Key Resources of the Indian Apparel Export Firms as Described by Firm Managers

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Key Resources of the Indian Apparel Export Firms as Described by Firm Managers

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Today, India is considered as one of the fastest growing economies in the world. The apparel export sector contributes hugely to this rapid economic growth. The apparel industry contributes approximately 14% to Indian industrial production, 4% to the Gross Domestic Products (GDP), and 17% to the country’s export earnings (Ministry of Textiles in India, 2012). India is the sixth largest apparel exporter in the world, with exporting U.S. $14.5 billion worth of apparel in 2011 (World Trade Organization, 2013). However, India’s apparel export growth has been slow compared to other major apparel exporting countries. Bangladesh exported U.S. $6.9 billion and U.S. $19.9 billion worth of apparels in 2005 and 2011 respectively, while India exported U.S. $8.7 billion and U.S. $ 14.5 billion worth of apparels during the same time period.

According to Porter’s (1990) theory of competitive advantage of nations, a nation succeeds in a particular industry if it possesses a competitive advantage relative to the best worldwide competitors. In addition, the resource based theory of the firm defines competitive advantage as a value creating strategy being implemented by a firm while other potential competitors do not or cannot (Barney, 1991). Previous research on Indian apparel export firms revealed that experience in exporting, ability to provide high quality, physical resources such as infrastructure, location, availability of skilful and experienced employees, and ability to provide affordable and competitive prices for their products are key resources for their competitive advantages (Das & Ha-Brookshire, in review).

Although these findings are useful, the methodology employed in previous research yields limited implications as the analyses were based on the text available on the websites of Indian apparel exporters. Therefore, the results are grounded from the competitive advantage claims that firms may have rather than actual ones firms possess. To fill this gap, the study was designed to explore the key firm resources as described by top managers of Indian apparel exporters for their competitive advantages. In-depth interviews were conducted with the top management of 18 apparel expert firms in India from December 2012 to January 2013. Each interview took 60-90 minutes and was conducted at the offices of participants. The sample firms were located in the southern region of India. The data were transcribed and analyzed for recurring themes.

The major competitive advantages described by the participants were found to be product advantages as described by “We have a very rigid quality checking system in our factories. We always try to manufacture the right quality product at the very first time” (16 out of 18); price advantages by “We make products at a very competitive price” (14 out of 18); on time delivery advantage through “we have a vertical factory setup and that reduces a lot of bottlenecks and saves time. We have always been able to ship our goods on time” (11 out of 18); and service advantage by “We are always trying to fulfill the needs of our buyers by providing them with
new product samples whenever they ask for” (8 out of 18). To achieve and sustain these competitive advantages, the participants shared (a) skilled human resources (15 out of 18), (b) rigid quality standards (10 out of 18), (c) productive physical infrastructure (7 out of 18), and (d) unique product development and design processes (4 out of 18). The skilled human resources were found to be obtained through (a) training stated as “Every new employee is provided a paid-four-week training”; (b) employee welfare programs as “we provide child care facilities to our staff”; and (c) quality talent hiring as “We hire the best to do the job.” The rigid quality standards were gained by (a) universal quality standards described as “we have a rigid quality system throughout our factory” and (b) a specific quality assurance system for a specific buyer. Productive physical infrastructure resources were established through (a) a set up for on time delivery described as “we implemented a system which tracks deadlines throughout the factory and helps to deliver goods on time”; and (b) reduction of poor quality as “we have implemented modular production systems to reduce quality issues.”

The findings have important implications and contributions. Human and physical resources were found to be key important resource of the Indian apparel export firms, showing that Indian exporting firms now seem to be concerned in developing their organizational knowledge and learning resources. This implies that Indian apparel export firms are now facing double edge competition. One is the competition against other industries, such as information technology for skilled and willing quality labors domestically. The other is to compete against apparel exporters from other countries, such as Bangladesh or China, for large quantity and high quality apparel exports. Therefore, increasing productivity, maintaining competitive prices, and offering unique product development and design processes seem to be one of the top priorities for Indian apparel export firms’ competitive advantage. Future research is recommended to gain an understanding of Indian apparel export firms’ process of human and physical resource development.

References