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OFFSHORING AND BACKSHORING IN THE BRITISH FASHION AND APPAREL INDUSTRY: A LITERATURE REVIEW

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ABSTRACT

For decades, manufacturing has been offshored from high- to low-cost locations. However, there is now partial evidence of back-shoring to some advanced economies (Kinkel, 2012). Yet, both phenomena are not well understood. The aim of this paper is to investigate the theoretical underpinnings on the mechanisms of development and restructuring of production networks, and to provide reasoning for alternative locations of various activities, including possible causes of back-shoring. The example of the British fashion and apparel industry is chosen. The paper is concerned with the issues of flexibility (Christopher et al., 2004; Bruce et al., 2004) typical of this industry and related decision making on location and levels of control. This research reviews academic and practitioner literature on offshoring, outsourcing, FDI and related subjects, for the fashion and apparel industry and provides the insight in industry's ecology based on interviews with practitioners from the industry.

INTRODUCTION

Backshoring has become extremely popular topic in recent years (Economist, 2013). It is argued, though, that the backshoring of previously offshored [manufacturing] capacities is quite common, well spread and regularly repeated phenomena (Kinkel, 2012). In the US, where the manifestation of backshoring is strongest (Gray et al., 2013) there is evident ambiguity in relation to the degree of, and reasons for, 'manufacturing returning home'. The Boston consultancy report (Sirkin et al., 2011) advocates support for what it sees as a strong reshoring trend, whereas others see reshoring as a part of a cycle rather than a structural change (Nager and Atkinson, 2015). This ambiguity is mirrored in Europe with consultants in Britain (Wilkinson et al., 2015) (Team, 2015) (APT, 2015) expressing clear hopes for an increase in manufacturing jobs and European analysts doubting whether Europe really follows the backshoring trend (Heymann and Vetter, 2013). Pro-backshoring reports clearly reflect political agendas of subsequent governments directed on protection and support of national industries and, controversially, attraction of FDI as in the case of the UK. Anti-backshoring statements use data on trends in employment and wages, showing that changes are minimal, showing that the gap is still essential, to support their viewpoint. Both use evidence from few companies relocating production and many declaring the wish to do so in the future. However, the direct and clear data on offshored and backshored activities is scares (Kinkel, 2012) and therefore it is difficult to provide academically proven evidence of either process.

It is argued that reshoring needs to be examined in the context of a prior offshoring decisions (Gray et al., 2013). There are several reasons which underpin 'off-shoring' in the first place (Jahns et al., 2006), including wage and operator costs differentials between developed and developing countries (Gibbon, 2002), the liberalisation of global trade, and radical improvements in communication systems and transportation. However, offshoring increases the costs associated with management time consumed in the acquisition and monitoring processes, in rework and the costs of lost sales, in transportation delays (Popp, 2006) and in monitoring ethical trade practices and standards. Costs of shipping are also increased, together with delays and stockholding costs due to slow import/export procedures, the need to consolidate full container loads, the documentation necessary for multinational transactions, customs clearance procedures, etc. (Christopher *et al.*, 2004).

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Solutions, such as 'stock replenishment model', which are designed to reduce supply chain inventory (Eroglu and Hofer, 2011), increase flexibility and responsiveness, reduce lead times and stock-outs, thereby increasing customer loyalty (Davis-Sramek et al., 2008) often fail at a distance (Gibbon, 2002). Most importantly, the comparative advantage of offshoring to South-East Asia, especially to some parts of China, one of the world's major manufacturing locations, has been waning, as the cost of labour there has risen (Kinkel, 2012). Offshoring to those less developed countries that still provide very cheap labour, has other hidden costs arising from lower levels of skills and poor management infrastructures (Holweg et al., 2011).

