

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND
TECHNOLOGY,

DEPARTMENT OF ECONOMICS AND INDUSTRIAL MANAGEMENT

**PRODUCING AND MARKETING MADE IN GHANA GOODS IN
THE FACE OF TRADE LIBERALISATION**

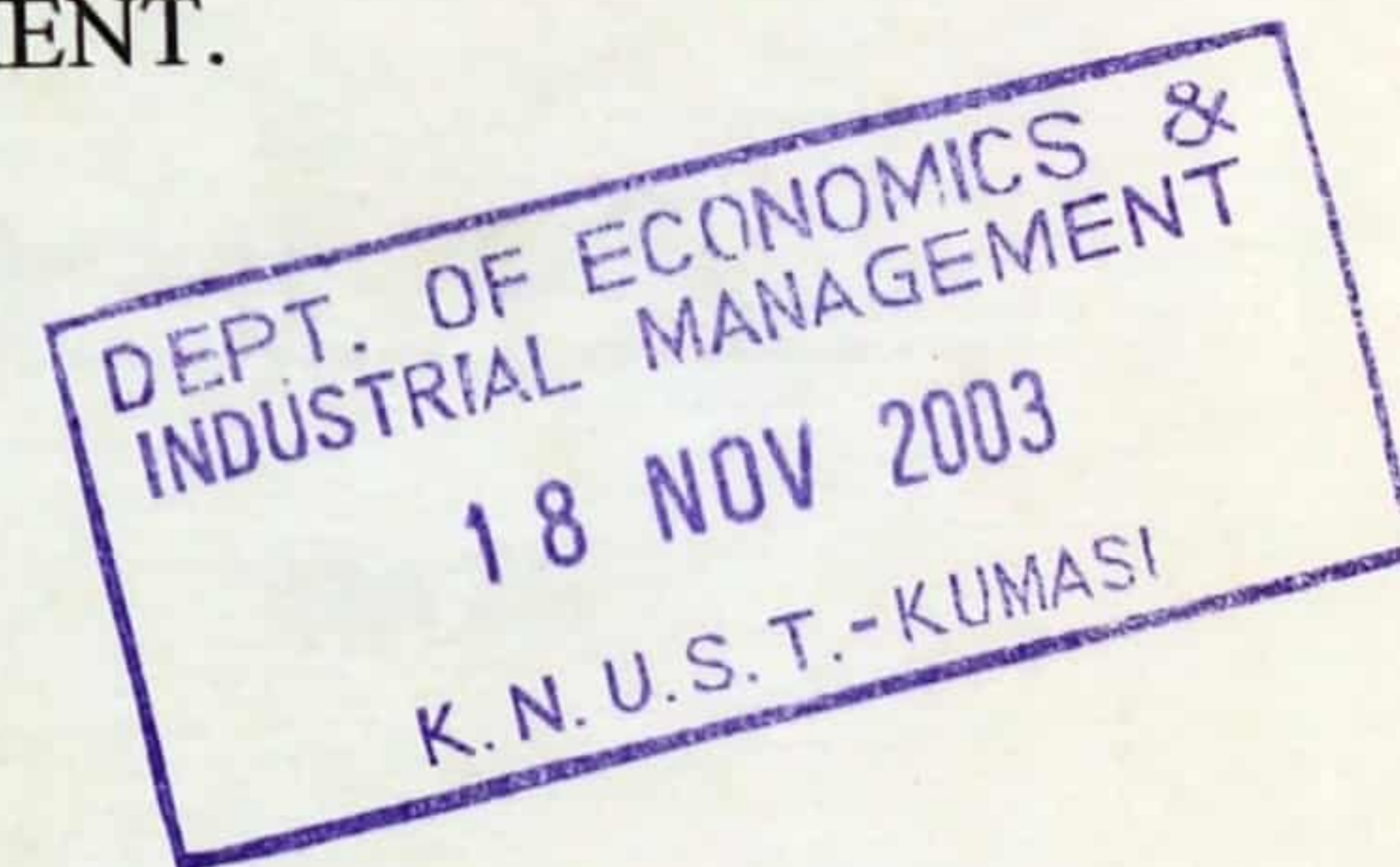
(A CASE STUDY INTO SELECTED CLOTHING AND FOOTWEAR INDUSTRIES)

A THESIS SUBMITTED TO THE DEPARTMENT OF INDUSTRIAL
MANAGEMENT, UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI, IN
PARTIAL FULFILLMENT OF THE REQUIREMENT OF THE AWARD OF M.A
DEGREE IN INDUSTRIAL MANAGEMENT.

