

Survival strategies of a local
industry and the characteristics of
its overseas operations: A case
study of the glove-related
industry in eastern Kagawa,
Japan

Atsushi Taira
Kagawa University

Purposes of the study

- To explain the survival strategies of local industries located outside the major metropolitan regions of Japan
- To examine characteristics of overseas operations of those industries from a geographical perspectives
- As a case study, a glove-related industry in the eastern region of Kagawa, Japan, is considered

Background of the study

- Since the 1980s, studies on multinational corporations have been growing in number along with the rapid expansion of international operations of such corporations
- At the same time, discussion on spatial agglomeration of industries has been also active
- However, there are few studies which try to explain the relations between the internationalization of corporation activities and industrial agglomeration from a geographical point of view

Overview of the glove-related industry in eastern Kagawa

- The glove-related industry in eastern Kagawa, a representative local industry, has a long history over a century, with a current domestic market share of about 90 percent
- Mostly, consisting of small and middle-sized companies with a number of about 200
- In the early days, gloves were produced here mainly for export, but later they have been increasingly made for the domestic market due to severe competition with overseas makers



**Tanetsugu Tatsukichi ,
A founder of the glove
industry in Eastern
Kagawa**



A factory in the early 20th Century



Location of Eastern Kagawa in Japan



Detail map of Eastern (Higashi) Kagawa



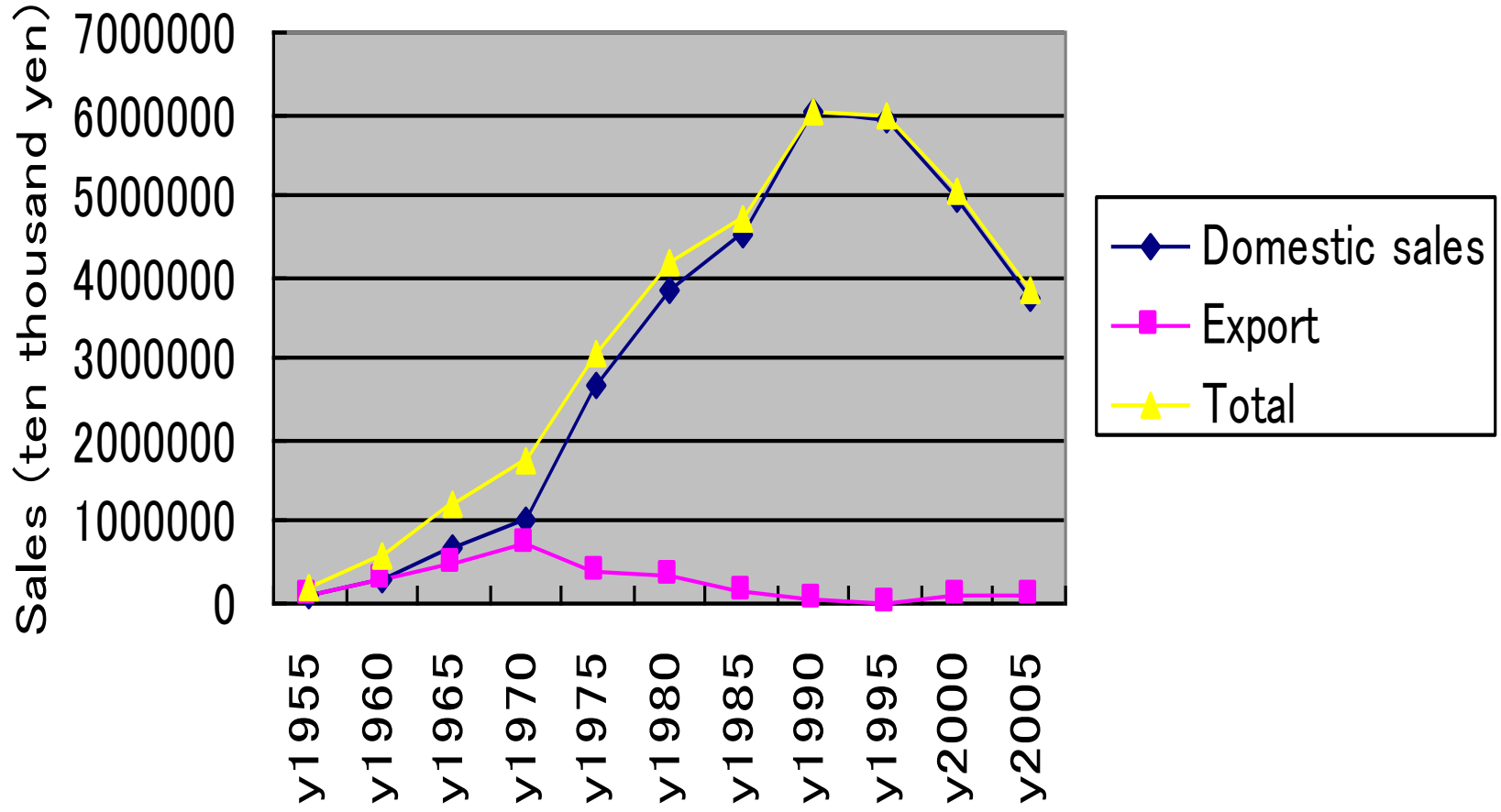
Ochi Area



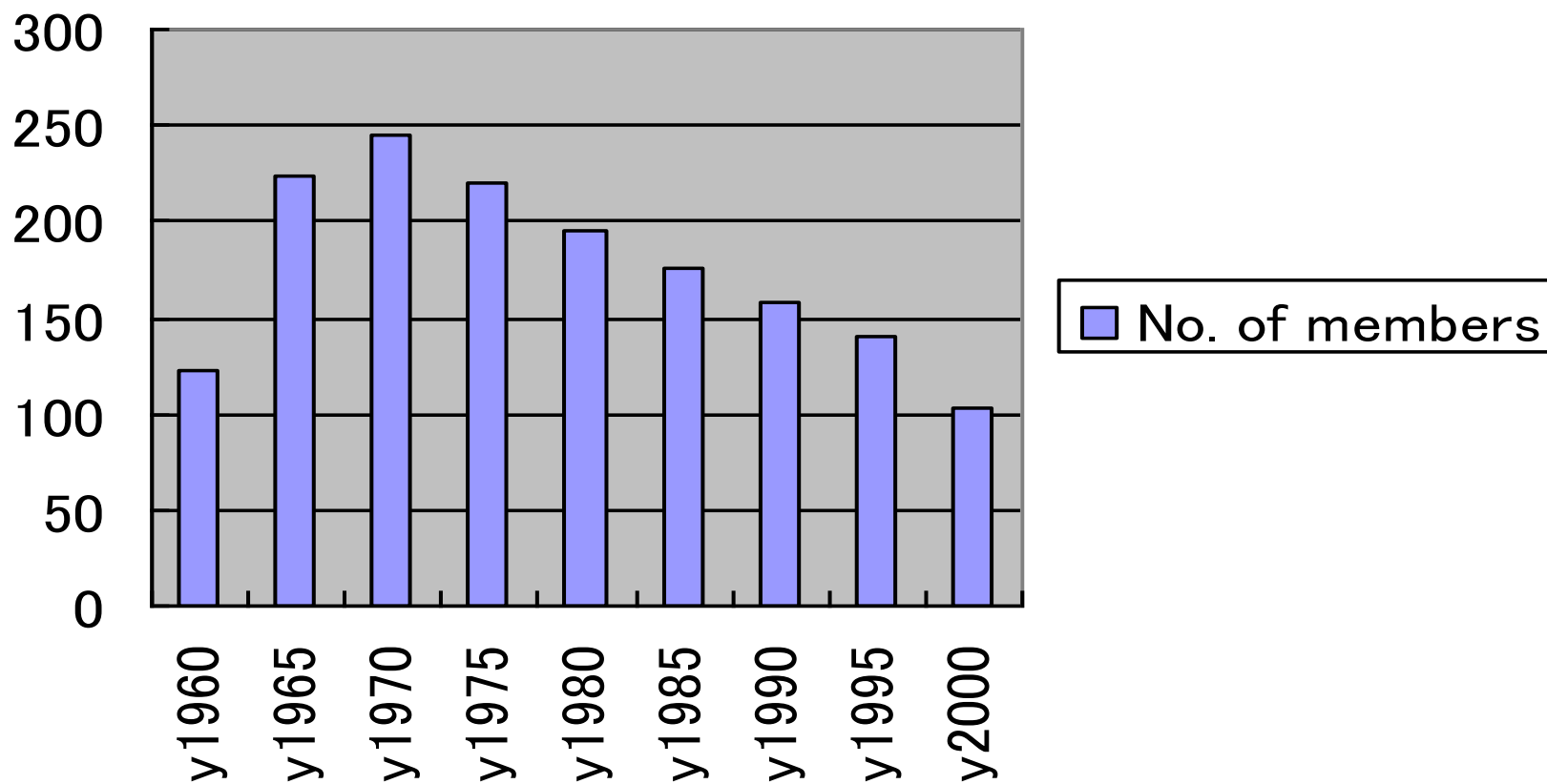
Shirotori Area

Agglomeration of glove-related companies in Eastern Kagawa

Domestic and Export Sales of the glove-related industry in Eastern Kagawa



No. of Members of Nihon Tebukuro Kogyo Kumiai
(The Japan Glove-related Companies'
Association)



