

Coopetition Strategy for Micro Entrepreneurs : A Case Study of Rural Artisan Cluster

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Abstract

Rural enterprises are generally community based traditional businesses located in a cluster. Research in the field has pointed out that coopetition network, co-existence of cooperation, and competition prove to be the key determinants which enhance enterprise performance. However, research on micro entrepreneurs in rural artisan cluster is negligible and few that are conducted, are limited to economic perspective. This research attempts to explain intricate dynamics of coopetition among rural artisan entrepreneurs and between the entrepreneurs, buyers, and suppliers within the textile cluster in Kutch, Gujarat by using social network perspective. Case study approach was chosen to understand the dynamics of cooperation and competition of cluster micro entrepreneurs in a small artisans' cluster in the district of Kutch (India). The case study is based on in-depth interviews and observations of weaver entrepreneurs. The findings of the case study suggest that the relationships in an artisan cluster are far more complex than the way competition and cooperation are understood. The study is a contribution to the literature on micro entrepreneurship and has major implications for policy on cluster development. The research fills gaps of lack of studies of micro enterprise clusters in India. The study helps to understand how micro entrepreneurs use coopetition as a strategy to increase their enterprise performance.

Keywords: Coopetition, Kutch, micro-entrepreneurs, textile cluster

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Micro-enterprises in India are a great contributor to the economy as they absorb excess labour, generate new employment opportunities, and create new skills. There are about 63,052 lakh micro enterprises and they provide direct employment to about 1076.19 lakh people (Ministry of Micro, Small & Medium Enterprises, 2017-18). Most of these enterprises are community based enterprises, located in historically and geographically bound rural or town areas known as clusters. Amongst MSMEs clusters, handloom and handicraft clusters are the oldest (more than 500 years' old), forming the largest unorganized sector and the second largest employment provider in India (Nagarajan, 2007). Though the contribution of micro enterprises, especially rural artisan clusters is substantial to the overall economy, it is the least investigated area in entrepreneurship research.

Micro entrepreneurs are a homogenous group of people who share resource as well as market commonality. In a cluster, micro entrepreneurs reside in close proximity with other value chain actors such as suppliers, buyers, support organisations, wage weavers, etc. for generations. Their close proximity and business commonality makes them interdependent on each other which creates a cooperative environment in cluster. However, underline motivation of generating profit makes them compete with each other. Thus, their survival strategy lies in a unique business environment of co-existence of cooperation and competition known as coopetition, making business more social in nature rather than economic. It places micro entrepreneurs in a strategically advantageous position than non-cluster entrepreneurs (Porter, 1998; Schmitz, 1992; You & Wilkinson, 1994).

Coopetition is defined as a simultaneously collaborative and competitive relationship (Bengtsson & Kock, 2002; Gnyawali & Park, 2011), which takes place between two or more firms within the same value chain position, that is, between horizontal actors. (Ritala, Golnam, & Wegmann, 2014). Bouncken, Gast, Kraus, & Bogers (2015) defined coopetition as a strategic and dynamic process in which economic actors jointly create value through cooperative interaction, while they simultaneously compete to capture part of that value. Rather than opting out exclusively for cooperation, dominant strategy or competition dominant strategy, reaching out to a balancing position of coopetition

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provides a better competitive advantage. Coopetitive strategy increases the size of the current market and creates new market (Ritala, Golnam, & Wegmann, 2014), thus providing access to valuable resources & greater bargaining power, improves production methods (Kossyva, Sarri, & Georgopoulos, 2014), and increases innovation performance (Park, Srivastava, & Gnyawali, 2014).

Coopetition has been highlighted with reference to SMEs and large firms in the context of technology innovation, research and development as they are more defined and visible from strategic and economic perspectives. However, coopetition can also be applied to individual level as well (Oliveira & Lopes, 2016). There are very few micro-level studies focusing on the inner dynamics of micro-enterprises clusters in rural areas. Coopetition is said to understand the network level but not enough thought has been given in this direction. The type of network determines the quantity and quality of resources and information, the intensity of trust, cooperation, and competition. The study of different types of networks is relatively an unexplored area of social network (Hanneman & Riddle, 2005; Lechner, Dowling, & Welppe, 2006) and which type of network matters the most for enterprise performance has not been studied extensively (Ostgaard & Birley, 1994).

The main proposition this paper puts forward is that coopetition is an important determinant of micro enterprise performance in a cluster. This paper investigates coopetition amongst micro entrepreneurs from integrated lenses of social network theory and cluster theory within the Kutch-Bhuj cluster (Gujarat) of rural handloom weavers. Coopetition is largely seen from game theory and resource-based theory perspective which focuses on the win-win situation between competitors and resource sharing respectively. The integrated lenses provide understanding about the sort of environment that advances coopetition strategy, mechanism of coopetition, and more focused approach towards horizontal network between competitors. The paper tries to answer how micro entrepreneurs balance cooperation and competition in coopetitive strategy to achieve profitability. How coopetition varies with types of networks? How cluster environment nurture coopetitive strategy?

