Adjusting to Chinese Ascendancy in the Global Clothing Industry

Dimensions, Variations, Sources and Limits of Post-MFA Stabilisation in African Clothing Exports

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Institute for Development Studies
University of Nairobi
P.O. Box 30197
Nairobi, Kenya
Tel: +254 20 318262 Ext 28177

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Institution:
Institute for Development Studies (IDS),
University of Nairobi
P.O Box 30197-00100
Nairobi, Kenya
Tel: 254-20-318262 Ext. 28177
E-mail: director-ids@uonbi.ac.ke

Researcher/Members of the Research Team

Project Leader
Professor Dorothy McCormick (Team Leader)
Institute for Development Studies (IDS),
University of Nairobi
P.O Box 30197-00100
Nairobi, Kenya
Tel: 254-20-318262 Ext. 28177
E-mail: dmccormick@uonbi.ac.ke

Other research team members:
Professor Tegegne Gebre-Egziabher (Forum for Social Studies and Addis Ababa University)
Professor Mike Morris (University of Cape Town)
Professor Andrew Mbwambo (Mzumbe University)
Dr. Harshana Kasseeah (University of Mauritius)
Dr. Paul Kamau (University of Nairobi)
Dr. Arielle N'Diaye (Université d’Auvergne, Clermont-Ferrand, France)
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<tr>
<td>ACFRN</td>
<td>African Clothing and Footwear Research Network</td>
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<td>ACTIF</td>
<td>African Cotton and Textile Industries Federation</td>
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<tr>
<td>AGOA</td>
<td>African Growth and Opportunity Act</td>
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<td>COMESA</td>
<td>Common Market for East and Southern Africa</td>
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<td>EAC</td>
<td>East African Community</td>
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<td>EPZ</td>
<td>Export Processing Zone</td>
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<td>EU</td>
<td>European Union</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GSP</td>
<td>Generalized System of Preferences</td>
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<td>IDRC</td>
<td>International Development Research Centre</td>
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<tr>
<td>MDG</td>
<td>Millennium Development Goals</td>
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<td>MFA</td>
<td>Multifibre Agreement</td>
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<td>MFN</td>
<td>Most Favoured Nation</td>
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<tr>
<td>IDRC</td>
<td>International Development Research Centre</td>
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<tr>
<td>NTB</td>
<td>Non-Tariff Barrier</td>
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<tr>
<td>KAM</td>
<td>Kenya Association of Manufacturers</td>
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<tr>
<td>KBS</td>
<td>Kenya Bureau of Standards</td>
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<tr>
<td>MFA</td>
<td>Multi-fibre Agreement</td>
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<tr>
<td>MSEs</td>
<td>Micro and Small Enterprises</td>
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<tr>
<td>SSA</td>
<td>Sub-Saharan Africa</td>
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<tr>
<td>USA</td>
<td>United States of America</td>
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<tr>
<td>UK</td>
<td>United Kingdom</td>
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<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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ABSTRACT
Promoting labour-intensive exports such as clothing, although a tested industrialisation strategy, has presented a formidable challenge for African countries in the last decade. The scheduled end of the Multi-fibre Arrangement (MFA), which had partially shielded African exporters from giants such as China, opened world clothing markets to intense competition. It is not surprising that Africa’s main clothing exporters saw their exports decline. What is puzzling is that the decline was far from uniform across countries. This research used a common survey and firm-level case studies to analyse a set of country-level factors believed to affect African countries’ ability to stabilise their clothing exports following the termination of the MFA. Four factors were clearly important in determining post-MFA clothing export performance. Destination markets, local resources, the nature of the products, and industrial policy each played a role in export stabilisation. The role of a fifth factor, innovation, was difficult to discern, partly because the industry showed little innovative behaviour. A sixth factor, political stability, emerged as a crucial precondition for participation in some markets. The study makes four main conclusions. First, China’s rise is important to African producers, but China is only part of Africa’s post-MFA story. Firms in study countries compete with those from a number of countries other than China in specific markets. Moreover, it is clear that internal conditions moderate the effects of global markets. Second, favourable macroeconomic and industrial policies have contributed to export stabilization during the post MFA period, but policies alone do not seem to be enough. In particular, the cases of Madagascar and Swaziland have demonstrated that policy, however good, can easily be overwhelmed by the violence and uncertainty associated with political instability. Thus although appropriate policy is needed to encourage the clothing industry in Africa to upgrade, it must be accompanied by some measure of political stability. Third, lack of local resources, including both fabric and trained local personnel, has resulted in an industry that is largely dependent on concessionary arrangements that may not be sustainable. The research found that the clothing industry in most countries relies heavily on foreign technical workers, yet the sustainability of the industry could be improved by training and utilising local workers. The reasons for this situation are not entirely clear. Technical training for the apparel industry appears to be weak, but weak training may not be the only reason why many firms prefer foreign technical workers. Fourth, differences at both firm and country levels go some way in explaining the varying performance. Yet in a dynamic world, this cannot be the end of the story. As such firms, governments, and researchers need to continue to work together in order to better understand how Africa’s clothing industry can thrive and thus contribute to better jobs and better lives for African people. There is also need to explore some of the unanswered questions of this research. Of particular interest are the local resource and policy issues. What are the main gaps in local skills and raw materials that currently impede the development of a sustainable clothing industry in Africa? And, what are the specific policy and/or regional development issues that undermine the sustainability of the industry?

Key Words
Post MFA stabilization; Clothing industry; Sub-Saharan Africa; SSA; China; Trade; Global value chains; Africa; Africa Growth and Opportunity Act; AGOA; Apparel; Trade agreements; Foreign direct investment; FDI.
BASIC PROJECT INFORMATION
In the year 2009, the Institute for Development Studies – University of Nairobi (IDS-UoN), through its African Clothing and Footwear Research Network (ACFRN), approached the International Development Research Centre (IDRC) for funding consideration to undertake the study: Adjusting to Chinese Ascendancy in the Global Clothing Industry - Dimensions, Variations, Sources and Limits of Post-MFA Stabilisation in African Clothing Exports. Following a Proposal Workshop held in February 2010, the IDRC consented to funding the study for a period of two consecutive years. The official starting data was 20 March 2010, but work actually began on 1 April 2010.

The study, which is a detailed country-level analysis, was undertaken in seven African countries: Ethiopia, Kenya, Tanzania, Lesotho, Swaziland, Madagascar and Mauritius. It utilised the services of researchers based in each of the countries under the umbrella of the African Clothing and Footwear Research Network. The ACFRN, which began in 2001 with four countries: Kenya, Tanzania, Ethiopia, and South Africa – expanded for purposes of this research to include Lesotho, Swaziland, Mauritius and, Madagascar. In all cases except Lesotho and Swaziland the fieldwork was undertaken by in-country researchers. The Lesotho and Swaziland fieldwork was led by Prof. Mike Morris (UCT, SA) who had extensive prior experience in clothing industry research in both countries.

THE RESEARCH PROBLEM
Promoting labour-intensive exports such as clothing is a tested industrialisation strategy. Doing so in the presence of a giant and capable competitor, however, has presented a formidable challenge for African countries in the last decade. Even the preferences accorded by the US and the EU have not been sufficient to ensure the continued growth of clothing exports. That the main African clothing exporters have seen their exports decline is not surprising, especially given the steady rise of Chinese clothing exports during the same period. What is puzzling is that the decline has been far from uniform across countries. In fact, in a few cases clothing exports to the US under AGOA seem to have stabilised. Literature points to both internal and external factors that could account for export decline and/or stabilisation in the post-MFA period. To reverse the overall clothing export decline and provide a stronger base for African industrialisation, governments, clothing producers, and global stakeholders need a clearer understanding of why some countries have fared better than others, not only under AGOA but also with other trade preferences. They need, in other words, to understand how factors internal to a country interact with the global environment, especially competition from Chinese exports, to create different patterns of export performance. Although there is a growing body of clothing industry studies, none has attempted the type of detailed country-level analysis that this study proposes.

The above problem remained the focus of the research. Subsequent refinements to the work were related, not to the problem, but to the objectives and methodology.

THE STUDY OBJECTIVES
The overall objective of the study was to improve our understanding of the ways in which Chinese ascendancy in the global clothing industry interacts with African countries’ clothing sector capabilities (destination markets, industrial specialisation, local resources, policy, and innovation) and available trade preferences to determine the extent of Post-MFA stabilisation. Specifically, the study sought to:

i. To explain the nature of Chinese ascendancy in the global clothing industry and analyse the key features, patterns and developments in each study country’s clothing exports to the US, EU and Africa markets
To analyse the extent to which differences in country exports are explained by:

a) The nature of industrial specialisation,
b) The nature of market destinations
c) The nature of local resources,
d) The nature of industrial policy and,
e) The nature of innovation

To identify in a participatory manner, the sources and limits of post MFA stabilisation in the clothing industry in each study country

To provide and use the evidence gathered to inform policy dialogue on the development of trade and industrialisation strategies and in negotiating institutional arrangements such as AGOA, EPAs, WTO rules and, bilateral agreements with China

To train researchers in the area of clothing and textile research within the ACFRN.