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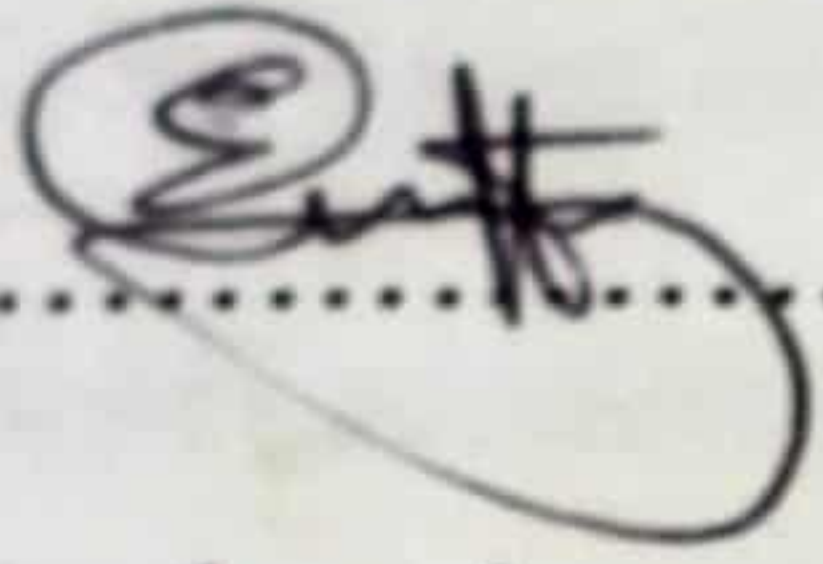
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DECLARATION

