Globalisation and regionalisation in the clothing industry: survival strategies for UK firms

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Abstract: The clothing industry has been globalised quite early, owing to its ease of transportation and its labour intensity. The aim of this paper is to identify survival strategies developed by clothing firms in a globalisation context. The paper uses a value-chain perspective to analyse firms’ decisions not as discrete, but as linked to the previous and the following stage in the chain. The strategies followed by the clothing firms, to survive in a context of strong pressure from retailers and from competition from low-wage countries, are a combination of two trends. The first trend is the relocation of production to low-wage countries; the second one is the development of six added-value activities: niche, Quick Response, full package, innovation, branding and retail.

Keywords: clothing; globalisation; location; value chain.


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1 Introduction

International business research focuses mainly on the activities of the multinational enterprise and on the relocation of production activities to low-wage countries (Kenney and Florida, 2004; Rugman and Brewer, 2001). The literature is based on a simple dichotomy between domestic and international. But the form of these relocation trends and the location of the activities are not researched enough. The literature is about how firms internationalise, but not much on how this phenomenon is coupled with other strategies, and specifically what alternative options exist for small firms and how they can survive in the (developed) country of origin.
The aim of the paper is specifically to analyse how clothing firms in the UK respond to the pressures of globalisation, in terms of market strategy, value-chain organisation and location of activities. This is an issue that is relevant for both practitioners (British firms that want to survive in a globalisation context) and academics. It gives a more Small and Medium Enterprise (SME) and regionalisation perspective than most of the internationalisation management literature. Our research question also raises the theoretical issue of the relationship between regionalisation and globalisation.

The clothing industry is a unique case in the globalisation and location literature, as it is both the archetype of an internationalised industry (Buxey, 2005; Jin, 2004) and the archetype of a localised industry, as illustrated in industrial districts in Prato (Piore and Sabel, 1984) or in garment centres in London, New York and Paris (Green, 1997; Lazzaratto et al., 1993; Morokvasic et al., 1990; Rath, 2003). These make it a really interesting case in the globalisation literature.

The clothing industry is more vulnerable than others to relocation to low-wage environments, because it is labour intensive and products are easy to transport. But at the same time, the fashion component and lean retailing are arguments in favour of location in the country of origin, where the market is. That makes it a very interesting industry to observe in a globalisation context.

The aim of the research is to document how the British clothing firms have responded to the forces of globalisation. Current statistics on imports and employment are depressing, but many local participants endure, and certain strategies must work. This context justifies a case study approach (Eisenhardt, 1989), where exemplary firms are observed and analysed. The investigation involves analysing what strategies these exemplary companies deploy.

The paper is the result of the analysis of semi-structured interviews with 15 firms that took place in the UK textile, clothing and retail industry in 2003–2004. Out of the 15 interviewees, four were in textile, five in clothing manufacturing, three in retail and three in institutions. The interviews (each lasting over two hours) followed a semi-structured questionnaire on the competitive position of the firm on the market, the organisation of the value chain (relationships with suppliers and customers), the location issues (which activity is located where) and finally an outlook. The paper focuses specifically on the clothing industry. Textile and retail activities are looked at as suppliers and buyers from the clothing firms. The survival strategies that have been identified and that are presented in this paper relate to clothing firms specifically.

The paper first presents theoretical considerations on globalisation, regionalisation and firms’ strategies in a globalisation context, then the UK clothing value chain. It is followed by a discussion of the typology of survival strategies developed by British firms. Finally, a discussion raises the key theoretical and managerial results.

2 Theoretical background on globalisation, regionalisation and firms’ strategies in a globalisation context

The context of the project is globalisation, defined as “tendencies towards the integration across borders of markets for labour, capital, goods and services, and the emergence in all of these markets of a common set of economic actors” (Berger et al., 1999). Globalisation is the result of two processes of change: relocation of economic activities
and reorganisation of firm activities. It is along the organisation and location dimensions that we wish to analyse the clothing value chain.

