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First, we would like to thank the two anonymous reviewers for their helpful comments and constructive suggestions. We have revised the initial manuscript to further strengthen our central arguments, incorporating their feedback. Below is our response to each of the reviewers’ comments.

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**Reviewer #1:**

This article presents an interesting interpretation of two case studies which add to the literature in relation to several fields. However, it needs revision to address the following:

[1] inclusion of information on the funding source/origin of the research, perhaps at the end of the Introduction when the methods are mentioned.

>> Following academic conventions, we plan to acknowledge our funding sources and those who motivated our research (e.g., key interviewees) through a separate acknowledgement section at the end of the Conclusions section. We, however, are cautious about mentioning our funding source in the main text, as it may go against the journal’s policy championing blind peer review.

[2] inclusion of justification in relation to the methods used when these are referred to in section 3.2 (data and methods) - to explain the conceptual framework leading to the selection of the methods chosen (e.g. basis of the qualitative/quantitative approach) as well as the case studies chosen.

>> We have strengthened Section 3.2, as suggested by the reviewer.

[3] inclusion of summary of the structure of the article at the end of the Introduction.

>> We have added a paragraph at the end of Section 1 and summarized our paper structure.

**Reviewer 2:**

This paper attempts to examine how the degree of cultural conservatism affects the three factors: openness/flexibility; entrepreneurship, and linkages, which in turn shape the embroidery industry in Changsha and Suzhou. The research topic is interesting, and Changsha and Suzhou are appropriately chosen as comparative studies. However the author does not provide strong evidence (in terms of interviews and data) to support his/her arguments.

Here are my comments on the paper.

[1] P.5. 2.2 CCI Promotion and China’s Embroidery Sector: *Response: can’t see a clear relationship between CCI promotion and China’s embroidery sector. Are all CCI promotion policies discussed in the paper applied to the embroidery sector?*

>> In Section 2.2, we have clarified that the embroidery sector is a cultural industry, which has enjoyed the benefits of China’s national and local CCI policies.

[2] P.6. Fig 2 shows the trend of growing export markets, with an emphasis on price over quality: *Response: Fig 2 shows a declining trend of price, but it can’t tell whether the quality is lower than before.*

>> We argue not that product quality on average declines over time, but that overseas demand for pricey collectables has been increasingly eclipsed by demand for low and mid-ranged products. In Section 2.2, we have clarified this point.

[3] P.6. Fig 2 show a clear intra-regional bias in East Asia: *Response: Does intra-regional refer to intra-regional trade? Indeed, Fig 2 shows exports but not intra-Asian trade.*

>> We have clarified that in the 1990s, Chinese embroidery exports presented an intra-regional bias toward East Asia; Hong Kong, Japan, and Korea were in particular major export destinations.

[4] P.9 . These two clusters have specific aspects in common…….in the national embroidery sector: *Response: Elaborate the three common aspects, i.e., explaining the common policy support for Changsha and Suzhou.*

>> We have further elaborated the aspects.

[5] P.9. The section is titled as Data and Method, but no methodology of the research is discussed.

>> Our method is a comparative study of two cases, chosen in a quasi-experimental setting. In Section 3.2, discussion of our method has been strengthened.

[6] P.10 Description of Table 3: *Response: The description of Table 3 better highlights the openness of Suzhou and Changsha. The direct comparison may not be fair as Changsha is a small economy. Ratio can be used, i.e., trade/GDP, FDI/GDP so as to control the size of the economy.*

>> We have added trade/GDP and FDI/GDP in Table 3.

[7] P.15. Section 5: Comparative analysis. Line 6: One puzzle, though, is diverging market performance despite such common aspects: *Response: As mentioned above, the common aspects are not well explained.*

>> In Section 3.2, we have articulated the common aspects.

[8] P.17. Line 40-P.18, Line 2: What are the implications of the market structure, more flexible or open?

>> Local openness and flexibility in Suzhou underlie Su embroidery’s flexible market response without undermining cultural value, such as market segmentation. In contrast, Changsha’s embroidery community tended to treat response to a changing market condition as a binary choice—abandon cultural heritage for market demand or the other way around. The city’s strong socialist legacy partly explains this mindset.

In Section 5.1, we have clarified this point.

[9] P.18 Lines 2- 24: the analysis was repeated, as Table 3 in P.10. It better provides evidence on the flexible market structure at the micro level in this section.

>> We have revised Section 5.1 accordingly.

[10] P.19. Section 5.2. Entrepreneurship. It seems that this section emphasizes the supply of skilled labor and investment in R&D. How are these issues related to the innovation and setting up of new enterprises? The author may use the data on employment of small firms and the establishments of small firms to reflect the entrepreneurship.

>> In Section 5.2, we have added Table 4 in support of Suzhou’s superior start-up opportunities, and discussed why the gap exists in terms of local entrepreneurship and how it affects the local pool of skilled labor and the sector’s overall market performance.

[11a] Some of the interviews are not well interpreted and analyzed. Here are two examples.

P.15. Lines 3-5: It describes the objectives of the Association. It would be more meaningful to cite from the interview if the interviewer gives some specific examples.

>> Following the suggestion, we have offered some details on the role of the Association.

[11b] P.17 Lines 40-45. Each factory can target niche market, so the author should explain to what extent Xiang factory represents the industry in Changsha and whether there are different responses from small factories,

>> Around 30 firms based in Shaping Town (a rural village in Changsha’s Kaifu District) account for roughly 70% of Xiang embroidery production as the dominant center, and we failed to find strong evidence in support of their heterogeneous firm-level responses. Overall, their business strategies are well aligned with the guidelines and policies of the local governments. We have clarified this point in Section 5.1.