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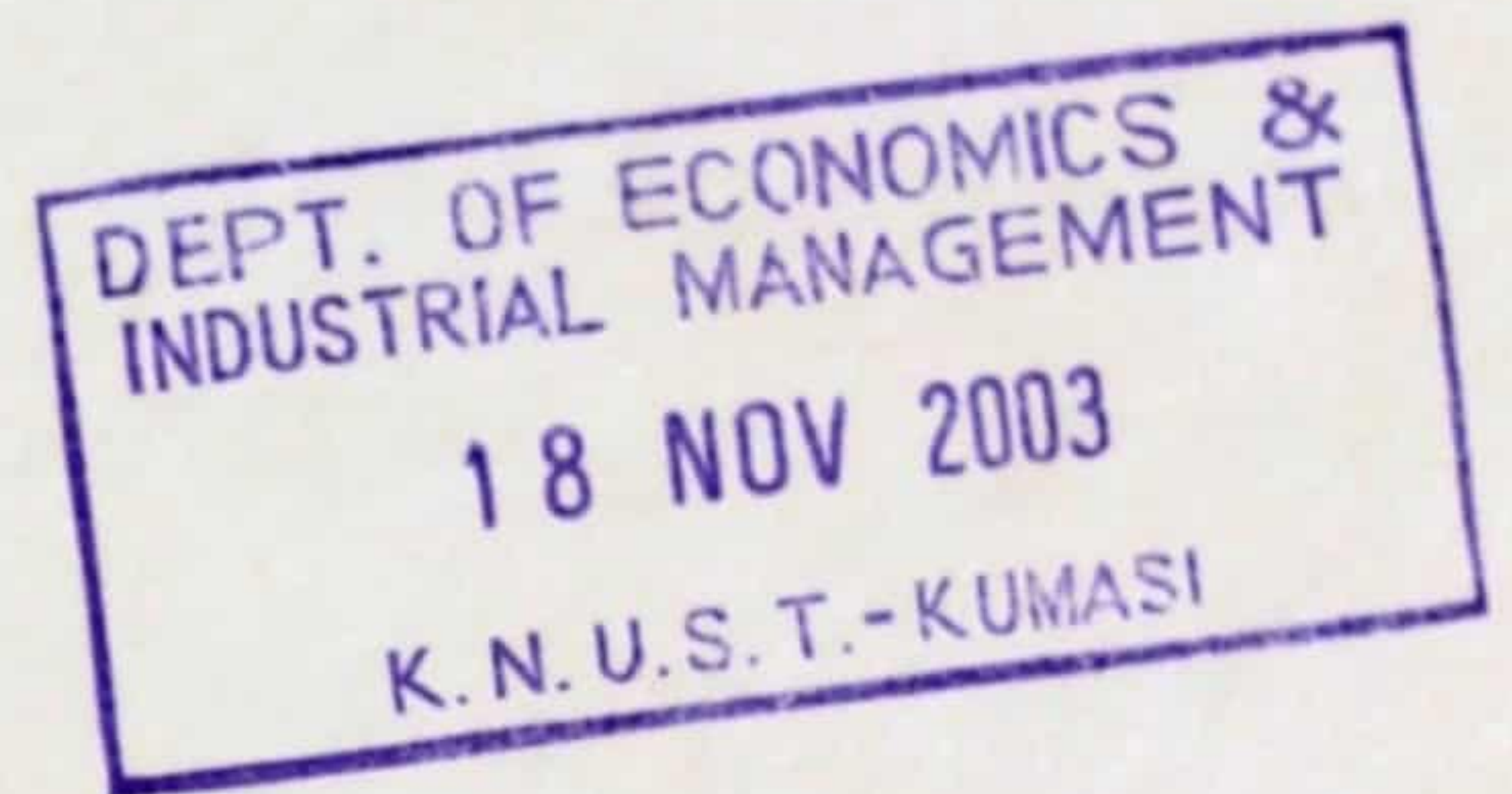


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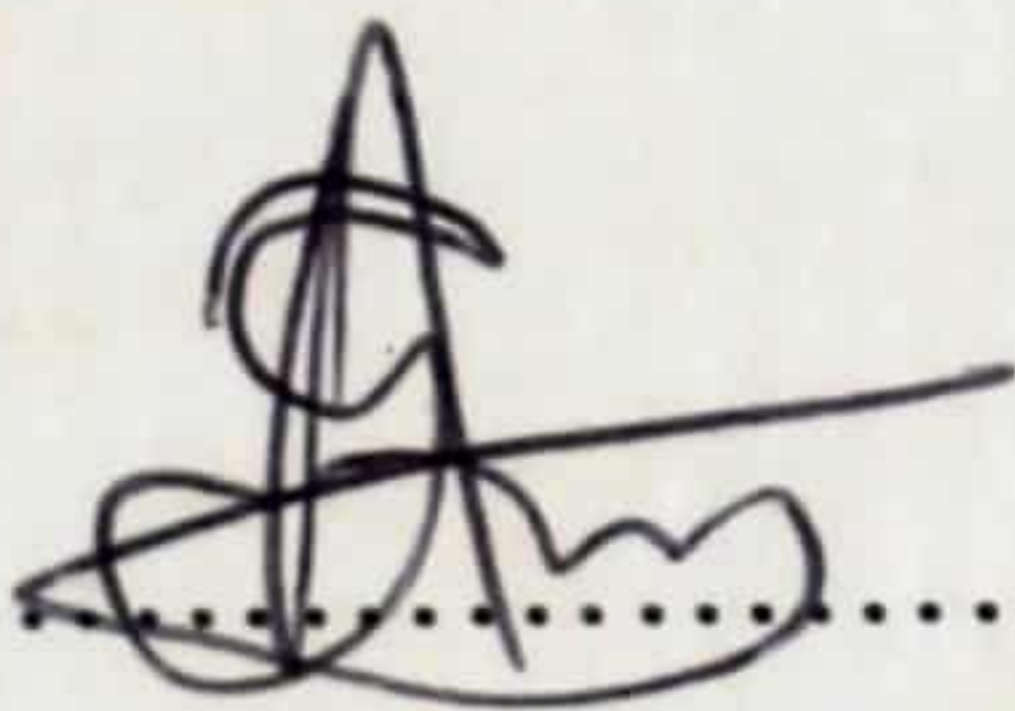
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I declare that this thesis was written under my supervision and the student has been consistent in her interaction with me for guidance and direction.



