

Chapter 4

Supply Chain Coordination in the Textile and Apparel Industry: A Systematic Literature Review

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ABSTRACT

The textile and apparel industry has been immersed in processes of deep changes during the last years that have impacted in the way firms produce and sell products in the international context. The need to make agreements with different supply chain partners and the evolution of information and communication technologies have promoted important changes on how relationships are coordinated. This chapter performs a systematical review of the literature on supply chain coordination in the textile and apparel industry and offers new research directions and managerial implications. According to the revision, previous research in this area mainly focuses on supply chain coordination mechanisms, especially contracts. However, there are also organizational and technological mechanisms that can become good opportunities to properly coordinate in this industry.

INTRODUCTION

International trade and industrial organization has experienced an important shift in the last couples of decades. Globalization of production and trade has led to the disintegration of transnational corporation, which have redefined their core competencies by focusing on product innovation and strategy, marketing and the highest value-added segments of manufacturing and services, while the generic services and

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volume production have been transferred to a wide range of developing countries (Gereffi, Humphrey & Sturgeon, 2005). In the textile and apparel industry, the shift has taken place with the trade liberalization of industry that has finished in 2005 in accordance with World Trade Organization's Agreement on Textile and Clothing. On one hand, global apparel production has been moved to low-labor countries, such as China, India, Turkey, Bangladesh, Indonesia and Vietnam (Gereffi & Frederick, 2010). On the other hand, fashion brand manufacturers have been replaced by store brands sourced by retailers. Therefore, the textile and apparel industry's supply chain has become more complex.

Another characteristic of the textile and apparel supply chain is the high number of processes that make the lead time relative long and uncertain in response to a market characterized by a short lifecycle, high volatility of demand and low predictability (Cao, Zhang, To & Ng, 2008). Given the product's and market's characteristics, an effective supply chain management becomes increasingly strategically important for the textile and apparel industry, in special in terms of coordination (Chiu, Choi, Yeung & Zhao, 2012).

Coordination is therefore an important issue as systems in the apparel industry get more complex over time (Simon, 1976). Systems differ one from each other. One of the most important differences is that issues of incentives, motivations, and emotions are usually of much more concern in human systems than in other kinds of systems (Malone and Crowston, 1994). For example, in computer systems, incentives can be controlled. However, in human systems motivations, incentives, and emotions of people are often extremely complex, and understanding them is usually an important part of coordination (Malone and Crowston, 1994).

Global interdependencies are becoming more critical in the apparel industry, due to the need of change as a consequence of a rapid IT evolution; there is an urgency to redesign more flexible and adaptive organizations (De-Pablos-Heredero et al., 2019). Information technology has been one of the contingency dimensions that has mostly impacted in the way organizations provide coordination to processes for two main reasons (Malone and Crowston, 1994). The high number of processes that are currently IT enabled at organization, along with the dramatic improvements in the costs and capabilities of information technologies, are changing-by orders of magnitude the constraints on how certain kinds of communication and coordination can occur.

The purpose of this chapter is to review the literature on supply chain coordination in the textile and apparel industry and offer new research direction and managerial implications. In particular, the objective is to identify the most common research approaches to supply chain coordination on the industry, the methodology applied and the supply chain partners taken into account in the studies. The chapter is organized as follows: first a literature review on coordination and supply chain coordination is performed; then the methodology is explained; third the results are presented and finally further research directions and the conclusion are offered.

BACKGROUND

General Aspects About Coordination

Coordination is the process of managing dependencies among activities (Malone & Crowston, 1994). This definition is consistent with classical authors of the Organization Theory, who emphasize the importance of dealing with interdependencies (Lawrence & Lorsch, 1967; Thompson, 1967; Galbraith, 1973; Pfeffer, 1978; Rockart & Short, 1989; Roberts & Gargano, 1989).

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