Coopetition Network: A Key Determinant of Competitiveness of Cluster

The concentration of enterprises in a particular geographical and historical bounded location develops co-existing networks of cooperation as well as competition amongst suppliers, buyers, and competitors, a key determinant of competitive advantage for cluster firms (Becattini, 2004; Porter, 1998). Arbuthnott (2011) focused on cooperation and competition not only between cluster firms (intra) but also with firms outside cluster (inter). Cooperation at inter and intra level creates collective opportunity, advances new business and research flows, and builds legitimacy and authenticity. Intra and inter competition helps cluster firms to outperform other regions, protect core concepts of their own cluster, and help to monitor external parties. In coopetitive strategy, cooperation not only allows firms to pull their diverse resources together but also allow minimizing transaction costs to attain profit maximization. Cooperation acts as a key factor in overcoming knowledge transfer barriers by creating an interdependent, trustful, mutually helpful, and communication-intensive atmosphere (Li, Liu, & Liu, 2011). On the other hand, competition constantly forces firms to struggle with others on resources both tangible (land, labour, and capital), and intangible (organizational culture, knowledge, and competencies) to produce high value product at lowest costs as compared to other firms to gain market position (Hunt & Morgan, 1995). Such competition generates new resources, knowledge, innovation, diversity, and higher quality resulting in more efficiency, and abundant market-based economics.

Coopetition improves competitive performance of enterprises in the market place by developing market, reducing cost, providing access to unique resources, achieving economies of scale, reducing uncertainty, speeding technology innovation and product development, and increasing ability to control information and resource flows in the network (Bengtsson & Kock, 2000; Chien & Peng, 2005; Gnyawali, He, & Madhavan, 2006; Gnyawali & Park, 2009; Morris, Kocak, & Özer, 2007). Peng, Pike, Yang, & Roos (2012) observed that in coopetition, firms cooperate in the activities of co-procurement, co-marketing, co-distribution, chain-store co-management, and integrated information systems by learning and working together to create value for customers by lowering costs, increasing efficiency, improving quality, and providing convenience and choices. On the other hand, firms compete in a variety of goods offerings, price, customer services, and geographic coverage. Ritala, Golnam, & Wegmann (2014) explained the mechanism of coopetition in which competitors can come together to gain competitive advantage by (a) letting competitor win by

increasing the size of the competitors' markets; (b) creating new markets for competitors to capture a portion of the increased customer value; (c) sharing costs and risks with competitors to gain resource efficiency; and (d) increasing competitiveness by providing competitive positioning against the other business model.

Coopetition relationship between competitors is more complex and informal in nature because living at the same place, micro entrepreneurs cannot afford to compete openly and fiercely. As micro entrepreneurs are well aware of each other, micro entrepreneurs have to put extra efforts to conceal information from others and are required to be more tactful. When micro entrepreneurs fail to balance cooperation and completion, network turns out to be more troublesome bringing tension, jealousy, and opportunism between competitors (Gnyawali & Park, 2011; Raza-Ullah, Bengtsson, & Kock, 2014). Peng, Pike, Yang, & Roos (2012) observed that coopetition positively affects firm performance for only a certain period of time. Thus, there is no sustainability in coopetition. Coopetition does not always guarantee benefits; it brings technological risks, management challenges (Gnyawali & Park, 2009), additional financial and time costs, and a loss of control over key activities or resources (Morris, Kocak & Özer, 2007). The high intensity of either competition or cooperation in the network creates an inverted U-shaped relationship with innovation (Park, Srivastava, & Gnyawali, 2014). Bouncken and Kraus (2013) found that coopetition negatively affects revolutionary innovation (i.e. breakthrough innovation). Micro entrepreneurs have to decide the intensity of cooperation and competition to balance it. They need to meticulously decide in which business activities they should cooperate and in which activities they should compete. Coopetition can be managed by firms' coopetition capability through their knowledge base, absorptive capacity, relational capability, and prior experience of coopetition (Bengtsson, Raza-Ullah, & Vanyushyn, 2016; Gnyawali & Park, 2011; Klimas, 2015; Kossyva, Sarri, & Georgopoulos, 2014; Li, Liu, & Liu, 2011; Ritala & Hurmelinna-Laukkanen, 2009).