Offshoring and backshoring decisions are obviously not static. Since firms aim to maximize the value they create for their stakeholders, which inevitably involves search for reduced costs and improved margins, they need to adapt their location and control strategies as the market landscape and firm's conditions change. There are two main standpoints when considering offshoring/backshoring decisions: firm level dynamics and external dynamics stemming from the competitive environment (Mudambi and Venzin, 2010). When choosing this or another offshoring/reshoring strategy firms, in theory, must consider the interplay of various factors. First, the business strategy and capabilities of the firm itself are important when making relocation decisions (Macchion et al., 2015). Second, the conditions in the country of origin (home country), which 'push' company or specific activities away or 'pull' them back. The third, the condition(s) in the country(-ies) of destination (host countries), which provide incentives and attract investment or represent the obstacle and risk. All three sets of factors vary for companies of different size and with different market share, country of origin, business model, type of ownership, capital/labour ratio, and indeed industry and activity/product of specialisation are differentiating factors when one tries to understand the logic of companies' behaviour. However, in practice firms' decision making is more complex and often unpredictable so that two companies of very similar profile can take opposite decisions.

The authors have no intention or means to resolve the ongoing debate on whether backshoring is a real trend for developed countries or just a political 'hype' (Hertzman, 2014) (Salmon, 2013). Our purpose is to analyse academic literature, consultancy reports and collected primary data related to one particular industry in one particular country – fashion and apparel industry in the UK - to make a judgement whether there are some explanations available in theory and evidence in practice to support or refute the idea of back-shoring. Our intention is to identify the signs of changes in fashion and apparel ecosystem which would suggest that incentives have been reversed and home country is now more attractive for apparel manufacturing than various foreign locations.

The fashion and apparel industry, which is the industry of our interest in this paper, is important for British regions. The fashion industry is worth £11.8bn to the UK economy and there are 58,000 businesses employing around 506,000 people (BFC, 2012). While design, retail and wholesale are strong, apparel manufacturing almost disappeared thanks to offshoring since 1980s, and especially after 2005 thanks to lowering the trade barriers and China joining the World Trade Organisation. Fashion and apparel industry is characterized by developments, such as the emergence of fast fashion and its requirement for speed to market, the shortening of seasons, new trends in customers' interest in products labelled 'Made in the UK', especially from countries where notions of Britishness are aspirational (Petah, 2012), as well as more general concerns about risk management and quality control issues across stretched supply chains (SCs), and increasing concerns from consumers about the lack of ethical practices and environmental controls in some parts of the developing world are

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all contributing to a view that production stages of the fashion and apparel industry could return to the UK (Livesey and Thompson, 2013) in the process of backshoring.

It is timely to ask whether and if so, why and how, the backshoring of manufacturing activities in fashion and apparel industry is happening in the UK and whether this process is of a significant importance to the development of particular regions. This paper takes the first step in answering this question by analysing the literature on offshoring and reshoring and evidence from interviews taken by authors in 2014-15 with practitioners of the industry.

The paper is structured as follows. First, we provide definitions of offshoring and backshoring. Second, we summarise the theories which underpin research on these two processes. Then we consider which factors and processes cause firms to offshore and backshore some of their activities, and what are the obstacles for both. Finally we identify the characteristics typical for fashion and apparel industry which may determine the change of balance between offshoring and backshoring tendencies in the UK.

DEFINITIONS

Definitions of both offshoring and backshoring contain references to two important dimensions of business: location and ownership and control. Offshoring is defined as the transnational relocation or dispersion of activities. The term also refers to different control situations, ranging from international sourcing and purchasing to the operation of wholly owned offshore re-export platforms (Mudambi and Venzin, 2010). Backshoring activities can be categorised using the same dimensions, as they are also location and make-or-buy decisions, on the part of companies (Kinkel, 2012). Production relocation, as the move of a manufacturing process from one place to another, can be defined in terms of spatial and ownership boundaries (Kinkel, 2012). When making locational choices there is an associated decision about whether to internalize the offshore activity through various types of foreign direct investment (FDI) or to outsource it (Gray et al., 2013).

Separation of FDI and offshore outsourcing is a point of debate: some exclude (Ellram, 2013) and others include (Gray et al., 2013) outsourcing in the definitions of FDI. In this paper we join the latter opinion.

