UK goods: 'Not made in Britain'

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British owned firms, says The University of Manchester based ESRC Centre for Socio-Cultural Change (CRESC), employ an average of 14 workers and are mainly too small to export their goods.

The study challenges the City view that ownership does not matter, because the pattern of ownership has created a ‘new British disease’ of broken supply chains.

Large technology based, civil market dominating and British-headquartered manufacturing firms such, as British Aerospace, pharmacology companies and Rolls Royce are an exception to the rule.

Shareholder value plus ‘inept privatisation’ damaged GEC, ICI and other large companies says the authors.

Nowadays, they argue, the average British owned manufacturing firm employs 14 workers and manufacture products which move up the supply chain.

UK firms lack the structural position and capabilities to build capacity and are vulnerable to investment decisions taken overseas. The successful exceptions cannot now build a high British content heavy engineering product they say.

Sukhdev Johal from Royal Holloway University of London said: “ The measure of the problem is the JCB digger. This is an exceptional story of product success for a British owned engineering firm but the company cannot source more than 36% of their digger by value from the UK.

"If we look more broadly across engineering, half of intermediate purchases are imported by UK manufacturers, compared with one third In Germany.

"Unless we fix this problem, the benefits of any renaissance of British manufacturing will leak abroad to mainly West European suppliers."

CRESC Director Prof Karel Williams from The University of Manchester said: "The Coalition government , like its New Labor predecessor, has high hopes for well managed British firms in sunrise high tech manufacturing.

"But that doesn't engage with the problems about the fragmented networks of small firms which dominate UK manufacturing."

CRESC research shows British manufacturing is increasingly dominated by small workshops: the number of factories employing more than 200 people has halved to 2,000 since 1979.

Three-quarters of manufacturing employment is now in workshops employing 10 or less workers and the number of such workshops has doubled in the past 25 years.

The CRESC report proposes a new policy approach of sector wide tax incentives for manufacturing firms to increase output, invest in capacity and up skill their workforce.

Professor Williams added: "The problem with cutting corporation tax for all firms, as the Chancellor proposes, is that you give away money to lots of firms who do what they were going to do anyway.

"Much better to target the financial assistance on changing the behavior of small and medium manufacturers".

More information: The report is available on the CRESC website: www.cresc.ac.uk/publications/r … my-or-buyers-remorse

Provided by University of Manchester

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