COLLECTIVE EFFICIENCY AND COLLECTIVE FAILURE: THE RESPONSE OF THE SIALKOT SURGICAL INSTRUMENT CLUSTER TO GLOBAL QUALITY PRESSURES

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Synopsis

One Pakistan's rare examples of consistent export success has been the Sialkot stainless steel surgical instrument cluster. This cluster, consisting mainly of small and medium enterprises (SMEs), has as its main markets the United States and Western Europe. In recent years, access to these markets has become contingent on meeting international quality assurance standards. The hypothesis explored in this paper is that meeting such standards requires greater local cooperation, both among producers as well as between producers and their suppliers and subcontractors. The study draws on quantitative and qualitative data to examine how inter-firm ties, both vertical and horizontal, have changed. The evidence suggests that joint action has increased, but that there remain significant areas of collective failure. What is of importance and at issue is not so much the demise of smaller firms but the survival of the cluster as a whole.