

Chapter 5 – Additional Student Case Study

Hornby – Bringing the Work ‘Home’?

Hornby have been making and selling model railways for almost for almost 100 years and are a quintessential British brand. However, in the 1990s in an attempt to reduce costs it outsourced much of its manufacturing to Asia. By 1999, all its production was moved overseas. However, this move was plagued with problems and in particular the company was badly affected by delays receiving products from manufacturers.

However, in the last few years it has moved back some elements of its operations to the UK, including the production of Humbrol paints and Airfix's easy-assemble Quickbuild line. There are a number of reasons for this: the pay differential between the UK and countries such as China has reduced and having production in the UK makes suppliers much more responsive to the demands of the company. This BBC report outlines some of the issues: <http://www.bbc.co.uk/news/business-26235707>

1. What are the main reasons why companies like Hornby are looking to bring production back to the UK?
2. What are the implications of this for employment relations in the UK?
3. What are the limits to reshoring?
4. What does this case suggest about the link between globalisation and employment relations?

Reading

Bailey D. and De Propris, L. (2014) 'Manufacturing reshoring and its limits: the UK automotive case', *Cambridge Journal of the Regions, Economy and Society* (2014) Vol. 7, No. 3, 379-395.

Reshoring to the UK from China - <https://www.youtube.com/watch?v=KXdYGNpMa-8>

Key Issues

This case focuses on the trend towards re-shoring, as labour costs increase in developing economies. Students are encouraged to identify that labour costs are only part of the reason for decisions to move production back to the UK. However, as well as evidence of rising wages in countries such as China, it also has implications for work and employment in the UK. For example, is reshoring also a reflection that wages and conditions of UK workers are being eroded as they seek to compete in a global economy? In fact, it is easy to exaggerate the scale of the reshoring trend and the evidence suggests that labour costs remain a significant barrier.