Offshoring in most of the literature relates to manufacturing, activities and services mainly 'up-stream' in the chain and often with no strategic value for the firm in consideration (e.g. IT or finance). This is not the case in this paper. We suggest that the term offshoring can be applied to the activities from any part of production network (system) and in this case it is most closely associated with the term internationalisation, e.g. internationalisation through retail. We consider internationalisation and offshoring as very close phenomena and believe that any activities (core and peripheral) can go offshore with different degrees of control from the firm in consideration.

The control strategy can be further disaggregated into the various entry modes which may influence the levels of embeddedness of, or conversely, the footlessness of companies and affect their willingness to relocate and the ease with which they can do so. Entry modes are classified according to the share of equity taken by the foreign investor. Equity modes of entry are joint ventures or wholly owned subsidiaries. Non-equity entries include contractual agreements and exports (Schwens et al., 2011). Equity based market entries imply less flexibility for the firms. When entering foreign markets with a challenging institutional context, they may best safeguard their strategically important international activities by market

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entries that are not equity based. Flexible and dynamic behaviours are then maintained. The positive relationship between strategic importance and the choice of equity based entry modes weakens when informal institutional distance and formal institutional risk are high (Schwens et al., 2011).

Entry mode is influenced by the firm's characteristics and capacities. For example, the level of a firm's *proprietary know-how* can be a determinant of foreign market entry strategy. A company can protect its specific knowledge in foreign uncertain and risky contexts to minimize transaction costs by integrating foreign operations and selecting equity based entry modes as a control mechanism (Schwens et al., 2011). An *industry's technological level* influences a firm's entry mode decision. The majority of software firms, for example, choose to carry out their sales transactions through either direct exports or through agents and distributors; few firms engaged in FDI, and when this did occur, they were preoccupied with setting up marketing and sales subsidiaries (Burgel and Murray, 2000). For *family enterprises* it is important to have full market control and to preserve independence; they are less willing to share control and prefer to establish a wholly owned subsidiary or to choose non-equity based entry modes (Schwens et al., 2011). Firms with *international experience* prefer equity based entry modes (Schwens et al., 2011). International experience of offshoring/reshoring influences the level of firms' spatial mobility (Kinkel, 2012). Some firms by the nature of their product, business model and their innovative organizational structure are more prone to internationalise than others: they seek to gain competitive advantage from the use of resources and sales in multiple countries by establishing a controlling position in a network or by using hybrid arrangements involving subcontractors and intermediate sellers (Burgel and Murray, 2000). Changes in ownership can be differentiated according to whether production capacities are transferred to, or from, locations within their own company (internal or captive mode) or whether they are transferred to, or from, external suppliers (external or out-/in-sourcing mode). Relocation of production capacities can be defined as the relocation to, or from, own locations abroad (captive relocation or captive backshoring) as well as to, or from, foreign suppliers (offshore outsourcing or offshore insourcing). Backshoring covers all transfers of production capacities from foreign countries back to the home country's manufacturing firms (Kinkel, 2012).

Off-/backshoring decisions are not static. Since firms aim to maximize the value they create for their stakeholders, they need to adapt their location and control strategies as change occurs in the market landscape and in the firm's conditions. Location decisions can be viewed from two main standpoints: firm level dynamics and external dynamics stemming from the competitive environment (Mudambi and Venzin, 2010). When choosing this or another locational strategy firms, in theory, must consider the interplay of the various factors. First, their own business strategy and capabilities are important when making relocation (Macchion et al., 2015). Second, the conditions in the country of origin, which 'push' the company away or 'pull' it back. Third, the conditions in the countries of destination which attract or represent an obstacle and risk. All three sets of factors vary for companies of a different size, industry and activity/product specialisation, country of origin. Moreover, the practice of decision making is such that two companies of very similar profile can take opposite decisions.

