

## PARADOX AND POWER IN INTERORGANIZATIONAL RELATIONSHIPS: A STUDY OF SOCIAL SUSTAINABILITY TENSIONS IN A GLOBAL VALUE CHAIN

### BACKGROUND AND RESEARCH AIM



Global value chains are shaped by a persistent paradox: actors must meet social sustainability demands (decent wages, safe conditions, reasonable hours) while also achieving financial goals (low prices, fast delivery, high margins). These paradoxes are interdependent and ongoing tensions that require continuous balancing.

This study examines how power dynamics shape how actors experience and respond to sustainability paradoxes. It distinguishes between power-over (using control and dependence to impose one's will) and power-with (collective capacity that emerges when actors recognize their interdependence). The core question is: how do power dynamics influence how interorganizational collaborations experience and respond to paradoxical tensions?

### RESEARCH METHODS

The researchers conducted a five-year, multi-sited ethnographic study (2017–2022) of a German apparel importer and five Chinese manufacturing suppliers. The value chain under study represented a typical “captive” structure, where suppliers were highly dependent on a powerful buyer.

The study is based on 69 interviews, 99 hours of observations in Germany and China, and more than 1,000 pages of internal and public documents (including audit reports, emails and payroll records). By observing and interviewing the importer and suppliers over more than five years, the researchers identified two distinct phases: an “old normal” dominated by power-over dynamics and a “new normal” where mechanisms of power-with gradually emerged.



In the “old normal”, strong power-over shaped how the sustainability paradox was handled. Purchasing managers could prioritize low prices and fast delivery, treating social demands as secondary trade-offs. Suppliers and CSR managers, however, experienced the tension between financial and sustainability goals as a paradox they could not resolve. Because less powerful actors lacked agency, responses were defensive. Factories forged audits, relied on excessive overtime and concealed problems to survive. These fragmented responses reinforced power-over and deepened mistrust, creating a vicious cycle where the paradox undermined sustainability rather than improved it.

A shift occurred when labor shortages in China rebalanced dependencies. As suppliers gained bargaining power, space opened for power-with to emerge. Through strategic allying (peer relationships between CSR staff and suppliers), transparent structuring (new tools and shared decision-making within the importer), and expanding structures (more mutual buyer–supplier relations), actors began to recognize their interdependence. The paradox did not disappear, but it became collectively acknowledged. With stronger power-with dynamics, firms developed more proactive responses, such as realistic capacity planning and closer collaboration. The vicious cycle gradually turned into a virtuous one.

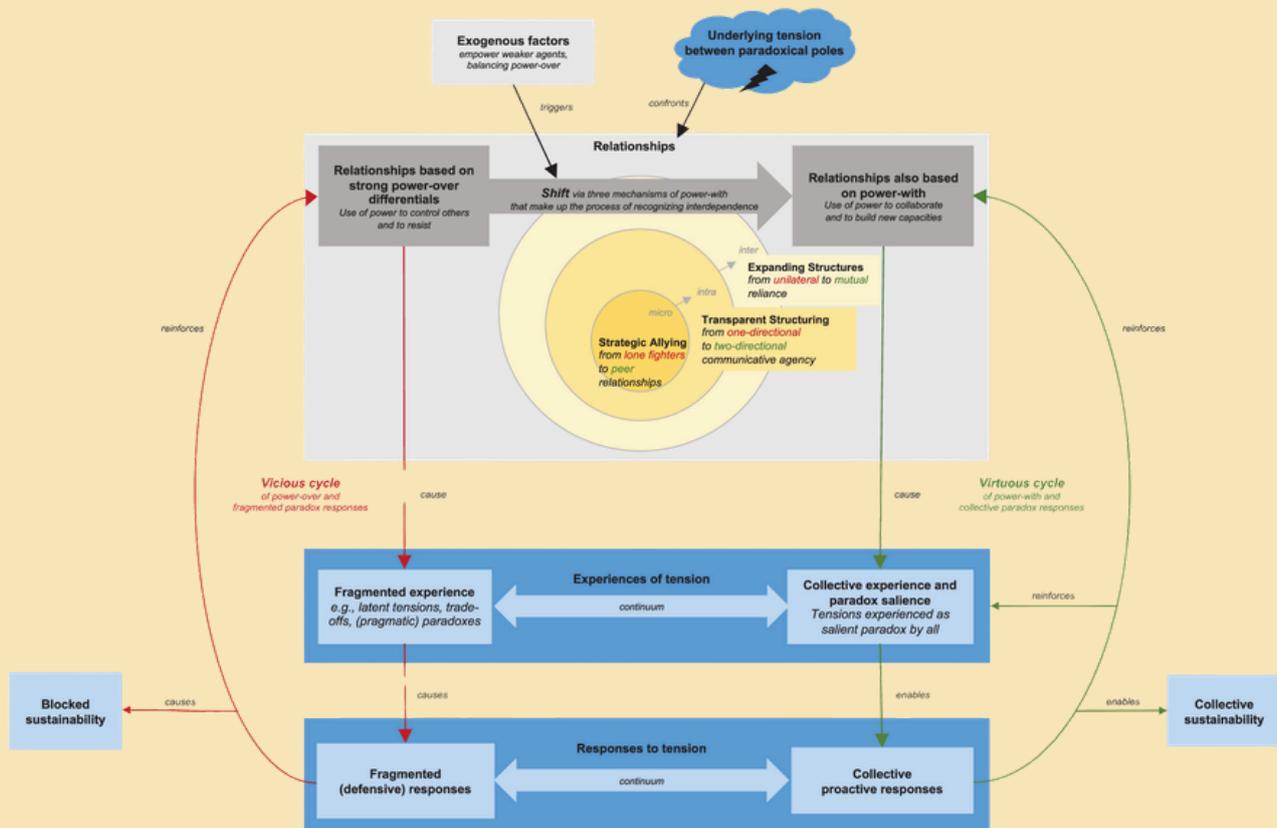


Figure 1. A process model of paradox and power in interorganizational relationships.

For practitioners and policymakers, the key lesson of this research is that sustainability paradoxes cannot be addressed through control alone. More audits or stricter rules will not resolve tensions if power-over remains dominant.

1

Managers should first rebalance incentives. If purchasing teams are rewarded only for low prices and speed, social goals will be pushed aside. Align financial and sustainability targets so the paradox is addressed jointly rather than fragmented across departments.

2

Deliberately build power-with mechanisms. Create cross-functional forums where purchasing, CSR and suppliers solve problems together. Introduce transparent systems that make production capacity and sustainability constraints visible to all decision-makers. Strengthen long-term supplier partnerships so dependence becomes mutual rather than one-sided.

3

Recognize that handling paradox requires structural change, not just a change in mindset. When firms move from relying mainly on power-over to cultivating power-with, sustainability tensions can become a source of collaboration and long-term value instead of conflict and short-term fixes.

## ACADEMIC REFERENCE

Schrage, S., Berti, M., & Grimm, J. (2025). Paradox and Power in Interorganizational Relationships: A study of social sustainability tensions in a global value chain. *Organization Studies*, 47(2), 247-274.