Globalisation in the clothing industry is about where raw material is sourced, where products are manufactured and where they are distributed. Suppliers and customers of the clothing firms are key in that perspective. This is why we are adopting a value-chain perspective. Rather than looking at clothing as an increasingly global industry, it is useful to use a value-chain perspective to analyse the decisions made by firms, and to understand the interdependency in their strategies. The clothing industry is particularly interesting in this context, as it does use a variety of situations combining the organisational (internal versus external) dimension and the location (domestic versus international) one.

The reasons for the relocation of production into low-wage countries have already been discussed in various publications. They are "the comparative factor costs and productivities for labour, capital and other inputs between nations and their impacts on product costs, as modified by transportation, insurance, and related costs" (Abernathy et al., 2004). The changes in international exchange rates, quotas and tariffs also affect the global trade of apparel and textile products.

What is new is that there is a set of factors related to the distribution of the products playing an increasingly important role. The new factor in global sourcing is lean retailing. Lean retailing (Abernathy et al., 2004) requires frequent shipments made on the basis of ongoing replenishment orders placed by the retailer. These orders are made based on real-time sales information at the stock-keeping unit (SKU, the specification of the product at the most detailed level), which is collected at the retailer’s registers via barcode scanning and aggregated centrally. With the advent of lean retailing, suppliers replenish a higher percentage of their products within a selling season. The technological element is key in the Quick Response (QR) model (Abecassis et al., 2000; Abecassis-Moedas and Grenier, 2004; Forza et al., 2000).

Taking into account the retail perspective raises the need for a balance between local and global sourcing. The analysis concentrates on the appropriateness of one or the other based on the contingency of the product type. The main distinction is between replenishment and non-replenishment products (Abernathy et al., 2004; Jin, 2004; Richardson, 1996). This literature is still dependent on the distinction between domestic and international, but it is the first one to raise the need to introduce the geographical distance variable.

As soon as distance is considered, the concept of region (as a geographical and economic bloc of countries) makes sense. The international management literature has not yet stabilised on the relationship between regionalisation and globalisation phenomena. It raises the question of the integration of markets at the level of a region or of the world. Regionalisation is the situation where the growth of trade and investment within each of the major economic blocs is greater than the growth of exchanges among the blocs or between them and the rest of the world.

Regionalisation can be considered part of globalisation, in so far as it contributes to the erosion of national borders and may work as a stepping stone to globalisation (Wei and Frankel, 1996). In contrast, regionalisation can be considered a defensive reaction to globalisation, “an effort to regain some measure of political control over the processes of globalisation that have impinged on national policy” (Katzenstein, 2003). This trend can be viewed in a general economic perspective or more specifically at the scale of one
industry. Regionalisation being a step towards globalisation or a reaction to globalisation has different implications on the organisation of the clothing value chain, and on the strategies available to British clothing firms.

The relocation of activities to low-wage countries, as well as the analysis of activities that are kept domestic, has been the subject of some literature in the clothing industry. Some concentrate on cities like London. Evans and Smith (2004) have identified a list of five shifts operated by clothing firms in London: changing position in the supply chain (from productive to merchant), QR for prototypes or small series, subcontracting abroad (and keeping in-house design, sample, production control, grading…), developing higher-value design-led clothing production and spreading risk across a range of activities.

Others enlarge the perspective to a whole country, rather than just a city. According to Lane and Probert (2004), there are two main strategies adopted by British and German firms:

1. outsourcing production in low-wage countries
2. adaptation in product and market strategy – niche, QR, more fashion content, getting more content over the final stage of the value chain (retail), exporting, strengthening brands.

For clothing firms to survive in Australia, local factories should focus on quality and customer service, preferably in niche markets (like uniforms), or for specific customer groups, and develop technologically advanced products. A move down the supply chain into retailing can also help (Buxey, 2005).