Research on company-related obstacles for internationalization is important for understanding off-/backshoring dynamics: factors, which prevent a company from internationalizing can be the same as those which force it to withdraw from international operations. Lack of know-how, capacity and competent personnel for cross-border management, a low level of capital accumulation and the absence of experience in knowing how to overcome bureaucratic hurdles are acknowledged

barriers (Kinkel, 2012; Gray et al., 2013). The relocation or creation of additional capacity abroad presents a new strategic dimension, which requires development of new managerial skills. This can entail the risk of misjudgements and wrong decisions, particularly if these new strategic decisions are still relying on existing resources and competences. Inexperienced traditional firms can run into problems with their involvements abroad, which drain away their international investments (sunk costs) and can lead to the termination of the internationalisation with their capacities being transferred back to the home country. It can also be termed as divestment of foreign production locations, which leads to closure of foreign units (Kinkel, 2012). Specific factors, which affect location choices are tax rates, tariffs, wage rates, energy costs and currency changes. Some of these relate to changes in the levels of different types of risk (e.g., quality risk, disruption risk, currency risk, intellectual property risk), and some to network externalities. Some reflect the difficulties of foreign operations due to the differences between locations in cultural and/or language (Gray et al., 2013). 'Pushing off' factors can relate to unfavourable conditions in the home country, such as high labour costs, strong trade unions, absence of government support, strong environmental and labour regulations (Lane and Probert, 2009). The attraction of foreign countries can be from favourable conditions such as low labour costs, access to new markets, proximity to key customers, access to new knowledge, no trade unions, government support, subsidies, tax incentives; weak environmental and labour regulations (Gray et al., 2013).

THEORIES

There are three theories most used in explanations of the locational and control choices of firms (Ellram et al., 2013). They are: Transaction Cost Economics (TCE); New Institutional Theory (NIT); Dunning's Eclectic Paradigm (EP).

Transaction Cost Economics (TCE), which focuses on the make-or-buy decision and attempts to balance the costs of transactions and specific asset investments with the potential risk of buying the item rather than making it (Williamson, 2008). TCE suggests that individual firms will tend to move away from higher cost to lower cost regions, all else being equal. In addition, areas with greater cultural differences or limited intellectual property protection may create a high potential for opportunism and will also be less attractive (McIvor, 2013) (Ellram et al., 2013). TCE predicts that the degree of vertical and spatial integration tends to rise with higher uncertainty of economic activity (Williamson, 1985). Empirical studies of relocation behavior have shown that uncertainty has a negative impact on the probability of relocation. TCE is often used when explaining firms' entry mode choices (Schwens et al., 2011). Transaction costs have significant firm-level and industry-level components. The former gives rise to differences among firms within a single industry in terms of the control of activities that underlie the firms' value propositions. The latter drive firms in one industry to differ in terms of organization from those in another industry (Mudambi and Venzin, 2010).

New Institutional Theory (NIT), which focuses on social actors embedded in the institutional environment, which provide the rules of the game in a society (North, 1993) and control economic activities and resources. NIE has been frequently applied to study entry mode behaviour (Schwens et al., 2011) and is useful for understanding reasons underlying reshoring. NIE distinguishes between informal and formal institutions. The former relates to issues of trust, collaboration, identity, and subordination and include socially sanctioned codes of conduct and norms of behavior, which are embedded in culture and ideology. The latter are manifested in political rules, legal decisions, and economic issues. They determine the nature of private property rights, access to finance, the development of skills and knowledge, and labour relations. Both types of institutions influence modes of entry. Informal

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institutions are the core in understanding the 'distance' (Ghemawat, 2011) between home and host country (Schwens et al., 2011). It is commonly acknowledged that large informal institutional distance increases the challenges of doing business in the host country, increases costs and risks of doing business and make it more difficult to transfer the management models and adapt to local practices and preferences (Schwens et al., 2011). Strong established formal institutions provide support for efficient business transactions, whereas weak ones may cause restrictions and constraints. For example, when property rights are not granted, repatriations of earnings are not ensured, and business rules are variable, the formal institutional set-up implies high risk and hinders a firm's economic acting. The higher the formal institutional risk of the host country, the more the firm is challenged to adapt its business to insufficiently functioning political, legal, or economic institutions (Schwens et al., 2011).