(1) Cooperation

Cooperation remains the crux of the success of a cluster (Schmitz, 1999; Smyth, 1992) bringing individuals, groups, and organizations together to interact for mutual benefit (Carson, Gilmore & Rocks, 2004). Cooperation arises when the actors have been in contact with each other for a long time and frequently reciprocate with each other and believe in getting advantages through cooperation (Smith, Carroll, & Ashford, 1995). Cooperation network increases reach, facilitates exchange of resources (Anderson, Park, & Jack, 2007), provides quick access to valuable information and knowledge (Lin, 1999), develops trust, norms, & flexibility (Maëerinskas & Pakalnienė, 2004), facilitates joint problem solving, encourages shared investment and promotes repeated transaction (Rocha, 2004; Schmitz & Musyck, 1994), lowering transaction cost, reducing risk and uncertainty (Rabellotti, 1999), thus, positively affecting performance (Baum, Calabrese, & Silverman, 2000; Ramachandran & Ray, 2006). Das (2005) identified cooperation at two levels, one at inter- enterprise/social level including help in financial & procuring inputs, provision of labour during a shortage, lending machines/ components, and providing other services. Second is at association level including sales promotion, assistance in legal matters, sharing information on product/machinery, helping units in government policy matters and marketing. This process facilitates technology and knowledge spillover amongst enterprises.

Cooperation with suppliers allows entrepreneurs to purchase inputs on credit which solves their problem of working capital and reduces storage cost of inputs. Cooperation with buyers ensures entrepreneurs their market and updates them about current consumer demand that in turn helps them reduce inventory carrying cost and selling cost. Cooperation with supportive institutions provides support services in terms of training in design, development & technology advancement, financial support, and participation in trade fairs & exhibitions. Entrepreneurs cooperate with each other by sharing raw material, credit, and joint sale in trade fairs. Entrepreneurs also cooperate with each other by forming a sub group based on caste or friendship or size of business within the large group of a cluster. In a sub group, entrepreneurs create a niche market, differentiate their product in terms of quality and price, interact with government officials for support, share their expertise, marketing channels, and their weavers at the time of large orders.

(2) Competition

While cooperating with each other, profit earning remains the central motivational factor. The very same networks through which micro entrepreneurs cooperate with each other become a source of competition. In a cluster, entrepreneurs face symmetric competition operating in the same product and market segments and use the same resources (Bengtsson & Sölvell, 2004). These situations intensify competition as competitors fail to differentiate their products and enter into price wars. Entrepreneurs are well aware of each other's strategy and provide different choices to buyers at the same place giving rise to an inter-enterprise rivalry, which leads them to compete seriously. Cluster entrepreneurs compete in terms of (a) copying designs/ patterns; (b) imitating trademarks; (c) wooing customers; (d) obtaining information from workers about competing enterprises; (e) misinforming/misleading customers/traders about competitors' products, (f) price competition; (g) employee poaching, and (h) creating hindrances in services used by other enterprises (Das, 2005; Nadvi, 1999). Competition amongst entrepreneurs develops a uniform group approach which reinforces old behaviours, suppresses new ideas, and creates rigidities that prevent the adoption of improvements (Martin & Sunley, 2003). Entrepreneurs keep certain designs and buyers secret from other entrepreneurs. The scope of copying designs is directly either by visiting or indirectly by accessing information from each other's wage weavers. Over a period of time increasing their concentration at once place gives many choices to buyers that create cut-throat price competition. Due to scarcity of skilled wage weavers, their poaching is the prevalent form of competition in clusters. In a cluster, every entrepreneur has information about other entrepreneurs, buyers, and suppliers which makes it difficult to keep a secret and control flow of information and resources. Such a dense network within a cluster creates more redundant contacts in an entrepreneur's network structure to the extent that it reduces bargaining power, leads to the same opportunities, transfer of absolute information, stagnation in sales, poor access to information on current market demand, and deficit innovation (Rocha & Sternberg, 2005). Thus, it creates fierce competition.

Methodology

A case study approach was chosen to understand the dynamics of cooperation and competition of cluster micro entrepreneurs in a small artisans' cluster in the district of Kutch (India). It provides descriptive inferences, flexibility in collecting data, altering research plans, and better understanding of respondent behaviour (Bryman, 1984). The case study is based on in-depth interviews and observations of weaver entrepreneurs.

Textile Cluster of Kutch (Gujarat)