In the previous literature, the strategies developed by firms involve a move in the value chain activities. That is why there is a need to concentrate on the concept. The value-chain concept was first developed by Porter (1990), and it is the object of a fast-growing literature in economics and management (Mills et al., 2004). Sturgeon (2000) defines a value chain as the sequence of productive (i.e., value-added) activities leading to and supporting end use. A ‘chain’ maps the vertical sequence of events leading to the delivery, consumption and maintenance of goods and services – recognising that various value chains often share common economic actors and are dynamic in that they are reused and reconfigured on an ongoing basis. The value-chain perspective allows the underlining of the interdependency between actors along the chain and viewing of the strategic choices of firms not as discrete but as linked to one another through the chain.

3 The British clothing value chain

This part presents the British clothing industry’s structure, organisation and dynamics. It then discusses its level of internationalisation and the relationship with the rest of the value chain. It sets up the scene in which the strategies observed would be analysed.

3.1 The British clothing industry

The bad image that the clothing industry carries in developed countries is mainly due to the massive job losses and company closures that have taken place over the past 30 years. It has to be kept in mind that the textile and clothing industry used to be a dominant employer in the manufacturing sector in the UK.
In 2001, the British textiles and clothing industry was still the fifth largest employer in manufacturing in the UK, with 242,000 persons, even after 30 years of employment decline. Overall the clothing industry has lost about 40% of its employment since the recession at the start of the 1990s. That explains why most press articles carry a negative image of it.

The British clothing industry is also rather fragmented. In 1999, it was made up of 6700 firms. Seventy-seven percent of those firms had revenues smaller than £499,000, and only 3% made more than £5m in revenues (Key Note, 2000). The consequence of such fragmentation is the lack of power towards both the upstream (textile industry) and the downstream (retail), as discussed in the following paragraph. The number of firms has also decreased by almost 20% between 1995 and 2000 (Lane and Probert, 2004).

3.2 Value-chain organisation: interaction with textile and retail

The textile industry is strongly linked to the clothing one, as about 35% of its output goes to the clothing industry (the rest goes to home furnishings, floor coverings, technical textiles...). The textile industry is also fragmented, even if not as much as the clothing one. It is a more capital-intensive sector. In 2000, there were about 5000 firms, 340 of them involved in fibre production, of which 135 had smaller than a quarter of a million - pounds in revenue, and 70 greater than £5m in revenue. There are only a small number of companies involved in fibre production, because small companies were forced out of the industry in the 1990s. The rest of the textile industry (small companies) only provides ancillary or support services as finishing. The textile industry has lost 33% of its workforce since the beginning of the 1990s (BATC, 2002).

Retailers are the direct customers of the clothing industry. There were 12,000 companies involved in the retail sale of clothing in 2001, compared with 14,400 in 1998. Only 1.7% of them had sales in excess of £5m, and only 5.1% of them in excess of £1m. Large businesses had been increasing their share of retail sales of clothing, at the expense of small ones (Key Note, 2004).

In Britain, concentration in the retail sector is very advanced: according to Retail Intelligence (Baden, 2002), the index of concentration in British retail is 75%, the highest in Europe, and the top four specialist retailers represent 40% of the market share, of which Marks and Spencer holds the lion’s share (Lane and Probert, 2004). Also of importance is the highly concentrated supermarket sector, where Tesco and Asda offer very competitive, own-label clothing created for them by known designers, and now occupy a significant share of the clothing market (Key Note, 2004). The resulting high degree of competition in the clothing retail market has depressed prices and margins (Baden, 2002). For most British clothing producers, the choice of retail customers is thus severely restricted.

3.3 Internationalisation dynamics

The continuing decline of clothing manufacturing in the UK can be explained as the result of the globalisation of clothing production since the 1970s. This has been predicted from the emergence of new producers in East Asia, North Africa and in Central and Eastern Europe, whose competitive advantage lies in low labour costs. Clothing is a labour-intensive industry. It is commonly accepted in the industry that labour costs
represent between 30% and 50% of the cost of clothing manufacturing. As a result, in 2001, two-thirds of the clothing products and 40% of the textile products were imported (BATC, 2002).