Dunning's *Eclectic Paradigm (EP)*, which combines issues of ownership, location and internalisation advantages (Dunning, 1988; Dunning, 1998). The choice of a firm to internalize its product markets is determined by the costs and benefits of adding value to these products in the new locations. When making the decision about relocation, firms consider a combination of possible advantages: resource seeking, market seeking, efficiency seeking, strategic asset seeking. Recently there was a move away from resource seeking, primarily cost advantage toward strategic asset seeking, or more complementarity of assets and activities (Cantwell, 2009). This includes greater interest in knowledge creation and value creation and capture (Gereffi and Lee, 2012). However, there are reasons to believe that the location decision is both about controlling costs and leveraging capabilities (Mudambi, 2008) (Ellram et al., 2013).

SUPPLY CHAIN THEORY

SC theory conceptualises production as a series of interlinked stages. It emphasises that an increased use of outsourcing creates an increased reliance of the company on suppliers and other SC partners; thereby competition is characterised not so much as between companies but between SCs (Christopher, 2000). Maximising the performance of the SC as a whole requires that all the stages of the SC are managed as an integrated whole, which in turn requires establishing and maintaining close working relationships between all parties involved in order to realise benefits from lower transaction costs, increased efficiency, improved responsiveness and higher quality (Cao and Zhang, 2011). The business management literature introduced the concepts of 'lean' (Womack and Jones, 1996) and 'agile' (Christopher, 2000) SCs, which in some combination (Naylor et al., 1999) may improve the link between retailer and manufacturer and increase efficiency of the SC. Lean aims to eliminate the 'waste' of inventory by enabling production to take place synchronously so that products are made and delivered 'just in time' to meet demand as it arises at each stage of the SC (Lamming, 1996). A lean SC operates in concert as an integrated whole and is able to meet customer demand more speedily and with greater efficiency than if it acts as a series of separate more loosely coupled stages buffered by inventory. Agile aims to construct a SC that is able to respond speedily and flexibly to market volatility. An agile SC is market sensitive, information-driven, flexible in its make-up and highly integrated. In such an operating environment, the choice of SC partner is of vital importance (Wu and Barnes, 2012).

At the same time supply interruption risk becomes crucial as interruptions can increase costs and decrease revenue, thereby reducing the firm's profit. The negative risk of SC interruption associated with the movement of manufacturing to numerous regions indicates that this is becoming a differentiating factor (Ellram et al., 2013). The demands of 'leanness' and 'agility' exert specific and often contradictory constraints on locational choices of companies involved. In general it

is true to say that the closer companies in the SC locate to each other the easier it is to maintain flexibility, trust and control (Popp, 2006). This contradicts other locational factors, cheap labour supply in particular, which is the main reason for 'off-shoring' of manufacturing.

THE FASHION AND APPAREL INDUSTRY

Fashion is one of the UK's most successful industries, with 8% of GDP (£21bn) and over 800,000 employees (BFC, 2012). It enhances the country's image and boosts economic growth via exports and on-line sales as well as through direct sales to visitors. The UK has world leading capabilities in both fashion design and retailing but not in domestic apparel manufacturing, which makes little contribution to industry success. UK apparel manufacturing has been in 'catastrophic' decline over the last two decades, with garments being increasingly sourced from overseas (Jones and Hayes, 2004). In 2003/04, 40% of UK manufacturing companies offshored (Dachs et al., 2006). It is predominantly larger companies whose sales depend heavily on old products and who have only slight improvement potential in their production process, which tend to offshore parts of their production (Dachs et al., 2006).

The most obvious consequences of offshoring were a loss of manufacturing jobs in some of the UK's most deprived areas, once the heartlands of the industry (Taplin and Winterton, 2004). The mass exodus of apparel manufacturing to countries with cheaper labour has led to a significant gap in apparel manufacturing capability in the UK. The apparel industry has become globalised and fragmented leading to managerial discontinuities and knowledge gaps between designers, retailers and manufacturers. This has resulted in a vulnerability of the UK's fashion industry to competition from companies and countries that have more consolidated production chains with more effective and efficient linkages between participating parties (Karra, 2008).