The Kutch region of Gujarat is one of the oldest handicraft hubs of India, and is considered as heaven for numerous handicrafts, which are carried over from generation to generation (Randhawa, 1998). Origin of handicrafts is traced back to Central Asia comprising of Afghanistan, Persia, and Sindh. Presently, approximately 25,000 people are involved in crafts business of Kutch cluster. The actors in the textile cluster of Kutch can be categorized into entrepreneurs, contractors, sub-contractors, dyers, suppliers, buyers, and traders. Suppliers are located at local and national level. Local buyers include many NGOs and government owned corporations like Kutch Mahila Vikas Sangathan, Kala Raksha, Hiralaxmi Craft Park, QASAB, HUM, Shrujan, SEWA, Vivekanand Gramodyog Society, Garvi, and Gujarati. National market comprises of Delhi, Mumbai, Kolkata, Bangalore, and Ahmadabad. International market is spread over UK, USA, Finland, Australia, Canada, and Italy. Kutch cluster includes various textile and non-textile crafts. Textile crafts include *bandhani* (tie and dye), embroideries, weaving, block printing, *mashroo*, woollen *namda*, *batik* print, *rogan* painting, and beadwork. Non-textile crafts include metal work, lacquer work, pottery, mud work, wood carving, leather work, *patola* weaving, pen knives, nut crackers, and silver work. Government of Gujarat has developed its Kutch cluster as a top tourist destination, which actually helped entrepreneurs in terms of sales, and national and international brand building.

The biggest challenge for a micro entrepreneur is to find out a buyer who can readily purchase and a supplier who can supply raw materials on credit. In other words, the micro-entrepreneurs are mostly starved of working capital and

they managed this shortfall by buying on credit and insisting on cash payment, which however, was not always forthcoming. In the Kutch-Bhuj cluster, micro entrepreneurs are mainly weavers-cum-entrepreneurs who transact with other weavers, wage weavers, buyers, and suppliers. Their transactions are mostly unwritten and contracts are drawn orally. Trust-based relationship is very high and rarely the contracting parties deceive each other. If a particular entrepreneur or buyer or supplier is known to have dishonoured a particular contract, the person is ostracized and no one would be willing to deal with him (this use of language is intentional as all the actors in this particular cluster are male). Every entrepreneur has an intimate knowledge of the other entrepreneur in the Kutch-Bhuj cluster as these entrepreneurs have grown up together and share some form of kinship or friendship with each other. During marriage and other festivals, the weaver community comes together to celebrate. Cooperation occurs in terms of information about trades, exhibition, credit, and exchange of skilled labour at the time of large order.

In constructive competition, the losers as well as the winners gain. Entrepreneurs compete with each other in terms of copying designs, price competition, poaching of weaver-subcontractors, and information regarding important trade fairs is fierce because of high concentration of many wearers in a small place and few big buyers. However, there is a certain level of tolerance within the community for each other's misdemeanour. For example, even if a weaver has stolen a design from another weaver or has poached the wage weavers, the victim will never raise any issue and often ignore such deviations because more than the business, the personal and the familial relationship are valued. Such form of competition is termed as constructive competition which is fair and regulated and it allows entrepreneurs to come out as winners (Deutsch, 2006). Entrepreneurs in this cluster believe that the market is big enough to accommodate them and they have the ability to develop new designs so that they can face competition. The interplay of cooperation and competition in the growth of a micro-entrepreneur is illustrated through the following narrative of some of the entrepreneurs cum artisans in the cluster.

Understanding Coopetition Dynamics Through Different Entrepreneur Networks

(1) Kinship and Friendship Network

Kinship network refers to the relationships with immediate kin related by blood, marriage, or adoption (parents, adult, children, and siblings, including in-laws) and extended kin (Knoke & Kuklinski, 1982). Friendship networks are ties with friends with whom an entrepreneur likes to spend free time, wants to get together for informal social activities such as going out for lunch, dinner, drinks, films, visiting one another's homes, and so on (Mehra, Kilduff, & Brass 2001; Reagans & McEvily, 2003). On a functional basis, both kinship and friendship networks are strong ties (Granovetter, 1985) or embedded ties (Uzzi, 1996) that provide regular, inexpensive, reliable, and thicker information. Thus, there are higher chances of survival. Mostly relatives are also friends of entrepreneurs, so rather than differentiating, we are considering them as same. These networks develop naturally, as they belong to the same caste and community, have grown up together, celebrate marriage, organize bhajan mandali, and other social rituals. The weaver entrepreneurs' families trace their ancestor to one person who came to Bhujodi village some 832 years ago. Likewise, hand block printing entrepreneurs originated from one ancestor named as Jivah who belongs to Khatri (Muslim) community. These factors developed trust, business interdependencies, and frequent interactions.

Kinship and friendship networks are mostly within the cluster. They reduce the cost associated with transportation, transaction & network, minimize risk in terms of easily approachable business partners, timely supply of raw material, and finance. Entrepreneurs invite suppliers and buyers to attend their social ceremonies. Such networks allow entrepreneurs to purchase raw material on credit from suppliers which solves the problem of working capital. These networks secure the market by retaining buyers, reducing inventory-carrying cost, and selling cost. An entrepreneur reported, "if my relative is in a dire situation, I would definitely tell him about the buyer". He is committed to help his relative but again he is aware that his relative is his competitor, so help is limited to only telling him about the buyer, and not sharing other information. Entrepreneurs maintain friendship networks with wage workers, which help them deliver products in time, save entrepreneur's cost involved in maintaining stock and increase entrepreneurs' confidence in taking large orders. Some of these entrepreneurs once worked as wage weavers under these local buyers and when

they started doing their own business, they preferred to sell their products to these local buyers only.