This has led to intensified cost pressures on firms in the UK, prompting the large-scale outsourcing of garment production to contractors based abroad (Gereffi, 1994). Large-scale outsourcing, in turn, translates as growth in the volume of imports of finished garments into the UK, either as part of outward processing or simply as the import of clothes bought ready-made from firms based abroad. Over the past 30 years, Turkey, Morocco, Romania and China have significantly increased their share of the British clothing market.

Even firms strongly committed to a ‘Made in UK’ policy, such as Marks and Spencer, have gradually reduced their volume of production in the UK. In the 1980s Marks and Spencer sourced about 90% of their garments in the UK, but by 2003 this proportion had fallen to 10%, as a result of its historical decision of asking its suppliers to outsource more of their production abroad (Marks and Spencer, 2004).

The Multi Fibre Agreement (MFA), by the imposition of quotas, limits trade in textiles and clothing between developed and developing countries. It has organised the international trade in textiles and clothing, by essentially limiting the competition from low-wage countries. It is likely that the end of the MFA (in 2005) will change the balance between developed and developing countries to the advantage of the developing ones, like China.

4 Data analysis: strategies for British clothing firms

Based on the analysis of the interviews of the 15 firms and of secondary data (trade publications and market reports), we have analysed the survival strategies that have been observed. The strategies followed by the clothing firms, to survive in a context of strong pressure from retailers and from competition from low-wage countries, are a combination of two trends. These two trends are not mutually exclusive; on the contrary, firms couple trends one and two to be able to survive. The first trend is the relocation of production to low-wage countries, and the second one is the development of added-value activities. The first trend is the most discussed in the literature, but we show, first, that it takes a number of shapes, and second, that it has to be coupled with the second trend for firms to survive. Firms that have only moved their manufacturing offshore without changing any other activities are unlikely to survive.

4.1 Trend one: relocation of production to low-wage countries

Outsourcing is not the only form of relocation. In fact, relocation can take many different shapes. We discuss the position of clothing firms exclusively, in relation to the rest of the value chain. We are detailing the relocation shapes according to organisational form (in-house versus outsourced), to avoid the confusion between the relocation of activities offshore and outsourcing. As the two dimensions of organisation and location are independent, they are combined, which creates a matrix of four different situations, as shown in Table 1 below. The relocation strategies detailed below appear in Table 1, in the ‘out’ column.
Table 1  Relocation configurations according to organisation and location

<table>
<thead>
<tr>
<th>Organisation/location</th>
<th>IN (domestic)</th>
<th>OUT (offshore)</th>
</tr>
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<tbody>
<tr>
<td>IN (in-house)</td>
<td>In-house and domestic</td>
<td>In-house and offshore</td>
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<tr>
<td>OUT (outsourced)</td>
<td>Outsourced domestic</td>
<td>Outsourced offshore</td>
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4.1.1 **In-house and offshore**

In-house and offshore is a situation in which traditional clothing manufacturers relocate manufacturing facilities to a low-wage country in fully owned factories. From our research, this configuration is observed for core products and in closer locations. In this configuration, manufacturing is in-house, offshore (quadrant north east of Table 1). This scenario is more likely to happen for replenishment products, and it supports the regionalisation thesis.

4.1.2 **Outsourced offshore**

Outsourced offshore is the situation in which traditional clothing manufacturers subcontract their manufacturing to third-party contractors in a cut/make/trim (CMT)\(^4\) contract. The clothing firm designs the product and buys the fabric, and the contractor cuts, manufactures and trims. Based on interviews, it is more likely to happen for more remote locations and for permanent products. In this configuration, manufacturing is outsourced, offshore (quadrant south east of Table 1).