W. A GAGAKUMAH

(Supervisor)

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DATE

ACKNOWLEDGEMENT

DEDICATION

To my young siblings, this is a challenge being thrown to inspire you to strive for even higher academic pursuits.

ACKNOWLEDGEMENT

I thank the MOST HIGH for preserving my life and seeing me through the challenges associated with the pursuit of high education.

I am grateful to Mr. W. A. Gagakumah of the Department of Economics and Industrial Management for supervising this piece of work.

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I am also highly indebted to all those who assisted me in diverse ways in making this thesis what it is, especially manufacturers, institutions and individuals that contributed some amount of input to this study. May God bless you all.

ABSTRACT

Liberalisation is a global policy that every nation cannot ignore. It aims to assist local industries to be able to compete on the global market. A look at the global economy reveals that market oriented thinking has become the order of the day. The Eastern European economic power has resulted from their being able to organise their internal and external trade to increase the net worth of their manufacturing sector through trade reforms.

Ghana, recognising the advantages that can be derived from increased participation in external trade adopted a liberal trade policy from 1983. The purpose was to allow local and foreign firms to compete so that over protected and inefficiently operating manufacturing firms could adjust and also become efficient.

However, due to weaknesses in Ghana's supply capabilities and industrial structure, there has been an excessive influx of new and used clothing and footwear into the country to satisfy existing and latent demand.

This study has been purported to investigate into the factors militating against the growth and survival of the clothing and footwear sub-sector in the face of trade liberalisation.

The main objective of the study was to assess the impact of trade liberalisation on local production and marketing of clothing and footwear and hence suggest ways of improving production and sales in the sub-sector.

The methods used in data collection for this study include interviews, questionnaires, policy documents, textbooks and information from the journals.

Findings from the survey conducted on a sample of the producers in both industries revealed that poor quality products and the inefficient use of marketing tools like the 4-P's, market segmentation and targeting, product positioning are some of the reasons behind the poor performance in the sub-sectors. Others are inadequate supply of raw material, negative consumer perception, production bottlenecks like use of obsolete machinery and technology, government policy on taxation are the main factors accounting for the low market share and growth of local clothing and footwear industries.

Feasible recommendations to address the problems identified have been made with a view to improving the state of affairs in the sub-sectors.

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Feasible recommendations to address the problems identified have been made with a view to improving the state of affairs in the sub-sectors.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

McCarthy (1991) has asserted that without an effective macro marketing, less developed countries may not be able to break their vicious cycle of poverty. Many countries cannot leave their subsistence way of life to produce economic quantities because of the smallness of their markets. Breaking this cycle requires many changes in the inefficient micro and macro marketing systems typical of less developed countries that Ghana is a part. After independence, Ghana embarked on an import substitution industrial drive. Local industries were reliant on imported raw material. This meant that output and pricing of products depended on conditions prevailing at the source of raw material supply, usually the developed countries. It is for this reason that Ghana undertook the trade liberalisation policy as a means to achieve this end. The trade reforms embarked upon since the 1983 were intended to expand investment in both the primary and secondary industries especially in the private sector. It is a vital prerequisite if not a guarantee for rapid structural change and growth in productivity.

Liberalisation was considered essential for the recovery of an economy like Ghana. Import liberalisation by making more abundant the supply of imported goods was anti-inflationary and countered the tendency of high prices produced by such measures like exchange rate depreciation. The major

objection to liberalisation was that it was likely to erode the capacity of infant industries and thereby slow them down. There was also the question of the appropriate extent and speed of import liberalisation.