The objectives outlined above are essentially the same as those originally proposed. The main change is that the original proposal had not recognised ‘market destination’ as a dimension explaining differences in country exports. Discussions during the Methodology Workshop led to its inclusion as a factor possibly explaining differences in post-MFA stabilisation. The same discussions also led to a broadening of the market variable to include ‘Africa’ as a destination. As a result, relevant questions were added to the survey instruments.

The gathering of data and basic analysis for achieving the first four objectives had been achieved by 30 March 2012, when the project was supposed to end, the fifth objective was also well on the way to being achieved. Most outputs, however, had not been finalised and it appeared that some further analysis and factory re-visits might be useful in strengthening the findings and conclusions. This prompted the team to seek a “No-cost” extension of six months up to 30 September 2012. As at 30th September 2012, all the objectives have been achieved.

METHODOLOGY

The study collected both quantitative and qualitative data to address the first four research objectives:

i. What are the specifics of Chinese clothing exports to the US, EU and Africa?

ii. What are the specifics of clothing exports from each study country to the US, EU and Africa?

iii. What is the nature of industrial specialization in each study country?

iv. What local resources does each study country have available for the clothing industry?

v. What resources are imported for the clothing industry?

vi. What is the nature of industrial policy in each country and how is it implemented?

vii. What is the nature of innovation in the clothing industry of each country of study?

viii. What are the perceived obstacles and constraints to increased clothing production and export?
The first question was answered using UN COMTRADE data. Data sources for answering the remaining questions came mainly from primary data collected through key informant interviews, firm-level surveys, and in-depth case studies.

The project engaged the services of Dr. Daniel Abala of the University of Nairobi’s School of Economics to download and provide preliminary analysis of UN COMTRADE data for the period 2000-2009. He was supported by a Masters student referred to the project by resource person, Dr. Peter Gibbon, and by a local research assistant. The data were subsequently updated to 2011. The data files are part of project outputs that are available to all country researchers. The use of trade data was very useful in showing how the study countries are evolving in their clothing exports, more so in relation to China.

In most countries, the primary data collection began with key informant interviews of relevant government officials, industry associations, export processing zones, export promotion agencies, and others knowledgeable of the clothing industry in the country. Key informant interviews provided information about the industrial policy process and contents and the informants’ perceptions of the health of the industry in the post-MFA era.

In each of the study countries (except Tanzania) where the clothing industry is well established we targeted a firm survey of 20-30 firms. Researchers in each country updated existing lists of medium and large firms that were exporting at least 20% of their output. In countries where there were more than 30 firms, random sampling was used to select firms for the study. Using a standardised questionnaire, researchers gathered information to answer research questions ii–viii (see Appendix 1). Country researchers administered the questionnaires themselves, in some cases accompanied by a co-researcher or research assistant.

Finally, case studies were used in two ways. In Tanzania, case studies and key informant interviews were used as the main methods of data collection. The aim was to identify the constraints and obstacles that block their competitiveness in the US and EU markets. As with the other countries, key informant interviews were conducted to inform institutional arrangements and policies for the garment industry. In other countries, case studies were conducted to gather additional information about firms whose export values had stabilized or increased.

This study had proposed to use a user participation approach whereby steering committees would be used at all stages of the research including project inception and launch, fieldwork, review of preliminary findings and dissemination of final results. Participation of steering committees in the entire research process was challenging in most countries. However representatives from these committees were used in the country disseminations forums.

At the time of developing the proposal for this study, Ethiopia had been classified with Tanzania as countries where clothing industry was small and at formative stage. However during the methodology workshop, it was reported that Ethiopia had a sizeable number of export clothing firms. As such Ethiopia study changed from pure case study to a survey where about 10 firms were interviewed. This helped in increasing the sample size of our study.
Challenges faced in the study

A study of this nature and magnitude cannot be without challenges at data collection and/or report writing. In this section, we briefly discuss some of the methodological constraints faced by researchers while undertaking this study.

i. A major challenge faced during the data collection process was the refusal by firms to participate in this survey. Some firms declined outrightly to be interviewed arguing that they had participated in so many other surveys before, but they had not seen any positive outcomes. Lack of cooperation by some of the firms resulted in variation between the targeted and realised sample. Nevertheless, we estimate that 39% of exporting firms in the five main exporting countries were included in the survey.

ii. The questionnaire used in this study was quite detailed and time consuming to administer. In addition, some respondents were reluctant to disclose financial information for fear that this may reach the tax authority or their competitors. The result was incomplete or missing data for some questions.

iii. There was evidence of research fatigue among the firms in the industry across all study countries, due to numerous surveys that have been conducted recently. Whereas, the industry is shrinking, there were more and more surveys are being conducted. Some respondents complained that every year they participated in more than three surveys yet they did not see any positive results emanating from the research reports.

iv. Another challenge encountered had to do with correct measurement of variables such as output particularly for those firms where records were not adequately kept. There was also a problem in the monetary values between US Dollars and local currencies. In terms of production, respondents were not very clear about pieces or dozens. Moreover, measurement of quantitative variables was based on respondents’ recall ability. We therefore suspect bias in the measurement of monetary variables. As already stated, some of the respondents were unwilling to reveal financial figures for fear of this information reaching competitors or the tax authorities. Non-response to certain questions particularly those on finance limited the analysis.

v. Geographical spread of the firms in different parts of the country especially in Kenya posed a logistical problem as well as time constraints on the part of the senior management to participate in the interviews. This necessitated being flexible in terms of interview schedules so that the management can perform their duties in the course of conducting the interviews.

vi. Early delays in project inception (see no. 4 below) and instrument preparation meant that research began late, i.e., in month 7 instead of month 4. This delay had spill-over effects into the rest of the project. In particular it meant that teams were not ready for the intermediate workshop, originally scheduled for month 9. A decision was made to cancel that workshop. The resulting challenge was loss of an important deadline for submission of research reports. Output delivery dragged on and we were still calling for research reports many months after they were due. The fact that an intermediate workshop was cancelled resulted in dragging
on output delivery. Experienced has shown that researchers were able to finalise on output when they were to participate in a workshop.

vii. The fact that the research instruments were not finalised during the methodology workshop resulted in researchers not understanding the questions well especially in the initial stage of data collection. Visitation by the international coordinator to most of the countries during their field work enabled this problem to be addressed.

viii. No instruments were prepared in advance for case studies or thematic work. As a result some researchers were not clear on what was needed or how the data would be used.

In spite of these challenges, the team was able to collect credible data from those firms that participated. This was made possible through the rapport created over time with some of these firms as well as making call backs and seeking clarification of issues through telephone calls or emails. The research team also used observation method during the interviews such that the answers given could be correlated with what was observed.

PROJECT ACTIVITIES

During the study period, the following activities were undertaken:

i. Inception: Finalisation of research teams, literature compilation on a country basis, development of draft research instruments, and establishment of collaborative agreements

Inception was undertaken by country coordinators in preparation for the Methodology Workshop. Each country coordinator was tasked with the responsibility of identifying a core-researcher with whom they would undertake the study as a team. At the time of proposal writing, the network was working with country coordinators, but there was a feeling that constituting a team of at least two researchers would ensure continuity and capacity building. In each of the study country core-researchers were identified and most of them were involved throughout the entire process. Each team in the study country undertook a thorough literature review of what was known about the clothing industry in the respective country. The purpose of this review was to document the status of the clothing industry in the country and also assist in developing research instruments for data collection. This was presented during the methodology workshop in Mauritius.