One of the entrepreneurs mentioned that cooperation was important because it bound them together and they were recognized in the market as a cluster, not as an individual; it provides mutual benefits to the entrepreneurs. For example, when they sold their products in Kutch handloom and handicraft markets buyers and suppliers got attracted to them because they were in a cluster, which in turn provided them many potential customers at the same place.

Mr. Ismile firmly believed that cooperation developed trust based long term relationships which were essential for successful business. He said that he had no competitors in the cluster. If someone copies his design, he feels proud that his design is so new and attractive that someone else liked and copied it. He interpreted such copying as a token of appreciation of his work. An entrepreneur, Murji Bhai told that when his father died, he had to run the business, not as a wage weaver but as an entrepreneur. The challenge was big but he was saved by his relatives and friends. His supplier was a long-standing family friend, so he gave him raw materials on credit. He contacted a relative who was in the business of buying handloom products and selling them in far off places. Murji bhai did not maintain any records of the transactions or the agreements he had with his buyers and suppliers because of trust in the relationships. Proximity with other handloom entrepreneurs helped him to have a steady flow of information about the business such as price, designs etc.

Entrepreneurs know that their trade thrives on product differentiation and novelty. Some of the entrepreneurs keep their highly skilled wage weavers secret. Under the course, they do not share any information about their buyer and suppliers with other entrepreneurs. Sometimes, it increases the cost because when living in the same place, an entrepreneur cannot act like an opponent. It lowers the bargaining power of entrepreneurs and prevents them from shifting or breaking the relationship. According to one of the entrepreneurs, sometimes if they are aware that someone has copied their designs or poached his wage weavers, he can't do anything because that person is either a family member or childhood friend. Some of the entrepreneurs mentioned that wage weavers are not interested in maintaining friendship network. Wherever they get high wages, they move without completing previous order which causes losses to the entrepreneurs. Entrepreneurs sometimes pay a high cost because of inability to bargain and pressurize for timely payment. It indicates that just residing in the same place and the same community does not provide a reason for becoming a friend. Economic profit encourages entrepreneurs to maintain friendship network. Friendship and kinship networks are shifting towards more business oriented networks. Even if they consider other business partners as their friends, they rarely share marketing information. Entrepreneurs were aware of the attendant dangers of getting too close to their competitors as they would cut on their price, poach their wage workers, and are likely to steal their designs.

Mr. Murji Vankar said that he did not believe that there is a high level of cooperation amongst the cluster entrepreneurs. When he wanted to start his own business, his childhood friend, Ashok Bhai discouraged him because he wanted him to remain as a daily wage weaver. So, he carried on with a façade of cooperation and kept his contacts with Fabindia and Adani Foundation secret. Another entrepreneur Chaman Vankar told that although other entrepreneurs were close friends, but he did not like to share the list of his buyers and suppliers with them because it was purely a matter of business and others would understand this. He considers other entrepreneurs as his friends and he trusts them, but at the same time he keeps in mind that they are his competitors, so he shares limited information with them. Intense competition at times, results in unscrupulous business activities such as, undercutting on price, poor product quality, personal attack, etc. often result in decrease in productivity.

The cluster should also be analyzed in terms of the industry environment in which it operates. There is high demand of handicraft and handloom products in the market, most of the entrepreneurs were having sufficient skilled workers, high capability in terms of design development, fixed customers, from whom they were getting constant orders. Thus, competition was not as serious as it appeared. Entrepreneurs believed that there was enough market because of the high demand, and they had the ability to develop new designs, so they could face competition. An entrepreneur mentioned that competition was there amongst them but not because they lived in the same geographical area, they did not compete in the cluster but since the past few years due to increase in the number of stalls in trade fairs, price competition had increased. Competition amongst traders and big entrepreneurs is comparatively less because they have different strategies like niche market, product differentiation, pricing, and product quality.

Business Networks

Business networks are purely profit seeking networks. They transfer information on price and quality, provide wide access to information circulating in the market, such as information concerning products, markets, or clients which enlarge the ability to test new trading partners, depicting selfish and profit-seeking behaviour (Lechner, Dowling, & Welpe, 2006; Uzzi, 1999). Entrepreneurs feel that in today's competitive world, business is business and it needs to be kept out of family and friendship relationships. One of the respondents said that now it was time to do just business to make more profit not to make friends. Most of the business networks are outside cluster boundary formed during trade fairs and exhibitions; only a few of these relationships grow up to long term and trust based relationships. One entrepreneur said that business networks are sources of new information regarding current market demand, according to which they develop new designs and patterns. Mr. Kanji Vankar said that although he had a very close network with local suppliers but, when it comes to profit, he reduces transactions with local suppliers, but still maintained friendship network. Few entrepreneurs completely switched over to non-local market/buyers to reduce competition like Mr. Syad who has no family or kinship network within the cluster. He maintains only business networks outside the cluster. Some of the entrepreneurs are increasing their focus on exports. Initially, business networks are presented in form of weak ties but over a period, frequent transactions turn these networks into friendship networks, and develop trust at the level where entrepreneurs pay a little cost of the network. For example, an entrepreneur does not need to visit a supplier or buyer every time, just communicating on the phone is sufficient to place orders.