By adopting a value-chain perspective, and through the interviews, we have been able to identify additional reasons to the traditional ones to offshore manufacturing. The main one, which has been cited many times in interviews, is the lack of suppliers or of customers: a gap in the value chain. The examples cited are as follows. A British lace manufacturer had to relocate, as there was no more local customer (clothing manufacturer). In fact, for a British retailer, buying lace in the UK, to ship it to the Far East to be processed, only creates a longer lead-time. Another example cited is a British knitwear factory that could not survive owing to the lack of local raw material and trim.

In these two examples, relocation was the only survival strategy.

In the above two situations, the clothing manufacturers are the middlemen between the retailers and the offshore factories (in-house or outsourced). The pressure on prices and lead times has led some retailers to deal directly with offshore factories. From our interviews, direct sourcing from retailers comprised between 15% and 70%, depending on the product and on the retailer. There are different reasons why this is happening: development of Computer-Aided Design (CAD) tools, development of in-house design teams in retail, outsourcing of manufacturing and reduced lead times.

From a clothing-manufacturer point of view, what is interesting is to find out what can be done to avoid being bypassed. What strategies have been developed in parallel with offshore manufacturing, to stay in touch with retailers? Here again, the value-chain perspective allows envisaging of the clothing firms’ decisions not as discrete, but as related to their customers (the retailers, highly ‘localised’) and their suppliers (the factories, highly ‘globalised’).
4.2  Trend two: development of added-value activities

As described in trend 1, most traditional clothing manufacturers do not manufacture domestically any more, so they have to develop added-value activities. Six added-value activities have been identified throughout the interview process. Those activities are not mutually exclusive: many firms follow more than one.

4.2.1 Niche

Two of the interviewed firms specialise in protective equipment: one on gloves to protect from machinery, and the other one on sleeves that resist high temperatures, for industrial use. These products are aimed at small segments of the market (industrial, fire service and police) and are sold in small volume. To be able to develop such products, the firms had to invest heavily in R&D on thermal protective textiles. These are niche strategies in the sense that the market for these products is small. Another case is a firm that focuses on yarns for hand knitting. It specialises in the needs of a narrow (but growing) segment, the people who hand knit. In these three cases, the products have a high added value, either technical (protective equipment) or symbolic (yarns for hand knitting). These products have a customer base much smaller than regular clothing products.

4.2.2 Quick Response (QR)

One of the clothing manufacturers interviewed supplies major high-street retailers in fashion women’s wear apparel. To be able to cope with retailers’ demands in terms of short lead-time and replenishment, it is integrated (through the internet) with the retailers’ sales-forecasting system. Based on weekly sales, the retailer plans its needs for the following week. The manufacturer (which owns factories in Romania) uses this information to plan the manufacturing process in the Romanian plant. This QR element is especially key for fashion products that need to have a really short lead-time.

4.2.3 Full package

One of the interviewed firms declared that its specificity was in offering full-package service. The main competitive advantage over direct sourcing (the principal or retailer dealing directly with the subcontractor abroad) is the capacity to manage more than one factory, transportation (on a large scale), warehousing, financing of stock and financing of space. The full-package supplier claims to be charging a 25% margin for its activities. The observed firm specialises in lingerie and nightwear and manufactures in subcontracted facilities at 80% in China. Being located in the UK is an advantage, as the principal or retailer is able to develop a close relationship (without cultural problems) with the firm, in order to get basic products from China.

The full-package manufacturer interviewed is aware of the strong competition coming from direct sourcing (retailers going directly abroad, bypassing the British clothing manufacturer/agent), and at the same time feels quite confident that there will always be a need for British design. ‘Retailers will always need an offering of the latest modern fashion, which is very difficult to do with direct sourcing’.