However, there is substantial evidence that those countries distinguished by export-oriented industrialisation had reached this stage after many decades of accumulated industrial experience made even possible often by protected markets. The Government of Ghana and the Association of Ghana Industries (AGI) were of the view that there was the need for some trade liberalisation and some protection. The AGI was again of the view that liberalisation proceeded too fast and that protection would continue to be needed for another twenty years. The reason given was that some large-scale enterprises in the garment sector closed down because of the influx of imported substitutes.

The situation of the footwear industry is not different from the textile and garment industry as illustrated by SV&A workshop on new and used clothing and footwear trade in Ghana held in April 2000. At independence, Ghana had no large-scale footwear industries except a few indigenous native sandals 'Aheneba' manufactures, cobblers and multinational corporations as UTC, UAC, and LENNARDS, which traded in imported shoes from Europe. The first step to establish a large-scale footwear-manufacturing factory was in 1961 under economic agreement with the then Socialist Republic of Czechoslovakia. The factory started operation in 1967 but it was saddled with

financial, technical and managerial problems. This factory located in Kumasi was rehabilitated and equipped with modern machinery to start operation late 1980s.

However, due to managerial problems, the factory had to be closed down. The exact number of footwear firms is not known. In 1985, the Ghana Standards Board registered about 126 firms. According to the Industrial Directory published by the statistical service in 1987, 10 large footwear firms were operating. As at 1995, the Trade and Industry Directory published revealed that there are 65 footwear firms. About 90% of these firms have closed down. The National Board for Small Scale Industries (NBSSI) has 43 small-scale producers in her records.

In the absence of viable large-scale firms producing leather or footwear for the nation, small-scale producers and a host of footwear repair shops sprang up in the country using obsolete equipment and poor technology to produce various types of footwear. Before the trade liberalisation, a substantial number of these companies already faced some problems like low domestic supply of raw materials, poor management and shortage of equipment. However, manufacturers were protected by an import tariff of 37%. Unfortunately, no investments were made in the procurement of modern machinery and plants. When the trade liberalisation was introduced, access to credit became restrictive and manufacturers found it difficult to procure raw materials and

machinery. There was a high influx of footwear products from abroad. Local footwear products became expensive and low in quality. This resulted in an enormous decline in sales. Most companies could not keep pace with the rapid modernisation and rationalisation needed to survive the Economic Recovery Programme (ERP) and had to close down.

During the colonial period, about 80% of textiles and clothes were imported from Europe. At independence in 1957, no modern clothing and textile industries existed. After independence, an import substitution policy was introduced with the aim of reducing the importation of foreign goods and promoting industrialisation.

To achieve this aim in the sub-sector, the following measures were taken: -

- Massive increase in cotton production through the establishment of state farms. Private cotton farmers were supported with subsidies on farm inputs.
- Construction of textile mills in the 1960's and 1970's.
- Tax relief to protect local textiles and clothing industries against foreign competition.

During the economic crisis in the 1970's and the early 1980's, Ghana lost her international credit standing and the Government policy on granting subsidies could no longer be sustained. Consequently, cotton production declined by 96% between 1977 and 1982. As a result the textile industry could no longer

get access to cheap local raw material. Lack of foreign exchange also impeded the procurement of adequate cotton supplies from abroad. To prevent further economic decline and also restore international credibility, the Economic Recovery Programme (ERP) was launched in 1983 followed by the Structural Adjustment Programme (SAP) in 1986. These two programmes rather brought more problems for the textiles and garment industry in Ghana. As a prerequisite for granting of loans, Ghana had to liberalise her economy. This liberalisation opened up the country to foreign textile products that were cheaper and of better quality.

The result was the collapse of Ghana's textile/garment industry with its attendant redundancy and mass unemployment. By 1988, approximately 80% of original manufacturers in the industry closed down. The remaining firms could meet only about 20% of local demand.