Entrepreneurs' networks with Fabindia, Adani Foundation, and Government of Gujarat are completely business networks specified in a written transaction about the quantity of products, quality of products, design, and time of delivery. Entrepreneurs mention that written records with these business partners are likely to invite trouble in future. Some of the entrepreneurs mention that they increase profit by acquiring bargaining power with business networks. However, there is always risk associated with these networks in terms of ceasing of money, delay in payment, and high rate of rejection of products.

Supportive Networks

Supportive networks are made up of banks, accountants, lawyers, trade unions, research institutions, training institutions, cooperative, government agencies, and non-governmental agencies (Ali, 1995). Central and state governments frequently organize trade fairs and exhibitions with the collaboration of local NGOs in Kutch, for example, Kala Raksha, Khamir, Kutch Mahila Vikas Sansthan, Shrujan, SEWA, and Vivekanand Gramodyog Society (VGS), help in forming networks with national as well as international buyers and suppliers. Many entrepreneurs were associated with Kala Raksha, an NGO that is engaged in the preservation of arts in Kutch. This association gave a new direction to the business of these entrepreneurs by supporting them in the development of their own logo and by introducing them to Fabindia and Adani Foundation. These entrepreneurs are also registered with the Handloom Commissioner, government of Gujarat to participate in trade fairs and exhibitions, and to form new contacts for the growth of their business. Few entrepreneurs have networks with banks. Entrepreneurs of Chandria cluster took support from the Entrepreneurship Development Institute (EDI), Ahmadabad (Gujarat) to get geographical indication (GI) registration to reduce unfair competition and counterfeiting from powerlooms by ensuring product quality and distinctiveness to a specific geographical location. Entrepreneurs come together to allot community land for common drying place and water tank for washing fabric as most of them do not have space and water facilities.

There was no supportive network of trade union and cooperative societies. The reasons are manifold. Most of the transactions of cluster entrepreneurs are credit based and in a case of financial assistance, they prefer to utilize their friendship or kinship network rather than seeking a loan from the bank because of cumbersome loan procedures. Almost every entrepreneur had more or less abundant number of customers to run his enterprise, so they never felt the need of forming a union. There was once a cooperative society in the year 1954, which ran successfully until the year 1995, and finally, in the year 2001 it had closed down.

Implications

(1) Implication for Policy

An effective implementation needs to be framed according to the cluster development stage because one size cannot fit all. Most of the handloom and handicraft clusters in India are at maturity stage (stagnation stage) characterized by slow growth and high competition. At this stage, investment in machinery, equipment, buildings, and other physical capital give poor outcomes. This stage demands strategic investment on social and psychological capital that can rejuvenate clusters by increasing productivity of micro enterprises. Thus, approach to cluster development should focus on social (network) and psychology factors (entrepreneur self-efficacy and personality traits) along with economic factors because an economic factor cannot be developed or work effectively in isolation. An entrepreneurship policy needs to integrate with cluster development policy to give focus to new start up enterprises (Stevenson & Lundstrom, 2001). Government targets wage weavers for interventions in handloom and handicrafts clusters, whose minimum number starts from 1000 and can reach upto 10,000. Government supports are fabricated in a way that these wage weavers become heavily dependent on government, and once the government or concerned supportive agency opts out from the clusters, these wage weavers are not able to continue because they don't have that risk bearing capacity and belief in their ability that they can perform business tasks on their own. Rather than covering all wage weavers, government needs to concentrate on identifying potential wage weavers who can be promoted to become entrepreneurs through training development programmes. Personality traits can be useful for identifying potential entrepreneurs and this also has implications for investors and support services providers who are looking for financing or supporting new start-ups, and for entrepreneurs who want to evaluate themselves for success of their own enterprises (Ciavarella, Buchholtz, Riordan, Gatewood, & Stokes, 2004).