4.2.4 Innovation

A large clothing manufacturer, in response to the request of a retailer, has partnered with a textile supplier to develop a new shirt fabric that will not crease. This type of innovation would not have been developed in a different context. It was necessary for all three firms to be located in the same country and to have developed a strong relationship to be able to create such an innovation. Product innovation and creativity are differentiators for British firms, and it is strengthened by proximity to the market and customer understanding.

4.2.5 Branding

Quite a few of the traditional manufacturers interviewed have developed a brand, either on the side to other activities, or as a replacement. One has six different brands, which sell primarily in concessions within host department stores, but also within a number of stand-alone stores. As such it is a mix of branding and retail activities. Another one has expanded its traditional men’s suit manufacturing activity for retailer’s own labels into taking the licence for two well-known brands. Finally, another men’s suit manufacturer, traditionally specialised in own label, has acquired a brand and a network of stores.

4.2.6 Retail

A leading own-label men’s suit manufacturer in the UK expanded its activities from manufacturing to space management for major British retailers. It chooses the products to stock and to replenish, as well as the merchandise of the store. In addition, it has developed an interesting inventory-management method, where products are recentralised at the end of each season, repackaged and reallocated to stores so as to reduce the amount of discounted items. Parallel to the internalisation of brands, there are cases of internalisation of retail, where a manufacturer opens its own retail store.

As discussed earlier, more than one of these activities can be followed at the same time. For example, one of the interviewed firms both subcontracts manufacturing offshore (to China) and offers full packages for its customers, coupled with innovation.

5 Discussion

The analysis of the survival strategies done in the previous part needs to be compared with the existing literature – as presented in the theoretical background section of this paper – and discussed.

As mentioned previously, Evans and Smith (2004) have identified a list of five shifts operated by clothing firms in London: changing position in the supply chain (from productive to merchant), QR for prototypes or small series, subcontracting abroad (and keeping in-house: design, sample, production control, grading...), developing higher-value design-led clothing production and spreading risk across a range of activities. This list is quite close to the strategies exposed in trends one and two. The main difference is that we have detailed the activities that take place in a shift from productive to merchant. Three of the identified strategies can be considered a shift from productive to merchant activities: branding, retail and full package.
The perspective offered in this paper also needs to be compared with the one described in Lane and Probert (2004), where there are two main strategies adopted by British and German firms: outsourcing production to low-wage countries and adaptation in product and market strategy (niche, QR, more fashion content, getting more content over the final stage of the value chain (retail), exporting, strengthening brands). Our results are different on two fronts. First, this paper has contributed to clarifying the confusion between offshore manufacturing and outsourcing (as visible in Table 1). Second, this paper does not consider the two strategic trends (offshore manufacturing and added-value activities) to be discrete, but complementary to each other.

The major difference between the results of our data analysis and the rest of the literature is that we envisage offshore manufacturing and added-value strategies as complementary rather than substitute. It therefore implies that offshore manufacturing is not necessarily synonymous with the end of the British clothing industry. It is only one trend, the other one being that British firms develop strategies in which they offer added-value activities that are not in competition with low-wage countries’ firms.

We have shown that British clothing firms are able to survive in a globalisation environment. This is an important result both from a theoretical and practical perspective, as it goes against the common idea that globalisation is a force that is driving labour-intensive industries away from developed countries. Managers could be inspired by the survival strategies devised by British clothing firms. These strategies are potentially expandable to other developed countries and to other industries that are in a comparable situation (labour intensive, with a fashion dimension).

From a more theoretical perspective, the results of this research follow three main axes: first, firms’ decisions are dependent on their vertical partners in the value chain. For example, globalisation in the clothing industry has historically started at the assembly step (the most labour intensive) and has gradually affected more steps in the chain. As more activities of the value chain are being moved offshore, it prevents even the activities that would be able to survive in the UK from doing so. Specifically, the textile and clothing industries are very closely linked: ‘we would like the manufacturing to be as close to the point of fabric as possible’ (interview). “Apparel products imported from China or Asia do not contain US fabric” (Abernathy et al., 2004), whereas Mexican apparel imports drew extensively on US textiles in the 1990s (Ancelovici and McCaffrey, 2005).