Since the mid 1980's, imported new textiles mainly from Taiwan, India, Korea and second hand clothing from Europe and U.S.A have been on the increase. It is estimated that second hand clothing provides about 60% of the nation's clothing requirement. The inability of local textile/garment industry to meet local demands has also been attributed partly to internal problems. UNIDO (1999) pointed out that production within the formal sector is constrained by the use of obsolete machinery and under utilisation of local resources.

Mensah (1998) also listed a number of constraints to the local production and marketing of textiles/garment as follows: -

- Unreliable supply of inputs and machine parts
- Obsolete machinery
- Inadequate finance
- Inadequate back-up/ support services
- Inadequate institutional capacity for promoting and evaluating performance of the sub-sector
- Administrative bottlenecks slowing down official approvals, decision making and actions of enterprises in the sub-sector
- Poor infrastructure
- Tough competition due to the influx of cheaper textile products and second hand clothing
- Low custom duty on imported textiles, fabrics, garment and second hand clothing against relatively high import duty on imported raw materials for local industries
- Depreciating value of the cedi
- Inadequate training facilities to develop and update technical skills in production and fashion designing
- Prejudice against domestic manufactured goods
- Lack of aggressive marketing and promotion strategy
- Traditional handloom used in the production of 'Kente' and 'Adinkra' are backward and incapable of coping with increasing international demands.

- Frequent workers' strike.

Ghana has about 11 major textiles manufacturing companies located within the Accra – Tema metropolitan area. There are between 120 and 200 small - scale garment manufacturers.

UNIDO estimates that capacity utilisation of the small - scale garment sector is about 48%. This phenomenon is attributed to competition from imported new and used clothing from abroad. Others are poor state of technology, liquidity and marketing problems. Employment fell from 2274 in 1990 to 1866 in 1998.

1.2 STATEMENT OF THE PROBLEM

Trade Liberalisation is a global policy that no country can ignore. Market oriented thinking has become the order of the global economy. Ghana, recognising the benefits she stands to get from increased participation in external trade adopted a liberal trade policy from 1983. Clothing and footwear markets were part of the liberal markets of the nation. These commodities are the next essential commodities after food. Everyone uses these items on a daily basis. Local demand exists for these products.

However, as a result of the influx of new and second hand goods into the country, the local industries are under threat of collapse due to weaknesses in their production and marketing capabilities.

1.4 RESEARCH HYPOTHESIS

A study conducted by the Association of Ghana Industries AGI shows that 60% of the nation's clothing needs is supplied through the importation of second hand clothing. New clothing from local and foreign sources competes for the remaining 40% market share. UNIDO also estimates the capacity utilisation of small-scale garment sector at 48% that is not even up to half (50%) capacity. 40% of footwear producers also shifted from manufacturing to commercial activities by year 2000 because commerce has been found to be more convenient. This implies that, all is not well with the sub-sector.

There is therefore the need to identify the impact of trade liberalisation on made in Ghana goods and the problems associated with their production and marketing.

1.3 OBJECTIVE OF THE STUDY

As the need for this research has been justified in the statement of the problem, specific objectives set for this research would be to: -

- To assess the impact of trade liberalisation on the production and sales of clothing and footwear.
- To identify the problems militating against the production and sales of clothing and footwear.
- To make feasible suggestions and recommendations for improvement in the production and marketing of the above-mentioned products.

1.4 RESEARCH HYPOTHESIS

The researcher hypothesised that;

(i) Trade liberalisation has not impacted negatively on locally manufactured goods.

(ii) The seemingly inactive and dying footwear and clothing manufacturing sub-sector of Ghana may not be due to bottlenecks in production and marketing like: -

- Inferior quality products.
- High product prices unaffordable to the ordinary Ghanaian.
- Poor product finishing and packaging.
- Poor marketing communication.
- Inadequate raw material.
- Poor managerial practices.
- Perception of consumers locally.

