

CRITICAL SUCCESS FACTORS FOR THE REVIVAL OF THE TEXTILE SECTOR IN GHANA

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Abstract

Critical success factors provide companies/industries with a foundation on which to grow and manage risks. Research works relating to the Ghana Textile Industry were reviewed and based on their findings, elements critical for sustainability and competitiveness in the industry were established. Management, Government Support, Marketing and Collaboration with local dressmakers/fashion designers are four main critical success factors significant to the revival of the Ghana Textile Industry.

Keywords: Critical success factors, textile industry, management, investment

Introduction

The Textile sector has over the years, especially in the mid-seventies has been an important sector to the Ghanaian economy on account of its contribution to income generation, employment and exports. The sector dominated the manufacturing sector and contributed significantly to livelihood. Ghana's textile sector more or less collapsed in the eighties when import controls were loosened and access to foreign exchange needed for imports to modernize plants were scarce. According to a report prepared by the Institute of Statistical, Social and Economic Research (ISSER, Legon, Ghana) on Ghana's textile and apparel sector, employment has declined steadily: 25000 in 1977; 7000 in 1995; 5000 in 2000 and fewer than 3000 in early 2005. The current figures are probably even lower.

The sector faces stiff competition primarily from Nigeria, Ivory Coast, China, India and Pakistan. A significant problem facing this sector is smuggling, as is pirating of designs, especially by the Chinese. In an attempt to control smuggling and pirating, the government in its new policy to revive the textile industry directed that with effect from April 14, 2011 all African prints should be imported through the Port of Takoradi and that prior to import, a sample of the print must be submitted to the Standard Board to ensure it is not a stolen design. Importers of African prints into the country must be duly registered with the Registrar General Department and Ghana Standard Board. For the purpose of monitoring the operations of such importers, they will be required to also register with the Ministry of Trade and Industry and submit their monthly returns on every import of African Prints. This measures which has been in place for some months have not been effective in reviving the sector but has probably made matters worse. An unofficial report shows that small traders who might otherwise be law abiding cannot afford to comply with the requirements and simply take their chances by smuggling the goods "through the bush" (neighboring countries) into the country.

Research Approach

Various research works on the Ghana textile industry were reviewed. The criteria for selecting these research works are, first, it should have Ghana textile in its title or abstract; and second, it should be published. Findings from these research works highlight the importance of immediate restructuring of the Ghana textile industry. It also reflect the challenges facing the industry, examples are overstaffing, high cost of utilities and raw materials, pirating, smuggling, etc. Critical examination of these research finding show there are critical element that are vital for increasing the competitiveness of this sector. Price, quality, location, fast lead times, creativity, innovation, technology upgrading, delivery reliability, conformance to standards and packaging were all considered as critical elements. This paper categorizes these many elements into four main critical success factors (CSF's). These are Management, Government Support, Marketing and Collaboration with local dress makers/fashion designers. For every business, firm or industry to remain successful and competitive, there are some vital factors or critical elements which seem to be paramount in determining what needs to be followed or performed. These vital or critical elements are known as Critical Success Factors (CSF's). Identifying these Critical Success Factors (CSF's) of the Ghana Textile Sector is very important as it will allow the sector to focus their efforts in building their capabilities to meet these CSF's, or allow the sector to decide if they have the capability to build the necessary requirements necessary to meet the CSF's.

Critical Success Factors is defined as an element of organizational activity which is central to its future success and these tactics may change over time. It can also be defined as any of the aspects of a business that are identified as vital for successful targets to be reached and maintained. CSF's are normally identified in such areas as production processes, employee and organizational skills, functions, techniques and technologies. The concept of "success factors" was developed by D. Ronald Daniel of McKinsey & Company in 1961. The process was refined by John F. Rockart in 1981. In 1995, James A. Johnson and Michael Friesen applied it to many sector settings, including health care (<http://en.wikipedia.org>).

