Many textile and apparel firms misrepresent identity, suffer financially, study finds

September 7 2010

With the fragmentation and globalization of the U.S. textile and apparel industry, business activities and roles have changed, impacting their organizational identity. The evolving organizational identity of these firms has created many questions as to how it affects the businesses financially. Now, a researcher at MU has explored how U.S. textile and apparel firms describe themselves as organizations and how those descriptions compare to U.S. Census Bureau industry classifications.Jung Ha-Brookshire, an assistant professor in the Textile and Apparel Management department in the College of Human Environmental Sciences at the University of Missouri, found that 67 percent of textile and apparel firms misrepresent themselves to the public. In her study, Ha-Brookshire examined the websites of nearly 800 textile and apparel firms to determine how each firm was identified itself.

She examined four different categories of businesses: textile manufacturers, textile product manufacturers, apparel manufacturers, and textile and apparel wholesalers. While the average misrepresentation for all the firms studied was 67 percent, Ha-Brookshire determined that nearly 80 percent of wholesalers did not define themselves as wholesalers. She says this distortion of identity does not mean these businesses are trying to mislead the public.

"It's not necessarily that these businesses are purposefully misrepresenting themselves," Ha-Brookshire said. "Often, these businesses simply use different terminology than the U.S. Census Bureau has designated, or they are genuinely confused about how to classify themselves."

Ha-Brookshire's study also revealed an important economic byproduct of this identity distortion. Her studied concluded that the companies whose identities are congruent with the U.S. Census Bureau are more financially successful than those companies whose identities are incongruent. Ha-Brookshire found that, on average, companies with congruent identities hired more employees, had higher sales, more square footage of production space, and a higher credit score.

"If a textile or apparel manufacturer reports itself to the U.S. Census Bureau as a wholesaler, or a wholesaler reports itself as an apparel manufacturer, all the economic data the government has compiled are wrong," Ha-Brookshire said. "Also, it makes it much harder for these small businesses to get bank loans specifically designed for certain small businesses if they don't have a good grasp on their own identities."

Ha-Brookshire says that much of the confusion surrounding the identities of textile and apparel firms stems from outdated U.S. Census Bureau industry classification systems. She believes that the problem could be remedied if the terms were adjusted to reflect the evolving industry.

"The industry has changed so much, but the government's measuring stick remains the same," Ha-Brookshire said. "The definition of a manufacturer was created in 1810, and that of a wholesaler in 1930. The industry looks very different now than it did then."

Provided by University of Missouri-Columbia

(2010, September 7) retrieved 1 May 2024 from https://phys.org/news/2010-09-textile-apparel-firms-misrepresent-identity.html