The main administrative task of the inception period was the establishment of collaborative agreements governing the relationship between external researchers and the University of Nairobi. The original idea, sent by the International Coordinator two weeks after the project start date, was that there would be Memoranda of Understanding (MOUs) between each of the universities where researchers were located and the University of Nairobi. The only expected exception to that was the Madagascar case where the researcher was in transition between French universities and did not have a direct affiliation with a Malagasy university. Draft MOUs were circulated with the expectation that they would be tailored to each university, signed by university authorities, and returned for signing by the Vice Chancellor of the University of Nairobi by the end of month 3. This actually happened in the cases of Mzumbe University and the University of Cape Town, though month 3 turned out to be an ambitious goal. In other cases, there were various problems with this approach
that had to be handled on a case-by-case basis. The result was that agreements varied considerably and were not fully in place until month 7. This in turn delayed the initial disbursement of research funds and the start of the field work.

ii. Methodology workshop

The Methodology Workshop was held on 15th-17th July 2010 at the Labourdonnais Waterfront Hotel, in Port Louis, Mauritius. The workshop was initially scheduled to take place in Kenya, but at the time, there were intense political campaigns leading to the referendum to determine whether Kenya would get a new constitution or not. From this, it was thought wise to hold the workshop in Mauritius and, the Intermediate Workshop, which was to be held in Mauritius in the second year of the project, be brought to Kenya.

The broad objective of the workshop was to refine on data collection methods and instruments in connection with the research project. Its specific objectives were to:

a) Strengthen the understanding of researchers on how the four research themes (nature of local resources, nature of industrial specialisation, nature of innovation, and nature of national industrial policy) were likely to apply to each of the study countries
b) Elaborate the study methodology to enable the study researchers gather and analyse data responding to the five research questions
c) Improve the researchers’ collective knowledge of the Mauritian clothing industry
d) Improve the researchers’ collective knowledge of the Chinese clothing industry
e) Discuss and decide upon organisational matters

A total of 13 participants (including resource persons) attended the workshop. One of the persons invited to make a presentation was Prof. SONG, Hong of the Institute of World Economics & Politics, Chinese Academy of Social Sciences, Beijing. To get Prof. SONG to come and present, Heinrich Böll Foundation stepped in to assist the Project in terms of paying for his return air ticket and subsistence allowance. Prof SONG’s presentation was on The Structure and Organisation of the Chinese Clothing Industry. This presentation had the main purpose of imparting a basic understanding of the Chinese clothing industry, so as to improve the researchers’ collective knowledge of the Chinese clothing industry.

iii. Data collection

Data collection commenced in December 2010 and ended on May 2011 (6 months period)
A harmonised questionnaire developed during the Methodology Workshop was used to gather the survey data (see appendix 1). The questionnaire addressed the following:

(a) Basic information about the company such as the contact details and ownership.
(b) Product, industrial specialization and local resources, e.g. products produced, workforce, and availability of raw materials.
(c) Markets, sales, finance and wages, e.g. product destinations, changes in product export markets, channels used in accessing the markets, analysis of competition, capital expenditure etc.
(d) Innovation and industrial policies, e.g. quality control, fabric procurement, changes as a result of competition from China, production down turns and the policy environment.

(e) Clusters and networking, e.g. business forums, major challenges facing the firm etc.

Key informant interviews were also conducted as well as case study interviews.

The main objectives of conducting key informant interviews were to gather in-depth information from well informed stakeholders such as the Ministry officials, industry associations, export support institutions, and research institutions. In each of the study country key informant interviews were conducted during the time of the fieldwork by country coordinators.

The main objectives of the case study exercise were: to better understand post-MFA stabilization at firm level for firms of particular interest and; to gain insights into the future of the industry in the country. Each country selected two case study firms. In doing so, country coordinators considered two issues – a firm that was unique and could demonstrate the variety of garment firms in the country. Second, a firm that was typical on one or more of the dimensions or key variables such as ownership or size. Case studies proved to be a good source of qualitative data.

However, Tanzania and Ethiopia seemed to be having some difficulty getting started as they had low exposure to research in the area of clothing and textiles. The International Coordinator, Prof. McCormick therefore visited both countries so as to provide vital guidance to the research teams.

iv. Collection and analysis of trade data

From 17th January to 25th February 2011, the project engaged Dr. Daniel Abala of the School of Economics – University of Nairobi to collect and analyse trade data for commodities in HS classification categories, HS61 and HS62. The data was collected from the United Nations Statistics Division – Commodity Trade Statistics Database (COMTRADE). In the second year, he was contracted again to revise and update the data to 2011.

v. Data entry and analysis

Country researchers sent all filled questionnaires to Nairobi for entry and preliminary analysis. This was done in one station so as to ensure uniformity. General oversight of the data cleaning, coding, and entry was provided by the Kenya team. The resulting data sets were later returned to the respective country teams for their use in preparing country reports and other papers.

vi. Report writing

Using the survey and key informant data, the country teams embarked on the process of drafting their country research reports. This was a continuous task as a number of drafts had to be produced before the final reports could be ready. Draft reports were to be submitted in June 2011 (month 15) so that they could be presented at the Preliminary Findings Workshop. In fact, some countries came to the workshop with only a presentation and not a written report.

v. Preliminary Findings Workshop

The Preliminary Findings Workshop was held at Travellers Beach Hotel in Mombasa from 30th June to 1st July 2011. The objectives of the workshop were:

a) To share and discuss preliminary findings from the seven participating countries and trade data report.
b) To shape the remainder of the research work that included country studies and cross-country thematic studies

c) To plan for the remainder of the project including dissemination at various levels.

Besides these specific issues, the workshop also addressed the question of what further data was needed to strengthen the country research reports as well as the analysis needed to answer the research questions adequately.

vi. In-country dissemination workshops

All countries except Swaziland held in-country dissemination workshops. The aim of these workshops was to disseminate the findings of the study to stakeholders in the respective countries and to gather information from the stakeholders concerning their perceptions of the accuracy and relevance of the findings. The stakeholders invited for these workshops included government representatives, firms interviewed, research institutes, industry associations and other bodies interested in the SSA Clothing and Textiles Industries. The discussions that emanated from the presentations were rich and shaped the papers and journal articles that came out of the research.

vii. Factory revisits, data cleaning and revision of country and thematic papers

After the dissemination workshop and drafting of outputs, the research teams went back to the factories to either collect additional data on some issues raised during dissemination or verify the existing data. There were also cases where data was incomplete and/or missing. The factory revisits provided this missing data. Afterwards the data was cleaned and data files revised and updated. The country and thematic papers were also revised in line with the updated data.

viii. Preparation of articles, policy briefs, etc.

The six months of the extension period (1 April – 30 September 2012) was used for finalisation of research reports, preparation of thematic reports, updating trade data, writing case study reports, and preparing country and cross-country papers and articles. One policy brief was also prepared during this period and presented at the annual meeting of the African Development Bank in Arusha, Tanzania (see below for details).

ix. Final Workshop in Nairobi

The Final Workshop, which took place 3-5 September 2012 at Silver Springs Hotel, Nairobi, brought together all ACFRN researchers, graduate students, resource persons, and industry players. The main objective of the workshop was to present project outputs including country-level journal articles and thematic papers as the project came to a close. In addition, there were round table discussions on pertinent issues affecting the clothing industry in Africa such as curriculum and training and insights into AGOA. The authors of the papers received very rich comments and were able to revise their papers accordingly after the workshop. The final workshop also provided an opportunity for the full team to evaluate the work of the 30 months of the project.

x. Researcher Training

This activity had two dimensions: Support for student research and Capacity building of the core research team. Under support for student research, the project provided opportunities for post graduate training in each institution where project researchers were based. A total of six postgraduate students were supported in writing a master’s thesis/project paper on a topic related to the research. Country researchers supported the students through supervision. The students also received a small research grant of $2,000 for their fieldwork. There were five MA and one PhD
Students supported. The students were encouraged to publish their results in collaboration with their supervisors. Some of them have graduated while others are finalising on their project papers.

In terms of researcher capacity building, the project provided opportunities for country teams to build capacity through joint learning experiences such as input during the methodology workshop, initial factory visits, and guidance from resource persons and the international coordinator.

xi. **Research dissemination in conferences and workshops**

During the same period, researchers were involved in dissemination of findings from the research in conferences and workshops. These included:

a) Participation in the ACTIF Africa Cotton Textile and Apparel Value chain international conference in Mombasa in October 2011.

