particular the multinational scope of NGOs influences and how they may impact MNEs strategies and performance in various international contexts.
Reed and Reed (2009) <i>(Journal of Business Ethics)</i>	To create a taxonomy of the partnerships between a business partner (primarily MNE) with diverse stakeholders, one being NGOs in order to understand how they may enhance the development (different conceptualizations of development are considered)	Neo-liberal approach; Capability approach; Human face approach; Social power approach	Conceptual	The authors identify four categories of partnerships. The relationships between NGOs and MNEs characterize three of them. Main rationales for partnering (for example for developing codes of conduct in terms of CSR) as well as the influence of the partnership on the objectives of the company are identified. The focus is on the concept of development that each partnership may contribute to grant The authors list some factors for the success of each type of partnership with NGOs (such as, company's engagement, commitment, the role of resources, the role of public actors, etc.) but no specific considerations are provided
Vachani et al. (2009) <i>(International Business Review)</i>	To evaluate the role that NGOs plays in terms of impact on the level of transaction costs of MNEs expanding abroad	Transaction cost economy (TSE)	Conceptual	The paper extent the use of TSE to the study of social activities of MNEs in foreign markets. It specifically advances the hypothesis that NGOs directly impact transaction costs. By taking into consideration the concept of "institutional distance" that occur among international markets the authors argue that NGOs may play a different role in developed vs developing markets.
Kourula (2010) <i>(Journal of World Business)</i>	To study the relations between MNE-NGO considering the role of the different international context in which they occur	Institutional/ stakeholder theory	Empirical research based on a qualitative case study	The study highlights the role of the institutional context in shaping the relationship between MNE and NGO, highlighting differences in the engagement and strategies between host countries and the home country. The concept of "civil society distance" is proposed to measure these differences
Dahan et al. (2010) <i>(Long Range Planning)</i>	How MNE-NGO partnerships may help the MNE to adapt its business model's features when entering in developing countries due to knowledge scarcity about the market	Business model theory	Conceptual	Four building blocks for creating a successful BM in developing countries by MNEs. Two macro-categories of factors condition the success of the partnership for the development of the business model: internal (original mix of resources and fit of organizational culture) and external (comprehension of the characteristics of the developing market and relationships with other local partners) to the partnership
Baur and Schmitz (2012) <i>(Journal of Business Ethics)</i>	To highlight how the adherence of NGOs to the aims of the MNE in partnership may reduce the credibility and the independence of the NGO and finally results in an unsuccessful partnership	Co-optation theory, CSR and NGO accountability	Conceptual	The article emphasizes the ways in which the co-optation process takes place between the two partners. The authors specifically highlight the need to adopt mechanisms that avoid NGO to follow a co-optation process in order to prevent ineffectiveness of the partnership

<p>Marano and Tashman (2012) <i>(International Business Review)</i></p>	<p>The focus is on how MNE-NGO partnership may contribute to social legitimacy of the business partner at a global level, helping the company to face the challenge to be “social legitimate” in different international contexts</p>	<p>Legitimacy theory and neo-institutional theory</p>	<p>Conceptual</p>	<p>The authors propose a comprehensive model highlighting the impact of two main drivers (the institutional complexity and the complexity of the legitimation process) that guide the NGO selection methods (whether local or global), the type of activities in the partnership, as well as the performance in different international markets</p>
<p><i>Current Study</i></p>	<p><i>To examine the underlying governance mechanism, the benefits and explore the dark side of fast fashion MNEs-NGOs partnerships</i></p>	<p><i>Loosely-coupling theory</i></p>	<p><i>Conceptual</i></p>	<p><i>Identifying key causes of loosely-coupled Fast Fashion MNEs-NGOs (casual indeterminacy; fragmented external environment; discrete internal environment)</i></p> <p><i>Identifying key benefits of loosely-coupled Fast Fashion MNEs-NGOs (Adaptability to environmental changes; Flexibility; Innovation; Firewalls for Separate Identity)</i></p> <p><i>- Identifying key governance problems of the dark side (Power imbalance; Mistrust and opportunism; Misaligning goals)</i></p>

Table 2: Motives for Fashion Merchandiser-NGO Partnerships

Fast-Fashion Merchandisers	NGOs
<ul style="list-style-type: none">• Greenwashing for marketing benefits<ul style="list-style-type: none">• Gaining legitimacy• Meeting stakeholders' expectation• Retaining rationality for profit-maximization<ul style="list-style-type: none">• Avoiding economic moral hazards	<ul style="list-style-type: none">• Tackling ethical issues in business operations<ul style="list-style-type: none">• Influencing fast-fashion practices for the greater good<ul style="list-style-type: none">• Access to financial resources• Retaining autonomy for norm-enactment

Figure 1. Loose-Coupling partnerships between Fast-Fashion MNEs and NGOs: causes, benefits, challenges



Note: (P) stands for Proposition