Factors for maintaining the leading position in Japan

- The existence of a highly-skilled workforce creating a innovative environment
- The maintaining mechanisms of the innovative environment, that is, professional spirits
- The existence of the geographically embedded learning region and the competitive alliance of member companies of the association, establishing their own brands to overcome subcontractor's status

Global-local survival strategies 1

- Making not only gloves for winter use, but also making new types of gloves for sports, for motorbikes, for ultraviolet protection and so on, and producing small new items such as tote bags and bookcases using their glove-making-related special techniques
- Opening the first outlet shop in downtown Sanbonmatsu in eastern Kagawa in 2009
- Aiming to become a general production complex for “everyday-use items”

The contents of the current domestic sales

	2005	2006
Gloves for fashion-use	1,700,150 (46%)	1,817,567 (47%)
Gloves for sports	818,597 (22%)	838,934 (22%)
New items	1,211,315 (32%)	1,209,498 (31%)
Total (ten thousand yen)	3,730,062	3,865,999

The contents of the current sales for export

	2005	2006
Gloves	2,070 (2%)	6,511 (5%)
New items	106,592 (98%)	119,354 (95%)
Total (Ten thousand yen)	108,662	125,865



Leather gloves (Kuroda)



Knit glove



Motorbike glove



Baseball glove



Glove for UV protection



Workers glove



Leather tote bags



**Multi-functional
travel bag**



Leather book case

Examples of new items

Global-local survival strategies 2

- Actively expanding its overseas operations for production in East and Southeast Asia since the 1970s (a Japanese pioneer in making products in China), before the period of the high yen appreciation, due to the emergence of Asian competitors represented by Korea and Taiwan
- Currently, China plays roles not only as production sites but also distribution-related centers including checking and handling process, and be expected to be a big market in future
- Setting up offices in the United States in the 1980s and in Europe (Switzerland and Italy) in 2000s for sales and information gathering

Foreign operations for production of the glove-related industry in Eastern Kagawa

Foreign operations of glove-related industry in Eastern Kagawa (2006)

Country (Region)	No. of foreign operations	No. of direct operations	No. of consignment operations
China	45	16	29
Korea	8	1	7
Indonesia	6	1	5
Taiwan	5	1	4
Philippines	4	1	3
Vietnam	3	1	2
Sri Lanka	1	1	0
Hong Kong	1	0	1
Pakistan	1	0	1
Total	74	22	52

Source: Nihon Tebukuro Kogyo Kumiai

Case study 1: Company A

- Established in 1937, mainly making gloves for winter-use
- Began its overseas production firstly in Korea in the early 1970s (three affiliated firms), then moved them to China in the 1980s according to the general geographical shift of production plants
- Currently, consisting of two domestic (for fashion-use and sports) and three international departments for foreign markets, and a new division making a new type of travel bags



Downtown of Eastern Kagawa



Company A and its environs



Shanghai office

上海オフィス
(昆山市)