The overall theme of the conference was to address the issues impacting the competitiveness of the cotton, textile and apparel value chain in Eastern Africa and exploring opportunities for trade, capacity building and investment. The conference brought together representatives of the entire CTA value Chain, including cotton farmers associations, ginners, spinners, textile companies, garment manufacturers, fashion designers, students and scholars, government institutions, international development bodies, national and international subject matter experts among others. The outcomes of the conference included: a better understanding of where East Africa's CTA sector is failing to meet global standards, development of linkages for promoting trade and investment in CTA sectors in East Africa, and identification of specific opportunities to build the capacity of East African training and educational institutions and evaluate potential partnerships with international institutions among others.

b) Participation in the Origin Africa Event organised by ACTIF in Addis Ababa, Ethiopia in April 2012

This event highlighted the creativity and innovation of the African cotton, textile and clothing industries and raised the profile of the continent as a source of supply of cotton, textile products, fabrics, clothing, home decor and fashion accessories. This world class event brought together business leaders and decision makers from across Africa, providing opportunities for international buyers to establish contacts with African designers and industry and to do business. There was also a trade expo of over 60 exhibitors from Africa, Asia and Europe to promote trade opportunities from fibre to fabric, from corporate wear to fashion, and from clothing manufacturers to accessories. International buyers from US and Europe in textiles, apparel and home decor were in attendance. International business and innovation seminar series were also be conducted.

c) Participation in the African Development Bank Annual meeting in Arusha Tanzania in May 2012

ACFRN was represented in the 2012 African Development Bank’s annual general meetings in Arusha where the international coordinator made a presentation of the findings of this research in a side event. The theme for the 2012 annual meetings was "Africa and the Emerging Global Landscape: Challenges and Opportunities". Because of the broadness of the Annual Meetings theme, the AfDB addressed the different issues in four High Level Seminars and a High Level Debate, attended by some of the most distinguished and finest thinkers on the African economy, African society and the African political landscape.

**LEARNING OPPORTUNITIES**

There were many opportunities to learn through the management of this project. We highlight what we think are the most important management lessons.
(i) **Overall management:** We learned that managing a multi-country research project is difficult and requires a careful blending of structure and flexibility.

Many aspects of the project went very well. The project began with a very productive methodology workshop. Resource persons were helpful and engaged in the project. The project had been well conceived and adequately budgeted to enable us to achieve our objectives. The IDRC programme staff was helpful when we called on them. The main problem with the original planning was the short time frame. We did not anticipate some of the delays we would encounter along the way. There were missed deadlines, communication difficulties, and coordination failures. It gradually became evident to us that some combination of clear structure and flexibility in operations was needed to keep the project moving towards its goals. By the end of the project we had found a good balance between structure and flexibility. It also became clear that two years is a very short time for a complex multi-country study.

An important learning was that the core Kenya team, which did not have a specific international role, was central to the project’s success. The Kenya team served as a sounding board for the International Coordinator and was willing and able to pick up extra responsibilities as needed. For example, the Kenya Country Coordinator became a de facto deputy to the International Coordinator and members of the Kenya Team assumed responsibility for management of the survey data.

(ii) **Contractual arrangements:** We learned that it is important to place contractual arrangements on the agenda of a proposal-writing workshop to avoid wasting time in the initiation stage of the project itself.

In this project, we recognised the importance a sound contractual basis for handling the financial and other arrangements surrounding the research. At the proposal stage, we expected to have similar Memoranda of Understanding (MOUs) between the University of Nairobi and the home universities of the country coordinators. For a variety of reasons, this only happened with Tanzania (Mzumbe University) and Southern Africa (UCT). In each of the other cases, we ended up with contracts with individuals (Madagascar and Mauritius) or an MOU with a non-university research organisation (Ethiopia). Furthermore, the process of getting all agreements in place took about twice as long as originally projected. Since UoN would not release funds without an agreement in place, the delay in the agreement process resulted in a delay in the start of the research. The reasons for the slowness in concluding agreements included researchers’ views that their universities’ internal systems are too slow and bureaucratic, departmental and university politics, and (in one case) the researcher’s lack of a local university affiliation. This experience taught us that this aspect of multi-country research needs to be discussed in advance.

(iii) **Data collection instruments:** We learned the importance of ownership of the research instruments and the need for full participation in their development.

At the end of the project’s Methodology Workshop, the Kenya Team accepted the responsibility to finalise the survey instrument that had been partially developed during the workshop. In hindsight, we realised that this was not a good process because it meant that decisions about what to include/exclude were based on the experience of only one team, and the commitment of other teams to the difficult process of gathering the information specified in the questionnaire varied.
considerably. In some cases, country teams made unilateral decisions to omit certain detailed questions. This obviously affected our ability to produce comparative information at the data analysis stage.

(iv) Inter-country exchange: We learned that inter-country visits facilitate project management.

Inter-country exchange benefited the project management by familiarising the international coordinator with each country reality, by providing opportunities for the Team Leader to discuss research issues in person with each country coordinator, and by familiarising all researchers with the reality of at least one other country. A very positive benefit to this project lay in the opportunities it afforded both researchers and the international coordinator to visit and observe the industry in other project countries. The budgeting of the various workshops provided funds for the international coordinator to attend all country-level stakeholder workshops, as well as for each country coordinator to attend one workshop outside his/her own country. Such visits often included factory visits as well as workshop participation. The visits were especially valuable for the international coordinator. They gave her first hand knowledge of both the industry in each of the countries and the workings of the country coordinators’ home institutions. They also afforded opportunities to discuss problems that might be occurring and to meet local stakeholders. All of this enabled her to make better decisions and offer better guidance throughout the project.

(v) Number of country researchers: We learned the importance of having a minimum of two researchers per country involved in the project.

The project envisioned teams of two researchers per country. The purpose of two-person teams was to ease the research workload, foster capacity building, and facilitate communication between country and international levels. The reality on the ground was in fact somewhat different. Although country coordinators named their co-researchers at the start of the project, there seemed to be varying levels of commitment to the project on the part of these individuals. Co-researchers dropped off the project, took other non-university jobs, or were only partially available. In some cases, main researchers were given new responsibilities that prevented them from being fully engaged in the project. This affected project management because it reduced the avenues of communication and slowed the production of outputs. We believe that in future multi-country studies, we should take steps to ensure a minimum of two researchers per country. This might be by formalising the recruitment of co-researchers in order to reduce the likelihood of losing them midway through the project. Alternatively, a team might consist of three persons, two researchers and a PhD student, so that if one drops off, at least two remain.

(vi) Research workshops: We learned that workshops are an excellent management tool for ensuring the timely production of outputs.

The project plan included three international research workshops: Methodology workshop, intermediate workshop, and preliminary findings workshop. It did not include a final workshop or conference. We held the methodology workshop as planned, and found it very useful. We cancelled the intermediate workshop, partly because our late start on data collection meant that we seemed to have little to report at that stage. In hindsight, we think the cancellation was a mistake. We think that if we had held it, some problems that emerged later in the project might have been forestalled.
The project provided for transport and a standard per diem for in-country workshops and individual writing time away from the work station as a way of enabling researchers, who are often extremely busy, to take time away to complete their research outputs. The Kenya team used this opportunity twice, in February and again in July 2012. Both times, they spent two days at the Morendat Training Centre in Naivasha, where they discussed proposed outputs, refined data, and wrote working drafts of country-level papers. The team found this process very useful as it gave them opportunities for uninterrupted work and team interaction that are usually not available on campus. Other teams did not take up this opportunity though they were encouraged to do so.

(vii) Communication: We learned the importance of clear and regular communication, including reminders of upcoming activities and deadlines, throughout the project.

The project started well with the Methodology Workshop, but then slowed down in the months that followed. This was due partly to the slow contractual process, partly to the reworking of the questionnaire, and partly to the multiple commitments of the country researchers. During this period, deadlines were passing without much comment. The result was that results were still very raw at the Preliminary Findings Workshop. Following that workshop, the focus was on presentations for country-level stakeholders’ workshops. These presentations were made, but time continued to pass and research reports were not being completed. The tempo changed considerably when the project entered the extension period. Clear deadlines were set and frequent reminders were given. Researchers responded well, so that by the time of the final workshop, all outputs had been submitted in good draft form.

(viii) Assignment of roles and responsibilities: We learned that poorly specified roles and responsibilities make a complex research project more difficult to manage.

Some of the roles in this project that had not been well described in advance were data manager, team leader, deputy team leader, project assistant, and country coordinator. When the project began, we had partial definitions or lists of responsibilities for each of these areas, but as we worked, gaps appeared. We tried to fill them, but it was often after problems had taken a toll. We now see that it would have been more useful to spend time at the beginning of the project, perhaps during the methodology workshop, clarifying and agreeing on roles and responsibilities for both the research and management/coordination functions. We believe that being pro-active in this way would lead to most tasks being done well and on time. Specifying in advance might also help us to avoid overlaps and duplications.

(ix) Resource persons: We learned that good resource people make a positive contribution to a project’s success and that it is important that some resource people are continuously available.

The project had two main resource persons as well as two others who came in for particular purposes. The main resource persons, Prof. Mike Morris and Dr. Peter Gibbon, had been involved with ACFRN since its inception in 2001. They have worked with the researchers over the years and were involved in the development of this proposal. Both have participated regularly in workshops and have reviewed draft outputs. They have also been available for consultation on both academic and administrative matters. We also called upon Mr. Rob Stewart for input and assistance on
benchmarking at the Methodology and Preliminary Findings Workshops, and we invited Dr. Cornelia Staritz, a clothing industry specialist, to join the Preliminary Findings workshop as a resource person. All of the resource persons have made useful contributions to research and capacity building, but we recognise that the long-term relationship with Mike Morris and Peter Gibbon was especially important to the project’s success.