Critical Success Factors

Management: Vital managerial skills and management knowledge are identified to be a major lacking factor in this sector. Productivity improvement could be realized by building up the management capabilities to run larger firms and by providing appropriate training and incentives to its workers. Generally, business failures are caused more by internal problems inside the firm rather than outside generated problems (mismanagement). Management skills and management knowledge are therefore critical factors for production. Human resources, understanding of business financials, knowledge of business legal issues and most importantly logistics (managing the procurement, supply and maintenance of products and operational goods) are all very vital in managing these local textile firms.

Currently most of the textile industries are managed by expats. Even with the apparel sector, ownerships of apparel factories in the country are dominated by Ghanaians who have little or no experience in the sector with the support of the government Ex-pat management has been brought in to provide technical expertises which are very costly. A majority of these ex-pats are from Asia (China, India), and European Union countries. Management skills are very well needed on all levels in this sector and Ghanaians knowing and understanding more about the life, culture and local textile market should be encouraged to attain higher managerial skills with more experience relating to the textile industry. Training programs, workshops, scholarship, study abroad opportunities, among others should be provided by the government and other stakeholders in teaching and upgrading the managerial skills level of local talents. As a result, Ghanaian textile managers with knowledge in strategic resources in the form of information, knowledge, creative thinking and innovation will have the capability to manage these textile industries by themselves, thereby reducing the high labor cost associated with ex-pats management.

The textile sector can gain competitive advantage by implementing continual and on-going innovations and the managerial skills and knowledge are in the centre of this process of innovations.

Government Support: Investment in the Textile Sector started in the late 1960s or early 1970s. More investments are required in the sector by government, local and foreign investors. Access to financial support, by the textile industry is one high area which needs major government support. Transportation and information infrastructure needs immediate upgrading. Interviews with shareholders in the textile sector of Ghana reveals that electricity, water, fuel and transportation cost occupied a higher percentage in the total cost of production (approximately 25% of total cost) in the textile mills. With the provision of good transport system, information infrastructure and energy quotas by the Government of Ghana (GoG), the textile sector will be in a very good position to compete very well on both the local and international market.

The Textile industry has been a focus area for the government of India and a number of policies have been put in place to make the industry more competitive. Lessons could be learnt from the initiatives set by the Indian government concerning their textile sector by GoG. Examples of these initiatives are

- i. Setting up Technology Up gradation Fund Scheme (TUFS - to enable firms to access low-interest loans for technology up gradation.),
- ii. Setting up of Integrated Textile Parks (Indian industry and the government see foreign companies more as partners in building domestic manufacturing capabilities rather than a threat to Indian businesses) and,
- iii. Provision of Health Insurance (so far covers 3,000,000 weavers and plans to include ancillary workers in India).

These initiatives including others could also be set-up by the government of Ghana to make the industry more competitive.

Marketing: Stanton (1981) viewed marketing, in a societal sense, as an exchange activity intended to satisfy human want; in a business sense as a system of business action designed to plan, price, promote and distribute want satisfying goods and services to markets. From Stewarts (1995) point of view, Marketing is the vehicle through which a company can achieve its Short-term goals and strategic aims in terms of long-term survival in the face of change, particularly competitive change. In view of this, Ghana Textile Manufacturing Company (GTMC), Akosombo textile Limited (ATL), Ghana Textile Product (GTP) and Printex, the four out of the 40 major companies that survived the turbulence in the sub-sector should adjust their marketing strategy to suit the current market.

Marketing is the overall process of studying, analyzing and making decisions about how best to serve consumers with continuing education programs, products and services. It is the process used to determine what products or services may be of interest to customers, and the strategy to use in sales, communications and business development. Almost all the local textile industries have similar marketing strategy, which is the distribution of textile products to major distributors or outlets located all over Ghana, retailers then purchase products from these major distributors. An example is ATL. ATL fabrics are made available throughout Ghana from their associate CTD Textile Distribution outlet or other major distributors located all over Ghana. These outlets are located in regional capitals as well as some district. This old fashioned way of marketing should be changed.