1.5 RATIONALE FOR THE STUDY

The rationale for the study is to bring to bear the impact of trade liberalisation on the consumption of some locally manufactured goods (clothing and footwear) and make suggestions to influence their modes of production, marketing and expose the public's perception of these goods. It is also to make recommendations for all stakeholders (Government, manufacturers and consumers) to make adjustments in policy, production and marketing techniques and attitudes respectively. These adjustments are intended to bring

about effective production and marketing strategies to lead to increased consumption.

1.6 RESEARCH METHODOLOGY

1.6.1 DATA COLLECTION

For the purpose of this study, secondary material in the form of textbooks, newspaper reports/articles, journals, bulletins and documents presented by policy planners would be used in addition to primary data sources like interview schedules and questionnaire administering. The use of secondary data is meant to make available to this research consistent input that provides an avenue for cross checking of data to identify deviations if any. It serves as a link between the past, present and also helps to forecast future trend of events.

It is however, very tedious, costly and therefore impossible to go collecting all the various printed and published material. Therefore, secondary information that is available in time and space would be used as reference for this study. The primary data is meant to portray realities as at the time of writing. Data and information pass through few channels of communication and therefore information processing and hence dilution is minimal. Primary data is more accurate.

Structured questionnaire was designed and administered to producers and consumers in the clothing and footwear industries for information on their use

of marketing tools in their business operations and the general public perception. Some data on performance indicators were also obtained from relevant public offices.

Interview schedule was another medium used in obtaining primary data. Stakeholders like producers and consumers were interviewed for input for this study. These two sources of information, is believed, would give accurate information, which would not make suggestions and recommendations misleading.

1.6.2 SAMPLE DESIGN

In researching on the awareness and use of the marketing mix and the public's perception of locally manufactured products, close-ended questions were used to ensure that answers given are as concise as possible. A structured questionnaire was designed to give the required input in measuring the popularity of each item in the marketing mix. Open – ended questions were asked in an informal way through the interviewing method. In all cases, a simple random sampling method was used. The advantage is that, all producers and consumers have equal chances of selection.

LIMITATIONS TO THE STUDY

Due to time and resource constraints, a proportion of the population in both the clothing and footwear sub-sectors were sampled for input for this work. Out of a total of 80 identifiable producers in the clothing industry, 30 firms were

contacted for data input. 40 footwear firms were also interviewed out of an estimated total of 120. 60 consumers were also randomly interviewed on the subject.

1.7 SCOPE OF THE STUDY

Due to time and resource constraint, this study was limited to the growth and survival of the footwear and clothing manufacturing and sales in Ghana since the adoption of the liberalisation policy. The activities of selected manufacturers in the sector were examined. The focus was on production and marketing problems and how they may be solved. This work also assessed the effects that trade reforms have had on the sub-sector. Major problems militating against the economic progress of local firms within the clothing and footwear sub-sectors were looked into; attributive/causal factors that were linked to trade reforms were investigated.

The area of study was limited to the Ashanti and Greater Accra regions because these areas have the most significant manufacturing firms as far as the subject matter is concerned. The period of coverage for data collection was between 1985 and 2000.

1.8 LIMITATIONS TO THE STUDY

The main limitations to the study were as follows: -

1. Lack of database on the capacity utilisation - sales volume, quantity produced, and market share of industries in the sub-sector. Data available

for analysis was not adequate to cover the time frame earmarked for the study.

2. Majority of footwear business is done informally with many entrepreneurs being illiterate and semi-illiterate. Record keeping is not a part of business administration. Data is therefore non-existent in the footwear industry in Ghana. This problem was overcome through a series of interviews with careful interpretations

1.9 PLAN OF WORK

The work was divided into five main chapters. The first chapter dealt with the basic format in research such as introduction, statement of the problem, objectives for the research, rationale, scope, limitations and plan of work.

The second chapter looked at the review of other materials already existing on the subject matter.

The third chapter comprised the field survey and the discussions on the findings. The crux of the matter here was the making of certain conclusive statements and arguments from the researchers own perspective.