PROJECT OUTPUTS
The project realised outputs, which can be categorised into research, capacity building, and general/industry media.

a) Research outputs

i. Research reports - 6

The project produced six (6) research reports. These have been edited and formatted and are being placed on the ACFRN website (www.uonbi.ac.ke/acfrn/). Five of the six are country reports, while the sixth is a combined report for Lesotho and Swaziland.

ii. Policy briefs – 3

The project produced a policy brief in connection with its May 2012 presentation at the African Development Bank Meeting in Arusha, Tanzania. This is now posted on the website. Two additional policy briefs are in preparation stages.

iii. Cross country papers – 3

The project produced three cross-country papers (see www.uonbi.ac.ke/acfrn)

a) Adjusting to Chinese Ascendancy in the Global Textile Trade: African Clothing Exports in the Post-MFA Era by Dorothy McCormick and Paul Kamau

b) The Dynamics of Export Market and Export Segment Diversification in a Post-MFA world: A Comparative Study of Madagascar and Mauritius by Arielle N’Diaye & Harshana Kasseeah

c) The African Clothing Industry: Chinese Ascendancy and use of local resources by Paul Kamau, George Michuki and Tegegne GebreEgziabher

Drafts of these papers were presented at the Final Workshop, and the papers have been revised in light of comments received. They are now being edited for posting as Working Papers on the ACFRN website.

iv. Journal articles in preparation – Nine (9) journal articles have been prepared

v. Journal articles published – one (1) on Value Chain Dynamics, Local Embeddedness, and Upgrading in the Clothing Sectors of Lesotho and Swaziland by Mike Morris, Cornelia Staritz and Justin Barnes.
b) Capacity building outputs

Masters and PhD Training – The research components of 5 Masters Degree students were supported by the project. In addition, a PhD student from South Africa was also supported. Their names and titles of their research are given below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Country</th>
<th>Title of Research Project</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carolyne Gatimu</td>
<td>Kenya</td>
<td>Industrial Innovation in the Face of Stiff Competition from Chinese Imports: A study of Garment SMEs in Nairobi.</td>
<td>Masters</td>
</tr>
<tr>
<td>Amanuel Kussia Guyalo</td>
<td>Ethiopia</td>
<td>Understanding Micro and Small-scale Clothing Enterprises in Ethiopia: Governance and Upgrading in Value Chain.</td>
<td>Masters</td>
</tr>
<tr>
<td>Rubab Bangash Abdoolla</td>
<td>South Africa</td>
<td>Embeddedness and Innovation in the Clothing Industry in Mauritius</td>
<td>Masters</td>
</tr>
<tr>
<td>Lyn M. Reed</td>
<td>South Africa</td>
<td>An assessment of the Impact of the China Import Restraint Policy on Trade, Competitiveness and Upgrading in South African Clothing Manufacturing Firms.</td>
<td>PhD</td>
</tr>
<tr>
<td>Amelia Gabrielle</td>
<td>Madagascar</td>
<td>Is the Current Sino-African Cooperation an Opportunity or a Threat for Sub-Saharan Africa’s Development? The Case of Madagascar.</td>
<td>Masters</td>
</tr>
<tr>
<td>Andre Pierre</td>
<td>Madagascar</td>
<td>The Determining Factors and the Economic Impacts of FDI in Sub-Saharan African Countries, in Particular Madagascar</td>
<td>Masters</td>
</tr>
</tbody>
</table>

c) General and industry media – some articles about the research project and its findings were disseminated in a number of magazines including:

- a) 3rd edition of ACTIF’s Cotton Africa magazine (www.cottonafrica.com)
- b) IDS Newsletter – Vol. 10 No. 1 –June, 2012


**PROJECT OUTCOMES**

The project has had important outcomes for researchers, the ACFRN, and industry stakeholders.

a) The project provided an opportunity for a multi-country study on African manufacturing to be done by a network of scholars based in Africa. As one of the Resource Persons said at the Final Workshop:

> *Before 2005, all serious work on manufacturing in Africa was dominated by foreigners, but now we have a network of African researchers with good expertise. This knowledge should be transferable to the manufacturers.*

b) The project led to strengthened collaboration among ACFRN researchers. The team of researchers involved in the study consisted of both seasoned researchers and young scholars. They were able to work together as a team and in the end produced outputs as envisioned in the study.

> *The project has not lost focus along the way, communication was commendable and the output is visible. Most of the activities were achieved as scheduled. The central coordinating office was strong in linking the team members. (Excerpt from Evaluation Session as reported in Final Workshop Report, p. 15)*

> *The teamwork by the country teams is commendable. There has also been sharing of resources among network members e.g. relevant articles. The team also is one of the most vibrant and productive (in terms of research outputs and focus). The network seems to work better with each other socially. There is no problem of big egos and members are not competing with each other. (Excerpt from Evaluation Session as reported in Final Workshop Report, p. 15)*

c) The project allowed the expansion of ACFRN to Mauritius and Madagascar. This was not only useful for the present research, but has built research capacity for the future.

d) The study resulted in capacity buildings for young scholars, particularly women. Dr. Arielle N’Diaye, who completed her PhD in 2010, was the Madagascar country coordinator. Dr. Harshana Kasseeah, a young economist from Mauritius took major responsibility for the work when the Mauritius Country Coordinator left the University of Mauritius for a position in the African Development Bank. In Kenya, the Country Coordinator, Dr. Paul Kamau and researcher Dr. George Michuki had recently completed their PhDs.

e) Strengthened collaboration with other scholars, research institutions and industry associations—Moi University – Dr. Mwasiagi, ACTIF, KAM, EPZA, Cornelia Staritz (Australian Research Foundation for International Development)

f) Greater visibility for the Network and its research through the website and articles in industry magazines.
g) Our finding on the need for training of technical workers has been picked up by Kenya’s EPZA and ACTIF Africa. ACTIF has taken a lead role to mobilize key stakeholders and partners towards the establishment of a regional centre of Excellence which will be in charge of training technical skill and middle level managers for the whole region. ACTIF has in this endeavour approached University of Nairobi for collaboration.

h) Our presentation at AfDB in May 2012 has resulted in an invitation to develop a proposal for a side –event in the 2013 Annual Meeting on a topic around Cluster and Economic transformation.

OVERALL ASSESSMENT AND RECOMMENDATION

Our overall assessment of the project is overwhelmingly positive. It enabled us to strengthen existing relationships and build new ones. Through the research itself African researchers have studied an industry that is on the development agenda of many countries, including the seven in the study. The findings are relevant to policy and, we believe, will contribute to a specifically African understanding of trade theory. The process of writing this report has revealed both positive and negative lessons. We would want to include some aspects of the project in future project, but there are others that we would want to do differently. The following sections provide more detail in each of these areas.

a) Usefulness of partnerships

In addition to our main partner, IDRC, the project worked with two other organisations.

1. The first was the Heinrich Böll Foundation (Heinrich Böll Stiftung – East and Horn of Africa). The Foundation supported the participation of Prof. Song Hong, Senior Fellow of Institute of World Economics and Politics (IWE) and the Chinese Academy of Social Sciences (CASS) in our Methodology Workshop in July 2010. Although this relationship did not continue because the Foundation’s focus changed, the support received was important in establishing the research focus and helping researchers to appreciate the current state of the Chinese clothing industry.

2. The second organisation with which we have collaborated is the African Cotton Textile Industries Federation (ACTIF). This is a federation of industries in various African textile producing countries, including the seven countries in our study. Our collaboration has been mainly informal, but has resulted in fruitful exchange of ideas and opportunities to present our work. Researchers attended ACTIF sponsored conferences in Mombasa in November 2011 and in Addis Ababa in April 2012. Dr. Michuki participated in training in ___ 2012 (?)to be filled Prof. McCormick contributed a summary article to the ACTIF magazine (Cotton Africa) for its 3rd Edition issue. Most recently, ACTIF has approached the University of Nairobi for collaboration on a proposed regional technical training centre to be located in the Athi River Export Processing Zone. The proposal is now under consideration by the University administration.
b) Contributions to development theory and practice

The theories used in the study were useful in identifying variables for investigation, but we found in the end that these variables did not fully explain our findings. We needed to supplement them with two types of theories: a more explicitly political dimension to political economy was needed to enable us to understand the decline in exports of Madagascar and Swaziland; and the ‘new new’ trade theory, which stresses firm-level variations helped us to explain how some firms managed to do well even in adverse circumstances.