Fashion is a cultural good, with products bought as much for their symbolic or associative power as their functionality. New ranges need to be replaced or updated several times a year. 'Fast fashion' companies such as Zara, have as many as twenty 'seasons' in a year. Demand is characterised by unpredictability, with small numbers of 'winning' products and a long tail of also-rans. Products are driven by fast changing trends and have to be created, manufactured and delivered on the basis of 'real time' demand from customers (Bhardwaj and Fairhurst, 2010). There is a complex mixture of product types, from basics without symbolic meaning to highly trend-driven items, and a mixture of short versus long shelf life garments. The fashion industry is characterised by short product lifecycle, high volatility, low predictability, and high impulse purchase (Fernie and Sparks, 1998), which requires highly flexible relationships in the SC. Lean and agile SCs are seen as crucial for fashion industry's success (Christopher et al., 2004; Bruce et al., 2004).

Fashion industry SCs are buyer-driven (Gereffi, 1994; Gereffi, 1999) and non-linear as the industry has a complex 'triangular' relationship between the retailer/merchandiser, the manufacturer and the designer (Lane and Probert, 2006; Lane and Probert, 2009). It contains a complex mixture of company types, including own-brand retailers, who design and manufacture to their own quality and brand specifications, and retailers who sell other designer branded (or in some cases unbranded) clothes. Some own-brand retailers self-manufacture and some buy in from other manufacturers. Some manufacturers may supply more than one retail or design company. Some manufacturers 'upgrade' by employing a designer and trying to establish their own brands becoming so called 'designer manufacturers' (Evans and Smith, 2006). In majority of cases fashion designer brands and major label retailers hold the power over the SC (Reimer, 2009) and it is they who make decisions on sub-contracting, off- or re-shoring, acquisitions,

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capital investments, etc. Within Europe, the UK has the largest proportion of large companies in the clothing industry (Dunford, 2002). Companies like M&S and Asda hold considerable market share and dominate the scene in terms of locational decisions. This power relates to the ability of these companies to collect higher rents and access the 'resources' most important in the fashion industry: product design, new technologies, brand names and consumer demand. The literature also suggests that the manufacturing stage of the SC in fashion industry is also complex and non-monolithic. There are a number of established intermediaries between retailers and designer houses on the one hand and actual production factories - on the other, such as clothing importers, converters and trading houses (Gibbon, 2002). These agents hold good overseas market intelligence and are prepared to function as stockholders and source from suppliers, located at different distances: low cost countries, 'Greater Europe' or UK's factory in order to satisfy the fluctuation in demand. Some former British manufacturers serve as brokers between retailers and trading/buying houses, on the one hand, and cut-make-trim production units on the other (Evans and Smith, 2006). These production units can be located anywhere in the country or abroad and they can range from large factories to SMEs and individuals working from home.

Changing fashion trends, short product lifecycles, fierce competition from low labour-cost countries, and the growth of emerging markets have distorted the industry's traditional business models (Abecassis-Moedas, 2006). The adoption of worldwide production and supply networks has been the companies' practical response to their newly changed needs. From a retailing perspective there are differences in the types of supply network implemented by diverse clothing retailers and there is a strong significant association between the type of retailer and the type of supply network (MacCarthy and Jayarathne, 2013). Thus, the search for low-cost production and the subsequent transfer of activities to other areas of the world have redrawn the boundaries of the existing fashion industrial districts and their supply and production networks (Macchion et al., 2015).

When offshore manufacturing is chosen the companies monitor and control quality and design specifications of the products and timing of supply operations via feedbacks from local entrepreneurs and/or via establishing their offices abroad and/or via sending their representatives there on a regular basis. Literature suggests that not only separation of retail headquarters but also designers from manufacturing can be damaging for the industry (Kincade et al., 2007). Product designs that take no account of manufacturing constraints risk higher production costs, lower production quality and longer times to market (Da Silveira, 2011). Negotiation of these constraints and specificities of designs can be made more difficult because of personal, cultural, language, physical and organizational differences (Vandevelde and Van Dierdonck, 2003). To overcome these difficulties designers and manufacturers have to work closely together, often being physically co-located (Swink et al., 1996).