Huge finance and time should be invested in the marketing department of these industries in undertaking effective market research to identify customers characterized by their needs (market segmentation). A good market research will uncover the necessary strategic marketing key element and the effective marketing activities (such as various forms of advertising, exhibition, public relations, initiatives, internet activities and effective “point of sale” strategy) needed for effective marketing.

Marketing researches of Ghana textile sector should understand both consumers and competitors well enough in tailoring the right strategy to undertake. The Textile Sector needs an effective marketing strategy to promote this sector, target the right client, both local and international as well as allocate resources wisely. These industries should also make it necessity to participate in international trade shows to aid in the promotion of their product on the international market. With the right strategy the textile sector of Ghana can increase their competitiveness both on the local and international market.

Collaboration with Local Garment Makers/Designers: Ghana enjoys a long tradition of custom-made clothing. There exists a huge garment market for the textile industry in the country and collaboration between the textile industry and garment industry will help revive the textile industry. Traditional apparel styles associated with Ghana include the *kaba* (fitted top), *slit* (fitted long skirt), *boubou* (loose, embroidered garment), *kaftan*, and *fugu*. Contemporary designers also manufacture western-style trouser suits, skirts, shirts, coats, and jackets, often incorporating indigenous African designs. Ghanaian apparel is produced from local wax, batik, tie-dye and screen printed fabrics as well as imported cottons, linens, and silks. The local textile industry is supported by 21 National Vocational Training Institutes throughout the country. These institutes provide basic practical and theoretical training in tailoring and dressmaking. There are also a growing number of private fashion design institutes and internationally acclaimed designers that teach the latest techniques to aspiring clothing designers. Design techniques include pattern drafting, multiple layer cutting, and high volume construction and finishing methods. In addition to the training institutes, the Ghana National Tailors and Dressmakers Association (GNTDA) maintain offices in all ten regional capitals. It has a membership of 48,000 tailors and dressmakers, each of who works with 10– 12 apprentices. It is estimated that the industry employs between 600,000 – 1,000,000 people, including the members and employees of the GNTDA and the Ghana Association of Fashion Designers, as well as the many independent tailors and seamstresses operating throughout the country.

The textile industries should form alliance with GNTDA and the Ghana Association of Fashion Designers. Various incentives like sewing machines, sewing accessories and other necessary items should be awarded to dressmakers or fashion designers who use textile products from these local textile industries for their work. The textile industries should offer “special prices” for these dressmakers or fashion designers to attract them continue patronizing the usage of the locally produced textile fabrics in making garments. These textile industries should collaborate with GNTDA and the Ghana Association of Fashion Designers in organizing monthly Fashion Shows using their fabrics. Various fashion themes can be selected for each monthly fashion show to make it interesting. Such an event will benefit both parties.

It will increase the creativity of the fashion designers and also serve as an advertising platform for the textile industries to showcase their products. A mega fashion show for the monthly winners could be organized at the end of the year to select the best designer at the end of the year and this designer could be awarded the title of “Fashion Design Ambassador of Textile Prints in Ghana” as well as other prizes.

Summary

Revival of the textile sector in Ghana will create a lot of revenue for the government as well as provide many job opportunities. The sector currently faces stiff competition from foreign competitors’ especially Asian countries like China, which the local textile industries considers unfair. However with this growing competition facing the sector it is very important for the local textile industries to critically examine their business models. This article outlines four main critical success factors (management, government support, marketing, collaboration with local dress makers/fashion designer) as very vital to reviving this industry. These four main CFS’s were established from findings of published research works on Ghana textile industry. Careful consideration of these critical elements by share holders of the textile sector in Ghana will do have a major influence in reviving this ailing textile industry.

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