We believe that the research has also laid a foundation for some policy interventions. The main finding that China is important but not the whole story of African exporters’ survival is key for all of the study countries. Findings on the importance of local resources to the development of a sustainable industry are already being picked up by ACTIF and the Kenyan authorities. Further dissemination, especially in forums such as the African Development Bank Annual Meetings and through policy briefs, should serve to reinforce this policy message.

The research also raises new and important questions that can shape further research. Of particular interest are the local resource, market diversification, and policy issues. The research identified lack of local technical workers and lack of local fabric as gaps that need to be filled. The research could not, however, name the specific skills that are missing, nor propose concrete ways of filling the gaps. Such detail remains for further research. Similarly, the research found that lack of local fabric is a problem for producers, but solving this problem would require more and different data that can only be gathered in a focused study of the industry’s textile requirements. The findings suggest that some firms have done well by diversifying their products and markets. Case studies have revealed firm strategies that favour high end niches and new market destinations. It is not clear, however, the extent to which these could be replicated by other firms. Finally, the findings suggest that many elements of the study countries’ industrial policy are very similar, at least on paper. A more nuanced investigation is needed to explore programmes, implementation mechanisms, and industry practices that might be making one country more successful than another at stabilising exports.

c) What we would do differently

The research has gone well so we would repeat many of its successful elements. We would, for example, budget for sufficient funds to allow both the International Coordinator and country researchers to visit other countries. We would plan for regular team workshops, including both in-country and international workshops. We would definitely hold a final workshop or conference for sharing results, evaluating the process, and planning for the future. We would include resource persons in the project, especially scholars with strong capacity-building skills and who know the industry in Africa well.

Learning from experience, we would change or modify some aspects of the project. At the planning stage, we would pay early attention to administrative arrangements such as contracts and MOUs, the specification of roles and responsibilities of each project participant, and the formulation of a
communication plan. In doing this, we would pay particular attention to functions such as data management that received insufficient attention in this project. In implementing the project, we would make certain that research instruments are not only drafted, but also completed in the context of a workshop. We would also ensure that there are at least two researchers per country. We would pay strict attention to deadlines so that major outputs are completed on time to allow for good dissemination and if warranted, follow-up and further analysis. Further to the issue of dissemination, we would in a future project like to include funds to allow researchers to attend conferences to present papers based on the research. The funds could be made available for travel, registration fees, and per diem allowance to any researcher who has a paper based on the research accepted for presentation at a local, regional, or international conference.

d) Importance of the project relative to the investment of time, effort, and funding

This project has yielded useful findings and holds the promise of leading to further analysis of existing data as well as to new lines of research. We believe that the outputs and outcomes are well worth the investment of time, effort, and funding that the project represents.

We note that some project funds remain unspent. This is in part because of many teams’ failure to utilise funds available for in-country workshops or writing retreats and in part because not all of those invited to the final workshop were able to attend. At the same time, we recognise that as the project finishes, new opportunities for dissemination are presenting themselves. It would be good if some of the unspent funds could be set aside to allow us to take advantage of such opportunities.

e) Recommendations to IDRC

Our first recommendation to IDRC is, please do not change your participatory style of operating. We have found it very helpful to have developed this project with the assistance and encouragement of IDRC, implemented it in collaboration with IDRC, and brought it to a successful conclusion with IDRC. We appreciate being able to call, consult, and request assistance from our colleagues who understand the project. We appreciate the presence of these same colleagues at our workshops, listening to papers and discussions, and entering into dialogue with us.

Our second recommendation has to do with reporting. The final technical report is a reflective exercise that takes considerable time and effort. We asked for and received a two-week extension on this report. We are grateful for that because it would have been very difficult to maintain the original deadline. Perhaps IDRC should consider making the technical and financial reports due 30 days after the end of the project, rather than on the project ending date.

We would like IDRC to consider allowing researchers to use some portion of unexpended funds for post-project dissemination activities. Very often researchers are working right up to the project’s end date on producing outputs for publication. Once the first of these gets out, the researchers then begin to get invitations to present elsewhere, but they may not have the funds to respond. Unlike Northern universities, African universities often lack funds to support travel to conferences even where papers are to be presented. IDRC could help to fill this gap by allowing some funds for this purpose.
Appendix 1: Survey Questionnaire
AFRICAN CLOTHING & CLOTHING RESEARCH NETWORK (ACFRN)

Post-MFA Stabilization in African Clothing Exports Research Project 2010

Introduction
The clothing industry plays an important role in the African industrialisation process and employment creation. The termination of MFA in 2005 which removed quota system that governed global clothing trade has created unprecedented competition to African clothing industry. This research project is designed to explore how selected African countries have fared in the context of MFA termination. Your firm has been randomly selected for this research whose objective is to examine policies and practices at firm and country levels that are believed to be relevant to export performance. The research will be carried out in seven countries and its results will be shared with participating firms and governments. We undertake to treat any information that you provide confidentially so that no identifiable company data will be disclosed in any report based on this survey.

Date ___________________________

A. Basic information about the company

A.1. Name of the Company ______________________________

A.2. Contact Person: Name ___________________________ Designation: ___________________

A.3. Physical Address (Location) ______________________________________________

A.4. Town _____________________ Country ______________________

A.5. Telephone: ________________________________

A.6. E-mail: _________________________________________

A.7. Year of establishment in the country _____________

A.8. Number of employees when operation started
   A.8.A Production _________ A.8.B. Management & administration _________

A.9. What is the nationality of the owner(s) of this firm?
   A.9.A. Owner 1 Shareholding _________%
   ____________________________
   A.9.B. Shareholding _________%
   ____________________________
   A.9.C. Owner 2 Shareholding _________%
   ____________________________
   A.9.D. Shareholding _________%
   ____________________________
   A.9.E. Owner 3 Shareholding _________%
   ____________________________

1 A-1 to A-6 can be filled from business card of respondent or prior to meeting if one has the information.
2 Administration staff: this includes personnel such as accountants, secretaries, clerks, messengers, drivers etc
A.10. How do you describe your company?

☐ 1. Independent

☐ 2. Subsidiary of a Domestic firm

☐ 3. Subsidiary of Foreign firm

☐ 4. Other (specify): __________________________________________________________

B. Product and Industrial Specialization, and Local Resources

B.1. List THREE main garment products produced in your firm over the past 12 months.

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>B.1.A.1.</td>
<td></td>
<td></td>
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<tr>
<td>B.1.A.2.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.1.A.3.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B.1.A. Codes:

B.1.B. 1.

B.1.C. 1.


B.1.E. 1.

B.2. What are the shortest and the longest production runs in your firm? 4

B.2.A. Shortest: ______________________ Units

B.2.B. Longest: ______________________ Units

B.3. In your firm, what is the average time from confirmation of order to delivery? _________ Days

B.4. Which functions of garment production are done in-house?

☐ 1. Design

☐ 2. Pattern making

☐ 3. Cutting

☐ 4. Sewing

☐ 5. Other (specify) _________________________________________________________

B.5. What is the share of ‘Own Collection’ in your total production? ___________%

B.6. In the year 2009, how many operating shifts were there in a day (24 hour period)?

____________

B.7. In the year 2009, what was the average number of hours per shift?

____________

3 A private limited company that is neither a Subsidiary of a domestic firm nor Subsidiary of a foreign firm.

4 The number of single item (model or design) in a single size and single colour (e.g. 10,000 blue T-shirts in small size etc)
B.8. What was the total number of hours the firm operated in the year 2009?
____________________

B.9. What was the total number of workers did your firm employ in the year 2009?

<table>
<thead>
<tr>
<th>Employee Type</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
</table>

B.10. What was the number of expatriate workers in the firm in the year 2009:

- Total
- Management
- Technical
- Operators

B.11. What is the rate of absenteeism in your firm? ____________________%

B.12. Excluding management staff, how many employees in the year 2009:

- Resigned?
- Were dismissed?

B.13. What was the total wage and salary cost for the year 2009? __________________

B.14. In addition to on-job training, does your firm have a training programme for machine operators?

- 1. Yes
- 2. No

B.15. If YES, how is the training programme for machine operators conducted?

- 1. In-house but away from station
- 2. External

B.16. If NO, why is there no training programme for machine operators?