Social networks emerged as a key element of success for micro entrepreneurs. Government focused on strengthening networks within the cluster boundary and neglecting the possibility of strengthening the cluster with external linkages, resulting in obnoxious outcomes. Within a cluster, stress has been given on homogeneity by focusing on producer-producer relationship but focus should be on producer-trader relations outside the cluster and stress heterogeneity within the cluster (Das, 2005). From a policy point of view, it is interesting to study cross-territorial networking (Andreosso-O'Callaghan & Lenihan, 2008). Whatever support has been given to entrepreneurs, is mostly in terms of providing training in designing, dyeing, and allotment of stalls in trade fairs. There might be a possibility that these supports are not reaching upto the desirable level for the micro entrepreneurs and are largely benefitting large entrepreneurs. Networks are more in terms of backward linkages than forward linkages. Support networks should be developed more in terms of placing entrepreneurs in the contact of suppliers and buyers rather than just financial and technological support. Training programmes need to focus on developing micro entrepreneurs' belief in their capability and networking skill that can tap growing regional and national market efficiently, for example, some of the big retailers like, Fabindia and Lifestyle are purchasing from cluster entrepreneurs.

Although, prior research has highlighted the importance of cooperation and competitive positioning in the marketplace, very few studies have discussed the role of cooperation and competitive positioning in a social context. It is observed that the effect of cooperation and competition networks are mediated by external environment. A high market demand generates fierce competition among cluster entrepreneurs, resulting in unscrupulous business activities such as cut throat price competition, poor product quality, personal rivalry, etc. resulting in decreasing productivity. Policy makers need to consider the extent of promoting cooperation and competition among cluster enterprises based on the external industry environment. Strategic policies should focus on increasing the synergic effect of cooperation and competition. Our research suggests that scholars can better understand how micro entrepreneurs gain competitive advantage by investigating the structure of inter-firm networks characterizing the social context.

Major focus of training programmes is on finance, technology, and design development. Handloom and handicraft industries are low technology industries, so there is little scope for technology development. Finally, training in design development is not as important as it appears. Entrepreneurs receive designs based on the current market trends from their buyers. Despite these supportive services, micro enterprises are unable to gear up to increase profitability because

little attention has been paid to entrepreneurial self-efficacy (perceptions, beliefs, capability, and intentions), and network skill development. Training to entrepreneurs was largely part of their start-up stages but running a successful enterprise is a long run process and requires training in subsequent years also. Entrepreneurial training modules should be designed to cultivate self-efficacy through developing people's cognitive, social, and behavioral competencies through mastery modeling, and cultivation of people's beliefs in their capabilities so that they can use their talents effectively, and to development network skills.

(2) Implications for Research

Given a lack of empirical study on factors affecting performance of micro entrepreneurs in traditional handicraft and handloom clusters, this research is a major leap in covering the gap. Empirical study of social network, entrepreneur self-efficacy, and personality traits from past few years have been neglected by researchers especially, from the perspective of their relationship with micro enterprise performance in clusters of developing countries (Nadvi, 1999). This research contributed to the existing literature of entrepreneurial self-efficacy, social network, and cluster. Previous researchers studied effect of entrepreneurial self-efficacy, personality traits, human capital, and network on performance separately. This research integrated these different determinants in one framework to examine their combined effect on performance. From a theoretical perspective, they contribute to ongoing efforts to develop theoretical models of entrepreneurship that clarify the mechanisms through which micro level variables (for example, motivation, effort, skills, etc.) of individual entrepreneurs influence macro level measures of firm performance (for example, growth in revenue and employment).

Networks are over-emphasized but this may not increase performance to the extent the cluster theory suggests. Entrepreneurial network acts as an intermediary or supplement explanatory variable rather than core performance predictor. In the social network literature, lack of studying an entrepreneur is frequently pointed out as an important research gap. An entrepreneur will not be able to take advantage of these networks unless he possesses necessary knowledge and capacity. It ultimately affects how much benefit an entrepreneur can derive from existing network ties which in turn impacts enterprise performance. Much research has been concentrating on network mechanism and less attention has been given to entrepreneurial attributes because it is ultimately an entrepreneur who forms a network. This research has bridged the gap between the cluster theory, the social network theory, and the theory of entrepreneur cognition by combining the network structure with entrepreneurial self-efficacy and personality traits of cluster entrepreneurs.

Limitations and Scope for Future Research

The present research has some limitations. First, lack of financial measures because of unavailability of finance data in public and lack of data of past years. Second, collecting information only from entrepreneurs has a constraint that it focuses on the individual, and does not give the whole picture of the macro structure of entrepreneur data (Hanneman & Riddle, 2005). Names of suppliers and buyers are something very confidential for the micro entrepreneurs which they are reluctant to reveal. Third, multiplicity in nature of an entrepreneurial network indicates two or more sets of relationships or resources' exchange that occur together in one relationship between actors (O'Donnell, Gilmore, Cummins, & Carson, 2001; Wasserman & Faust, 1994). There is a possibility that actors are connected with each other with more than one relationship, for example, two actors can be connected with each other through friendship as well as kinship relationship or have exchange of more than one resource i.e. information and money.