Second, this research has confirmed that the main contingency factor to local or global sourcing is the product type (replenishment versus non-replenishment) (Abernathy et al., 2004; Jin, 2004; Richardson, 1996). The market is made up of two different types of products in terms of fashion content, for which different strategies are needed. We have demonstrated that these two categories of products are not homogeneous. Only one supply chain organisation fits one category of product. Regionalisation is appropriate for replenishment products, and globalisation is appropriate for permanent, large-volume, small-value products (non-replenishment). These two categories of products are not competing against each other. Basic and replenishment products are too heterogeneous to be treated as a single category. It also allows one to understand better the dichotomy between globalisation and regionalisation. Each one is appropriate for one category of products. One is in a globalisation perspective, and the other is structurally in a regional context (replenishment products).
Finally, the main theoretical issue that was raised at the beginning of this paper is the relationship between the globalisation and regionalisation phenomena. This research offers some answers on this debate in the clothing industry context. As has been identified earlier, the distinction between domestic and offshore is too simple to describe the reality. Another distinction has to be established between close offshore and distant offshore. From a British perspective, close offshore manufacturing encompasses Central and Eastern Europe and the Mediterranean (Turkey, Tunisia and Morocco). Distant offshore is mostly in Asia, in particular China and East Asia. These levels can be linked to the distinction between regional and global. Close offshore is part of the region, whereas distant offshore is global. The manufacturing that is going offshore can go either to a close or to a distant one, and it has implications on firms’ strategies. When a British firm is manufacturing in China, it loses control of linked activities, like design and packaging, whereas when a British firm manufactures in Romania, it can keep control of the design, product control and finishing.

This result is in line with what has been observed in the retail industry. Rugman and Girod (2003) show that the retail multinationals neither operate globally nor need global strategies. They are mainly regional multinationals and their focus is local, home-triad market-oriented. This confirms regionalisation over globalisation in the retail environment.

In this discussion on the relationship between regionalisation and globalisation, it is useful to refer to the literature on the clothing firms in capitals like London, Paris and New York (Evans and Smith, 2004; Morokvasic et al., 1990; Rath, 2003). It describes a supply chain organisation based on immigrant entrepreneurship and small firms that are very flexible. These garment centres have survived over the years because the clothing industry needs them for replenishment products.

This literature takes into account the distance dimension. The city level is treated differently from the domestic level. This research has reproduced the perspective (based on distance rather than domestic versus offshore) to justify the existence and the importance of the regional level.

These three results are finally combined. Regionalisation is not a step towards globalisation, but rather an independent situation. The regionalisation situation leaves more space to British firms to develop local activities, as the linkage between value-chain activities is made possible by the reduced distance.

6 Conclusion

This research has contributed to enlarging the object of international management literature from large multinationals to small and medium firms.

Through case studies of British clothing firms, this research has provided managerial results regarding the survival strategies that can be devised in a context of globalisation where activities are threatened to be offshore.

The main theoretical result articulates the geographical distance concept, the product type (level of replenishment need) and the interdependency between activities along the value chain. We conclude that British firms benefit more from a regional than a global industry. Finally, regionalisation is identified as an independent phenomenon to globalisation. It is not a step towards globalisation but rather a position in itself.
References


Globalisation and regionalisation in the clothing industry


Bibliography


**Notes**

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2 The index of concentration is defined as the share of all stores outside the independent sector in the retail market.

3 The expressions ‘clothing firm’ and ‘clothing manufacturer’ are used as synonyms in this paper. The term ‘manufacturer’ can be misleading as some of these firms do not manufacture anymore. But it is the term used in the industry so it has been decided to keep it.

4 CMT (Cut/Make/Trim) refers to production units run by subcontractors where garments are actually assembled.