- 1. Too costly
- 2. It is the responsibility of the government (government should do it)
- 3. Trained workers are poached by other firms

---

*This includes office personnel such as accountants, secretaries, clerks, messengers, drivers etc.*
4. Most workers are seasonal (casual workers)

5. Other (specify)  _______________________________________________________

B.17. In the year 2009, what was the total expenditure for formal training of operators and ancillary workers in your firm? ____________US$  

B.18. In addition to on-job training, does your firm have a training programme for supervisors?

1. Yes
2. No

B.19. If YES, how is the training programme for supervisors conducted?

1. In-house but away from station
2. External

B.20. If NO, why is there no training programme for supervisors?

1. Too costly
2. It is the responsibility of the government (government should do it)
3. Trained supervisors are poached by other firms
4. Supervisors are already trained
5. Other (specify)  _______________________________________________________

B.21. In the year 2009, what was the total expenditure for formal training of supervisors in your firm? ____________US$  

B.22. What kind of training was undertaken in the year 2009?

1. Design
2. Pattern making
3. Sewing
4. Other Production (Specify)  _______________________________________________________
5. Safety related
6. Secretarial and accounts
7. Managerial
8. Others (Specify) ________________________________________________

B.23. What is the availability of raw materials in this country/region for use in your firm? (Tick below)

<table>
<thead>
<tr>
<th>Item</th>
<th>1. Not available</th>
<th>2. Some availability</th>
<th>3. Good availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.23.A.</td>
<td>yarn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.23.B.</td>
<td>thread</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.23.C.</td>
<td>fabric</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.23.D.</td>
<td>buttons/zips</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B.24. How competitive are these raw materials in terms of price, quality, and delivery?

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. yes</td>
<td>2. no</td>
<td>1. yes</td>
</tr>
<tr>
<td>A.</td>
<td>yarn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.</td>
<td>thread</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C.</td>
<td>fabric</td>
<td></td>
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</tr>
<tr>
<td>D.</td>
<td>buttons/zips</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B.25. What is the average supplier lead-time (days) \(^6\)

<table>
<thead>
<tr>
<th>Item</th>
<th>Average supplier lead-time</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B.25.A. Local</td>
</tr>
<tr>
<td>A. yarn</td>
<td></td>
</tr>
<tr>
<td>B. thread</td>
<td></td>
</tr>
<tr>
<td>C. fabric</td>
<td></td>
</tr>
<tr>
<td>D. buttons/zips</td>
<td></td>
</tr>
</tbody>
</table>

B.26. Approximately, how many units were produced in the year 2009?

B.27. Of these products, how many were

B.28.A. Basic (simple): ________________

B.28.B. Differentiated (somewhat complicated): ________________

B.28.C. Fancy (very complicated): ________________

B.28. Describe the most complicated product you made last year? ________________

\(^6\) Average lead time of suppliers: This represents the time elapsed from the placement of the order with the supplier until it arrives at the company and is accepted at RM receiving.
B.29. How many units of this item did you produce in the year 2009? ___________

B.30. What was the total value of exports in your firm in the year 2009? ____________US$

B.31. To what extent does your firm use the following local private services?

<table>
<thead>
<tr>
<th>Service</th>
<th>1. Do not use</th>
<th>2. Use somewhat</th>
<th>3. Use moderately</th>
<th>4. Use extensively</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.32.A. Waste removal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.32.B. Water provision</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.32.C. Power</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.32.D. Communication?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.32.E. Insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.32.F. Transport</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.32.G. Freight</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.32.H. Forwarding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.32.I. Security</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.32.J. Technical</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.32.K. Consultants</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.32.L. Other (specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.32.M. Other (specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B.32. What is the main reason for using the service?

<table>
<thead>
<tr>
<th>Service</th>
<th>Main Reason for Using Service (refer to codes below)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.33.A. Waste removal</td>
<td></td>
</tr>
<tr>
<td>B.33.B. Water provision</td>
<td></td>
</tr>
<tr>
<td>B.33.C. Power</td>
<td></td>
</tr>
<tr>
<td>B.33.D. Communication?</td>
<td></td>
</tr>
<tr>
<td>B.33.E. Insurance</td>
<td></td>
</tr>
</tbody>
</table>

7 Internet and phone
8 Internet and phone
<table>
<thead>
<tr>
<th></th>
<th>B.33.F. Transport</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B.33.G. Freight</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B.33.H. Forwarding</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B.33.I. Security</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B.33.J. Technical</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B.33.K. Consultants</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B.33.L. Other (specify)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B.33.M. Other (specify)</td>
<td></td>
</tr>
</tbody>
</table>

**Codes: Main reason for using service**

1. Cost
2. Quality
3. Convenience
4. Importance of knowledge
5. No alternative available
6. Supplement public services
7. Other (specify)

B.33. Indicate if the following operations are partially or wholly computer controlled:

<table>
<thead>
<tr>
<th></th>
<th>1. Partially computer controlled</th>
<th>2. Wholly computer controlled</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B.34.A. Cutting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B.34.B. Pattern Making</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B.34.C. Knitting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B.34.D. Sewing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B.34.E. Embroidery</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B.34.F. Printing</td>
<td></td>
</tr>
</tbody>
</table>

**C. Markets, Sales, Finance and Wages**

C.1. What proportion of your output by sales value goes to: ?

C.1.A. Domestic market: ___________%
C.1.B. African countries (specify by country) ___________%
    C.1.B.A. Country__________________________%
    C.1.B.B. Country__________________________%
C.1.B.C. Country__________________________%
C.1.B.D. Country__________________________%
C.1.B.E. Country__________________________%
C.1.C. Europe: __________%  
C.1.D. USA: __________%  
C.1.E. Others (Specify) _______________________  

C.2. How have the products you export changed since 2005?  
__________________________________________________________________________________  
__________________________________________________________________________________  

C.3. How has your main export market changed since 2005?  
__________________________________________________________________________________  
__________________________________________________________________________________  

C.4. What channels do you use to access your main export market?  
☐ 1. Head office  
☐ 2. Local agent  
☐ 3. International agent or Trading house  
☐ 4. Own marketing staff  
☐ 5. Trade fairs  
☐ 6. Internet portal  
☐ 7. Government intermediation  

C.5. Who is your MAIN competitor (by country) in each of the following markets? And what is your competitive edge over these competitors?  

<table>
<thead>
<tr>
<th>Market</th>
<th>C.5.A. MAIN Competitor (refer to codes below the table)</th>
<th>C.5.B. Your competitive edge over these competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Domestic market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Africa</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Europe:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D. USA:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E. Others (Specify)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

C.5.A  
1. China  
2. India  

C.5.B  
1. Price  
2. Quality  

26
3. Other Asian Countries (Specify)  
4. Other African Countries (specify)  
5. Other (neither African nor Asian)

C.6. What were the Total Sales in 2009? ___________________ US$

C.7. What were the costs of sales breakdown in 2009?
   C.7.A. Materials _______________________________ US$
   C.7.B. Labour (direct) __________________________ US$
   C.7.C. Overhead _______________________________ US$

C.8. What was the value of raw materials, work in progress, finished products and total inventory holding by year end 2009?

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of inventory holding by year end 2009 (US$)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

C.9. What was the capital expenditure in the year 2009? _____________________________ US$

C.10. What is the most recent capital equipment acquired by the firm? ____________________

C.11. When was it acquired? ____________________________

C.12. How much did it cost the firm? ______________________ US$

C.13. What is its country of manufacture?
   1. Local assembly
   2. Japan
   3. Germany
   4. China
   5. India
   6. Other (specify) ____________________________
C.14. How was this capital equipment financed?
☐ 1. Bank Loan
☐ 2. Profits
☐ 3. New equity
☐ 4. Other (specify) ____________________________________________

C.15. What is the main source of working capital in your firm?
☐ 1. Bank Loan
☐ 2. Profits
☐ 3. New equity
☐ 4. Other (specify) ____________________________________________

C.16. In what way(s) has the way you acquire working capital changed since 2005?
__________________________________________________________________
__________________________________________________________________

C.17. What are the minimum and maximum gross wages for machine operator in your firm?

D. Innovation and Industrial Policies

D.1. How are samples developed in your firm?
☐ 1. From own designs
☐ 2. By buyer
☐ 3. By copying designs in the market
☐ 4. Other (specify)

D.2. How are the labels produced for your products?
☐ 1. Supplied by buyer
☐ 2. Produced in-house
☐ 3. Purchased from a company that specialises in labels
☐ 4. Other (specify)

D.3. How is the ‘Quality Control’ conducted in the firm?
☐ 1. End of line checking
☐ 2. Checking fabric in advance
3. Identifying critical stages and checking at each
   
   D.4. Do you systematically record quality control data?
   1. Yes
   2. No

   D.5. If YES, how do you use the ‘Quality Control’ data?