This research opens up the direction for future research in the field of cluster and entrepreneur networks. A full understanding of networks in a cluster requires a longitudinal study to understand clusters, network dynamism, and cost of networking. Cluster transforms at each stage of development namely, emerging, growth, sustaining and declining (Dirk & Menzel, 2003). Considerable research has been directed to clusters at a point of time but less consideration has been given to their dynamism (Schmitz & Nadvi, 1999). Networks are highly dynamic in nature as the network actors continuously create and dissolve them on the basis of their interest (Bowey & Easton, 2007) and different stages of business (Casson & Giusta, 2007; Greve & Salaff, 2003). Networks gradually increase in numbers,

spread to various locations, move from social to economic (Schutjens & Stam, 2003), and simple to complex (Larson & Starr, 1993). The social exchange theory argues that an individual forms a social network on the basis of its capacity to provide rewards relative to costs. Cost of networking involves time spent and frequency of communication with actual and potential network partners in building, expanding, and maintaining networks (Witt, 2004; Woolcock, 1998). Measuring cost allows calculating net influence of network on enterprise performance.

Conclusion

Literature explained competition and cooperation separately with an underlying assumption that if two or more than two enterprises are cooperating with each other, they cannot compete with each other. With changing business environment, it is observed that enterprises cooperate but concurrently compete with each other. We find that micro entrepreneurs break the shackles of weavers and become successful entrepreneurs largely because of cooperative environment provided by a cluster. Coopetition comes out as an entrepreneurial strategy to improve enterprise competitiveness where micro entrepreneurs face resource and market constraints. It is important to know how these micro enterprises actually maintain these contrasting relationships for gaining profit in a constraint environment. Prior research has highlighted the importance of coopetition positioning in the marketplace, very few studies have discussed the role of coopetition positioning in a social context. In the narrative, we find that micro entrepreneurs meticulously decide when to compete and when to cooperate with competitors, suppliers, buyers, and supportive institutions. They compete with each other and also maintain ordinal relationship with each other through various types of networks. The paper reflects that micro entrepreneurs trust each other, are committed to long term relationship, and cooperate with each other without undermining the fact that they are competitors.

Being a part of the same community, shared belief, living together in the same geographical area, and having a childhood relationship doesn't guarantee cooperation. Many weavers claim that they were followers of Sant Kabir (a mystic saint of India belonging to the weaver community) and they frequently organize community prayer (*bhajan mandli*), but this community get-together and bonhomie does not translate into immediate business level cooperation. A high level of cooperation exists only in social aspects, not in business aspects. Currently, the market of handicraft is booming which has created fierce competition amongst handicraft entrepreneurs, resulting in unscrupulous business activities such as cut-throat price competition, poor product quality, personal rivalry etc. which result in decrease in productivity. It was observed that coopetition in the cluster is mediated by the external environment. In the present case study, entrepreneurs depend more upon family and friendship network at start-up stage because it demands less effort as they don't need to look for suppliers and buyers because their family members and friends are already in business. As business starts growing, they demand more number of networks. Thus, entrepreneurs divert to business networks with an objective of seeking profit. Nevertheless, it might increase burden over an entrepreneur in the form of obligations. Entrepreneurs pay a high cost of maintaining and shifting networks with cluster actors, that is, an entrepreneur does not break a network even if a network adversely affects his/her enterprise performance.

This research has implication for micro entrepreneurs. Cluster micro entrepreneurs are not able to efficiently balance cooperation and competition. Unhealthy competition exists amongst entrepreneurs. Instead, what is desired is balancing it with cooperation. Micro entrepreneurs indulge in competing with each other and if cooperation happens, it is limited only to backward linkages which are insufficient for enterprise growth. Today's markets are growing, getting diverse, functional, and efficient. All this requires cluster micro entrepreneurs to recognize dynamics of coopetition by considering the network as a market. Entrepreneurs largely concentrate on network formation, but should increase the strength of these networks by developing trust, intensity, and reciprocity for long term profitability of enterprises. Micro entrepreneurs should not restrict themselves in forming different types of networks. They need a blend of kinship/family network, business networks, and business network that are more effective and efficient in terms of quantity (number) and quality (intensity) at each stage of an enterprise to increase sales and profit. The entrepreneur should try to minimize the cost associated with a network while drawing benefits out of it. More the strength of a network, less will be the cost associated with it. Supportive networks should be developed more in terms of placing entrepreneurs in the contact of suppliers and buyers rather than giving them just financial and technological support. Strategic policies should focus on increasing the synergic effect of cooperation and competition. This research

suggests that scholars can better understand how micro entrepreneurs gain a competitive advantage by investigating the interaction of cooperation and competition with the structure of inter-firm networks characterizing the social context.

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