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The internationalization, changes and power relations of the Finnish clothing sector

This study discusses the power relations between the Finnish clothing trade and clothing industry companies' lobby through their interest organizations. In other words I researched companies as political actors. This is also a good read for readers interested in international trade policy.

The Finnish clothing industry has undergone major changes. Sewing jobs were lost to countries with cheaper labor as early as the turn of the 1980s and 1990s.

The operations of clothing industry companies have changed from manufacturers to buyers, designers and marketers.

There has also been a change in the operations of companies that were engaged in wholesale clothing trade: Wholesalers have changed from buyers to designers, brand builders and marketers.

In other words, the operations of industrial and trade companies have become similar to each other. However, the change has not occurred without problems, as numerous Finnish clothing industry companies went bankrupt in the 1990s.

The research approach is mainly qualitative. The data consists of interviews with representatives of clothing industry and trade interest organizations and worker's side, a trade union. The material also includes publications from Finnish and European interest organizations and basic statistics.

Research about the relations between interest organizations in the clothing industry has been called for by consumer researcher Aulikki Pohjonen. In a study she conducted in the mid-1990s, Pohjonen stated that the interest organizations in the industry had major conflicts of interest, with the industry demanding trade barriers and the wholesalers pushing for their removal.

Based on the data in this study, the conflicts of interest have been in force from the mid-1980s to the end of the 1990s. As a result of the relocation of sewing work out of Finland, the position of the clothing industry interest organization has changed from supporting trade barriers to free trade.

The confrontation has disappeared. The power relations between the sectors have become advantageous for buyers, in other words trade companies, at the expense of manufacturers.

Based on research by an American sociologist, professor Gary Gereffi, the clothing industry has typically been one in which buyers have greater power than manufacturers since the 1970s. The claim is essentially related to the fact that companies manufacturing for stores located in countries with high labor costs have been located in countries with cheaper labor since the 1970s.

The Finnish clothing industry has begun to resemble the picture outlined by Gereffi in the 1990s. Since then, the retail sector has had more power than the industry.

The results are also in line with Gereffi's descriptions regarding that the buyer's power in relation to manufacturers is constantly growing. Trends have accelerated, seasons have multiplied, series and

production volumes have decreased. Storage has been transferred from the store to the manufacturer's account, and marketing with the seller's brands has replaced selling in the country of origin. In addition, clothing prices have fallen.

Organizations concerned about the workers of manufacturing companies and the state of the environment have called for the responsibility of buyer companies. To achieve improvements, buyers should loosen their grip on manufacturers, for example by favoring longer business relationships.