



Stitch by Stitch:
Addressing the Barriers to Apparel and Textile Reshoring in the United States

Nancy Hodges, Ph.D., Annie Williams, and Meghan Hembree
University of North Carolina Greensboro

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Reshoring, defined as “the return of previously offshored manufacturing, IT, and service jobs to their home soil” (Crater & Dile, 2017, p. 2) has gained popularity among the press and various consulting firms over the last several years (Fratocchi, DiMauro, Barbieri, Nassimbeni & Zanoni, 2014). Interest in reshoring has also gained public attention, as U.S. politics continue to include discussion of supporting American manufacturing through the use of tariffs (Moser & Kelley, 2018) and publicly criticizing businesses who have offshored (Spiegel, 2017). Despite such interest, apparel and textile producers who have reshored or are considering reshoring face two consistent barriers to doing so: costly domestic labor and the absence of a skilled workforce (Freund, Roop & Colby-Oizumi, 2018; Roberts, 2016; Wang, 2015), as advancements in technology and offshoring have reduced the supply of skilled sewing machine operators in the United States (Freund et al., 2018; Nujen, Halse, Damm & Gammelsaeter, 2018; Roberts, 2016).

In a study funded by the United States Economic Development Administration (EDA)’s Economic Adjustment Assistance Project, the International Economic Development Council (IEDC) determined that although the United States has a productive workforce, it lacks a skilled workforce capable of advancing manufacturing within the country (Crater, Hurwitz, Libby, & Parkins, 2016). There are several federal policies and programs aimed at trying to mitigate this problem. For example, the National Skills Certificate Program, housed under the Manufacturing Institute, offers National Association of Manufacturers endorsed programs via community colleges designed to prepare workers with the entry level skills necessary to pursue a career in advanced manufacturing (Selko, 2013). As another example, the Workforce Innovation and Opportunity Act (WIOA), passed in 2014 and administered at the state level, was established to help job seekers who have experienced high barriers to employment obtain education, training, and support services (U.S. Department of Labor, 2018).

In the academic literature, reshoring is considered a fairly underexplored topic with limited empirical evidence (Fratocchi et al., 2016) as it is largely conceptual and primarily focused on why firms reshore (Benstead, Stevenson & Hendry, 2017; Moore, Rothenberg & Moser, 2018) as well as the challenges inherent to reshoring (Crater & Dile, 2017; Freund et al., 2018). Although the challenges have been identified, there is a gap in the literature as to how firms are seeking to overcome them. The purpose of the present study was to explore the ways apparel and textile firms might think innovatively to address the cost and scarcity of a skilled, domestic workforce in order to facilitate the reshoring of their operations to the United States.

To better understand how apparel and textile firms could address the challenges of reshoring, primary data was collected by conducting in-depth interviews with a variety of

industry stakeholders. With IRB approval from the researchers' university, a total of 24 interviews were conducted with participants ranging from those with knowledge of or experience in reshoring from a policy perspective, to apparel and textile industry professionals, to professionals who offer support to the domestic manufacturing sector. Questions focused on the resources available to apparel and textile firms who are in the process of, or have reshored, as well as how firms can overcome barriers. Interviews were transcribed and analyzed for emergent themes across the responses (Spiggle, 1994). As a result of this iterative process of analysis, three main themes were identified and are used to structure the interpretation: *Direct Investments*, *Indirect Solutions*, and *Differentiating to Meet Demand*. Drucker's (1985) perspective on innovation was the conceptual lens through which the themes were interpreted.

According to participants, cost is the biggest prohibitive factor in reshoring, and directly related to cost is that of skilled domestic labor. The US labor pool is expensive when compared to other countries and is much smaller than it used to be. As Mike explained, "Most of the folks who think that's [domestic production] what they want to do end up not doing it. Because ... let's say companies decided to reshore 20% of what we've offshored, you know, just to triple the amount of production here in the United States, something like that couldn't happen because you can't find people that are willing to do the work." Participants indicated that, to directly address workforce-related reshoring barriers, apparel and textile producers should access both publicly funded and private resources to acquire workforce training assistance. Firms can also invest in automation technologies, though many participants indicated that full garment automation technology is currently in its nascency and therefore too costly for most companies. Indirectly, firms can circumvent the cost of a skilled labor force by reducing other costs, such as selling their products directly to consumers instead of selling wholesale to retailers. As Eric explained, "One of the best solutions to improve, for US made apparel, is direct-to-consumer (DTC), and cut out that, what I'd say [is the] wasteful retail layer." Nicole echoed the idea of DTC as an indirect means of mitigating costs: "If you're selling direct-to-consumer online, you've got a much better chance of being able to bear the higher cost of producing in the US." Other solutions discussed by participants included moving operations to a tax friendlier state or to a location closer to the firm's suppliers and ensuring their entire supply chain is lean.

Participants talked about some firms that are differentiating themselves by specializing in the production of unique or customizable apparel to justify the higher costs of domestic production. However, they pointed out a gap in support available for these smaller start-ups. As Brian explained, "For cut and sews, you know, sometimes they're big, but for the most part, what we interact with, what we see is smaller [firms], you know, they have anywhere from five to 25 employees maybe, so that's just not typically a project that the state or a county would consider giving incentives to, but they could." Several discussed the fact that, not only is there an industry demand for skilled sewers, there is also a demand among employees to acquire sewing skills due to a renewed interest in learning a trade, and because four-year education programs have fallen out of favor with some recent high school graduates. Attempting to meet the demand, Emily described one of the National Skills Certificate programs she facilitates, "Right now we're starting a sewer training program with two community colleges to kind of facilitate the whole

process, and purchase the equipment to have that training program launch.” Although participants talked about overcoming reshoring barriers by identifying opportunities to determine how to streamline operations and reduce costs in novel ways (Drucker, 1985), none of them believed there to be a “magic formula” for making reshoring work.

Results extend previous literature on the topic by highlighting the ways in which industry stakeholders think apparel and textile firms can address the barriers to reshoring. For practitioners, findings of this study offer potential solutions to the cost and lack of a skilled workforce. Findings also highlight the need for continued support by federal, state, and local governments to encourage manufacturing workforce development as well as foster an interest in learning a trade, such as sewing, among US workers. Further research on the topic is necessary in order to provide an empirical foundation for developing firm strategy. This foundation is particularly important in light of massive disruptions in the global apparel supply chain, alongside the emergent domestic need for personal protective equipment such as face masks and hospital gowns, arising from the current global COVID-19 pandemic. Such critical issues might actually help to pave the way for increased domestic production in the near future.

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