スワニー本社

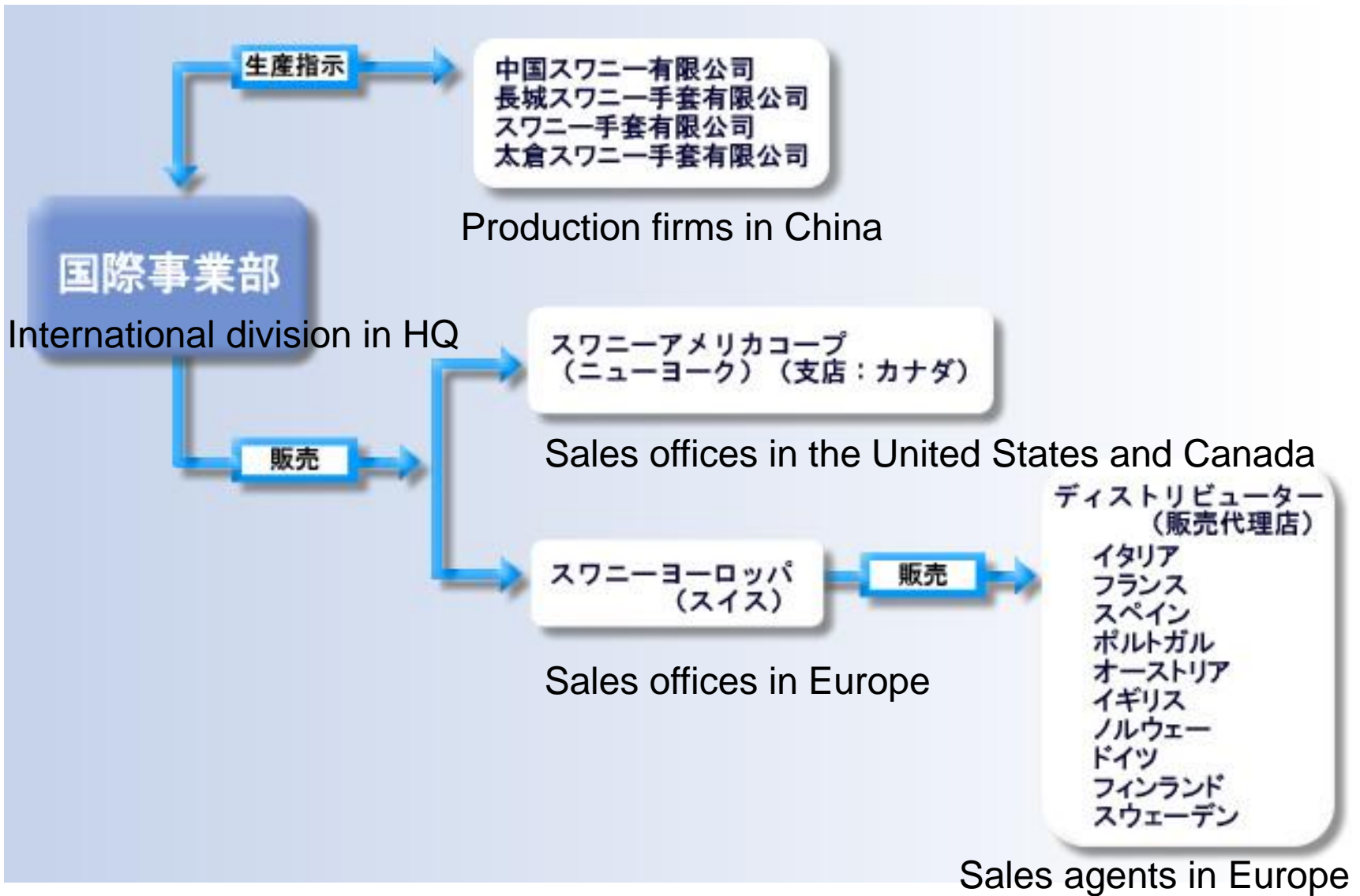
Headquarters in Kagawa

Hong Kong office

香港オフィス



Networks in Asia of Company A



Global networks of Company A



Processes of production and sales of glove-related goods

Case study 2: Company B

- Established in 1974, began importing parts and products from Italy and (West) Germany and making OEM products for prestigious European companies
- Currently, with a share of 20 percent in the leather fashion gloves in Japan and also selling its products to foreign markets
- In 1986, making the first affiliated production company in Shanghai, China; currently having three divisions (production, testing and sales) mostly in the Greater Shanghai Area



A production plant in Shanghai, China



Workers in a plant

Case study 3

: Company C

- Established in 1965, making gloves for sports as a subcontractor of a large firm,
- Small company of three workers including the manager with professional expertise and techniques
- Survival strategy: making small number of high quality order-made professional gloves for sports such as for luge (a sled) through direct transaction with customers

Agendas of the glove-related industry in Eastern Kagawa

- Global context: incessant checking of geographical arrangements of production facilities (beyond China) and sales offices (Europe and the Americas, and Asia for markets)
- Local context: keeping the home base in Eastern Kagawa (“headquarters” of the industry) as a learning region which has a pool of skilled labors (currently aging and shrinking; introducing *Meister* system to train the new generation of workers) and special techniques and knowledge

Conclusions

- So far, the glove-related industry in Eastern Kagawa has successively created a global-local network linking the domestic base with foreign operation places
- Points to pursue in the future are: keeping producing value- and function-added new glove-related products, and making flexible production strategies in the increasingly competitive market, and expanding the market in emerging economies represented by China