Complexity in fashion production chains creates higher negotiation and coordination costs in comparison with other industries. As Christopher *et al.* (2004) suggest once the transaction costs are factored in, sourcing on the basis of manufacturing costs alone becomes far less attractive. Transaction costs can be reduced if the cooperating parties, move to co-managed inventory systems (Eroglu and Hofer, 2011). Such networks of small producers, the membership of which changes according to requirements are 'orchestrated' by large leading companies (Economist, 2011)(Purvis et al., 2014; Purvis et al., 2013). These companies align their systems and processes carefully with their suppliers. The alternative for the UK fashion industry could be to concentrate on quick response methods such as flexible delivery through domestic sourcing, reduced levels of stock within the SC and increased net margins (Bruce *et al.*, 2004).

The fashion and apparel industry is considered to be a candidate for reshoring (Wilkinson et al., 2015). High-end brands that can capitalise on the 'Made in Britain' image have 'a good reason' to relocate manufacturing to Britain. For those at the lower end, where cost reduction is the main driver of profits, reshoring is unlikely. Supporting evidence however remains anecdotal. Apparently Jaeger intends to bring 5-10% of its production back to the UK from Asia (Wilkinson et al., 2015). Other large British retailers, such as George at Asda, Marks and Spencer and John Lewis are also reconsidering their outsourcing networks and increasing the share of orders allocated to domestic apparel manufacturers (Petah, 2012).

British retailers see re-shoring of production as a means to meeting the rapidly increasing demand for shoppers for up-to-the-minute fashion as onshore manufacturing allows for shorter lead times and provides retailers with greater flexibility in repeat runs and short orders, especially retail brands, that need to translate styles from the catwalk to the shop floor quickly. The UK is also becoming more attractive to them due to its higher quality of production, simpler transport connections and better communication with suppliers (Petah, 2012). British labour has also become more flexible and more prepared to work longer hours and night shifts (Economist, 2013).

There are barriers for successful backshoring in the UK, such as a limited capacity and difficulties in recruiting and training new staff (Petah, 2012). Multinationals may decide to base their operations in Poland, or Estonia, where workforces are well-educated, hard-working and cheap, and where products can be transported cheaply to UK stores within hours. This would be near-shoring, rather than on-shoring to the UK itself (Heath, 2013). There is still a strong competition from the fashion industry in mainland Europe, Germany, Italy and France in particular (Lane and Probert, 2004; Lane and Probert, 2006; Lane and Probert, 2009). There are further considerations of land prices, tax, labour regulations and bank lending.

CONCLUSIONS

The processes of backshoring and manufacturing renaissance at the industry level can be triggered by strong productivity growth, innovation in new products, and the ability, cost-efficiently, to produce short production runs (Nager and Atkinson, 2015). It is important to identify the sectors of the fashion and apparel industry which can develop these characteristics. The fashion and apparel industry in the UK is dominated by large branded retailers with fewer companies, which can be classified as 'fast fashion' or 'luxury brands', both of which, despite very different business models and sources of competitive advantage, have potential to backshore some manufacturing activities. Only a few of the dominant industry players in Britain were researched from the point of view of their locational and control strategies (but see material on Burberry (Moore and Birtwistle, 2004; McColl and Moore, 2011). Attention should also be paid to the large number of smaller players, which successfully internalise but have different control and locational strategies all together, one of which is a high proportion of FDI (from e.g. Japan, Italy, etc.) into their companies. Another issue which influences a firm's locational strategies is the increasing upgrading of the apparel industry in developing countries toward design activities (Frederick and Gereffi, 2011; Fernandez-Stark et al., 2011). These issues will inform the agendas for the future research.

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