   D.6. By output, how much of your fabric procurement is done by:
   D.6.A. Buyer? __________ %
   D.6.B. Firm from buyer pre-qualified supplier? __________ %
   D.6.C. Firm (from any supplier)? __________ %
   D.6.D. Other (specify)? __________________________________________ %

   D.7. What changes have you made since 2005 in the following?

<table>
<thead>
<tr>
<th>D.7.A. Item</th>
<th>D.7.B. Have you made changes</th>
<th>D.7.C. Explain the changes made</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. No</td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organisation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw material sourcing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
D.8. Have any of these changes been as a result of competition from China?

☐ 1. Yes
☐ 2. No

D.9. If YES, which ones?

☐ 1. Technology
☐ 2. Location
☐ 3. Production organisation
☐ 4. Raw material sourcing
☐ 5. Marketing
☐ 6. Rationalised/closed-down units or production lines
☐ 7. Increased specialisation
☐ 8. Other (specify)

D.10. Which of these changes was most important and why?
__________________________________________________________________________________
__________________________________________________________________________________

D.11. Does your firm maintain records of the following?

<table>
<thead>
<tr>
<th></th>
<th>1. Yes</th>
<th>2. No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Materials(^9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work in Progress(^10)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finished Products(^11)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

\(^9\) **Raw material** is all stock that your firm is responsible for but that has not undergone any manufacturing value added activity.

\(^10\) **Work in Progress** is which has been started but is incomplete.

\(^11\) **Finished products** constitute all products classified as being finished or completed but that are still the responsibility of the firm.
D.12. How often do you do a physical count of raw materials, work in progress and finished products inventory?

<table>
<thead>
<tr>
<th></th>
<th>Never</th>
<th>Daily</th>
<th>Weekly</th>
<th>Monthly</th>
<th>Other (specify)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Materials(^{12})</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work in Progress(^{13})</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finished Products(^{14})</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

D.13. What is the MAJOR cause of production down-time?

☐ 1. Machine breakdown
☐ 2. Style changeover
☐ 3. Material unavailability
☐ 4. People unavailability
☐ 5. Power outages
☐ 6. Labour relations
☐ 7. Other (specify) ______________________________________________________

D.14. What was the proportion of ‘on-time and in-full delivery’ in total production in the year 2009? ____________%

D.15. What was the internal rework rate in the year 2009? (%)\(^{15}\) ______________________

D.16. What was the customer return rate (as percentage of total sales) in the year 2009? \(^{16}\) ____________%

D.17. In the year 2009, how much did your firm spend on R&D? _______________________ US$

D.18. How many machine operators in the year 2009 could carry out more than one sewing function (e.g. straight sewing, overlock, seams, button hole, button sewing etc)?

D.19. Does your country have any structure or policy explicitly supporting the clothing industry?

☐ 1. Yes
☐ 2. No

D.20. If YES, has your firm benefited in anyway from the existence of this policy or structure?

\(^{12}\) **Raw material** is all stock that your firm is responsible for but that has not undergone any manufacturing value added activity.

\(^{13}\) **Work in Progress** is which has been started but is incomplete.

\(^{14}\) **Finished products** constitute all products classified as being finished or completed but that are still the responsibility of the firm.

\(^{15}\) (Number of manufactured units reworked as a result of defects/Total units manufactured during the year)X100

\(^{16}\) (Number of units returned by customers in 2009/Total number of units sold in 2009)X100
1. Yes
2. No

D.21. Are there current policies that are obstructive to growth of clothing industry in your country?
1. Yes
2. No

D.22. If **YES**, list **THREE** of these policies

D.22.A. ________________________________________________________________

D.22.B. ________________________________________________________________

D.22.C. ________________________________________________________________

D.23. Are there policies that if enacted could significantly help the clothing industry in your country?
1. Yes
2. No

D.24. If **YES**, Name **THREE** of them

D.24.A. ________________________________________________________________

D.24.B. ________________________________________________________________

D.24.C. ________________________________________________________________

D.25. Have any government programmes helped you in your export/innovative activity?
1. Yes
2. No

D.26. Has the export council and/or trade association for your sector helped you in your export activity?
1. Yes
2. No

D.27. Looking forward, if you had to name just two policies that would help you enhance your export, what would they be?

D.27.A. ________________________________________________________________

D.27.B. ________________________________________________________________

D.28. Looking forward, if you had to name just two policies that would help you enhance your technological activities, what would they be?

D.28.A. ________________________________________________________________

D.28.B. ________________________________________________________________

D.28.C. **Clusters and Networking**

E.1. Are you located in an area where there are other garment exporting firms?
1. Yes
2. No
E.2. If **YES**, how many? ________________

E.3. What are the benefits of this location?

☐ 1. None
☐ 2. Labour availability
☐ 3. Technology sharing
☐ 4. Infrastructure
☐ 5. Market access
☐ 6. Sharing of orders
☐ 7. Sharing of information
☐ 8. Others (specify) ______________________________________________________________

E.4. Do you participate in any of the following networks (Can select more than ONE)

☐ 1. Manufacturers Associations
☐ 2. Exporter Associations
☐ 3. General Business Groups
☐ 4. Informal Groups
☐ 5. Other (specify) ______________________________________________________________

E.5. Which of these forums is the **MOST** important for business in-depth discussions?

☐ 1. Manufacturers Associations
☐ 2. Exporter Associations
☐ 3. General Business Groups
☐ 4. Informal Groups
☐ 5. Other (specify) ______________________________________________________________

E.6. How often are you involved in such in-depth business discussions?

☐ 1. Daily
☐ 2. Weekly
☐ 3. Monthly
☐ 4. Other (specify) ______________________________________________________________
E.7. Does your firm have access to the following?

<table>
<thead>
<tr>
<th></th>
<th>1. Yes</th>
<th>2. No</th>
</tr>
</thead>
<tbody>
<tr>
<td>E.7.A. Government incentives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E.7.B. Training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E.7.C. Trade fairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E.7.D. Links to the markets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

E.8. What do you see as the major challenges facing the firm in general?

☐ 1. Competitive threats from China
☐ 2. Competitive threats from countries other than China

E.8.A (Specify countries)

________________________________________________________________________

☐ 3. Protectionism

☐ 4. Lack of availability of skills

☐ 5. Other (specify)

________________________________________________________________________

E.9. What are your future plans?

E.9.A. _________________________________________________________________

E.9.B. _________________________________________________________________

E.9.C. _________________________________________________________________

Thank you very much for your time and useful information.
Appendix 2: Case Study Interview Guide

ADJUSTING TO CHINESE ASCENDANCY IN THE GLOBAL CLOTHING INDUSTRY

Dimensions, Variations, Sources and Limits of Post-MFA Stabilisation in African Clothing Exports

Case Study Interviews

In the months of April and May 2012, the research teams will undertake case study interviews. The main objectives the Case Study Exercise are:

1. To better understand post-MFA stabilization at firm level for firms of particular interest;
2. To gain insights into the future of the industry in the country.

The method will be semi-structured interviews focusing on changes that may have occurred in the five dimensions of Post-MFA stabilization since the original interviewing was carried out in 2010, as well the respondent’s view of the future of the firm and the industry.

In making the selection of case study firms, team leaders should consider choosing the following:

1. A firm that is unique and may demonstrate the variety of garment firms in the country;
2. A firm that is typical on one or more of the dimensions or key variables such as ownership or size.

Preparation for the Interview

Prepare for the interview by reviewing a) the data provided in the survey interview, and b) any other information that you may have gathered on this firm. Be thoroughly familiar with the data so that you do not burden the respondent with unnecessary questions.

Interview

Introduction

Recall the study, mentioning the five dimensions of post-MFA stabilization in the wake of Chinese Ascendancy.

Briefly summarize what the research to date has revealed thus far about the company relative to each of the dimensions

Questions

1. Firm-level changes since 2009-10

Have there be any changes in the following key variables since 2009?

i. Ownership of the firm
ii. Sales volume
iii. Employment level or structure
iv. Length of production runs (longest and shortest)
v. Cost of sales breakdown
   a. Have there been any significant changes since 2009-10 in your company’s
      i. Market destinations
      ii. Use of local resources (raw materials; local/expatriate workers, especially
          technical workers)
      iii. Specialisation within industry
      iv. Innovation

2. Policy changes since 2009-10
   Has government made any policy changes that have affected your firm
   i. Positively
   ii. Negatively

3. China
   To what extent and in what ways has the rise of China and/or other garment-producing
   countries been responsible for the changes you have described?

4. Future of firm and industry
   a. What are your future plans for this firm?
   b. What do you see as the future of garment production in [this country] over the next
      five years?