The last chapter was conclusion, summary and recommendations/feasible suggestions on how improvements in the sub-sector could be made

CHAPTER TWO

LITERATURE REVIEW

2.1 LIBERALIZATION AND INDUSTRIAL CAPACITY BUILDING

The World Bank (1989) has noted that the acceleration of industrial capacity growth will be wasted unless the capacity to design, manage, and use is also improved. Both failure and successes of industrialisation are often traceable to a flaw or flair in entrepreneurship, management and technology. The lack of domestic industrial entrepreneurs and private capital led most African Governments to approach industrialisation by seeking foreign investors and investing in state-owned enterprises. Though "Africanisation" programs by foreign firms tend not to give local managers sufficient responsibilities for decisions. Good production engineers in Kenya and Zimbabwe enable textiles industries to operate closer to international best practices. The key to building these capacities is to identify functional skills that can be adapted to different applications.

Recupero (1998) noted in his report that Since the early 1980's many governments have placed emphasis on macro-economic stability reduced role for the state, greater reliance on market forces and a rapid opening up to international competition as a key to unlocking growth potential. Greater macro-economic stability and the removal of large distortions in key areas have no doubt made an important contribution to economic recovery in some countries.

However, despite many years of policy reform, barely any country in the region has successfully completed its adjustment program with a return to sustained growth. In 1993 the World Bank identified fifteen countries, three out of which are now classified by the IMF as "strong performers". This is because mainstream assessment of Africa's growth – enhancing market forces have not been based on a careful examination of constraints and opportunities. Gross Domestic Product was averaged over 25% in the 1970's but has fallen to 16% by the early 1990's. This is because the existing economic structure has not been able to generate growth in the export earnings needed to maintain imports and investments, which in turn impede structural changes and economic growth. As a proportion of export and GDP, the external debt of Africa is the largest in the developing world. The extent of the debt overhung is indicated by accumulated arrears, which by 1996 had reached over \$64 billion, amounting to more than a quarter of the world's total debt. This does not only impede public investment in physical and human infrastructure, but also it deters private investment including foreign investment.

The launching of the Heavily Indebted Poor Countries Initiative (HIPIC) has allowed a more comprehensive, co-ordinated and equitable approach to be taken. Raising net resource transfer through debt relief will not succeed however, unless it is accompanied by appropriate domestic policies to overcome low productivity and heavy dependence on a small number of primary commodities. Expanding investment in both primary and secondary

industries and in both the public and private sector is a vital prerequisite for, if not a guarantee of rapid structural change and productivity growth. The most distorting feature of policy reforms in Sub-Saharan Africa (SSA) is their failure so far to bring about an investment recovery; the average ratio of investment to GDP during 1995-1997 was 17% only slightly above that of the 1990's and well below that of other developing regions.

Another important reason for poor economic performance is slippage in program implementation. More importantly, while there is a consensus that structural constraints and institutional weakness prevent an effective functioning of markets and impede a positive response to private incentives, these obstacles are often neglected. Thus, policies are promoted to get prices "right" when some of the more important agents and institutions of modern market economy are under-developed or totally absent.

Again there is no proper sequencing of liberalisation of products and factor markets with prior institutional reforms needed for its success. The outcome has been predictable: greater instability in key prices and failure to generate the appropriate incentives. Even when incentives are generated, structural constraints and institutional weakness prevent their resulting in a vigorous supply response. Financial liberalisation has often been undertaken without first ensuring the conditions for its success, including a high degree of price stability and discipline, sound financial institutions and corporate finance,

depth in financial markets, and effective prudential regulation. Consequently, it has led to high and unstable interest rates, widespread insolvencies, a rapid accumulation of public domestic debt and fiscal instability. While there is the need towards a more realistic and flexible exchange rates the pendulum has swung too far leaving exchange rates to market forces that has resulted in highly unstable rates as markets proved to be very thin.

Trade reform policies have not largely been driven by the theoretical notion of neutral incentives to be attained through low and uniform tariff rather than pragmatism; nor have tariff arrangements been supplemented by adequate arrangements to support export and investment. Numerous exemptions from duties, large - scale smuggling and tariff reduction create serious difficulties for domestic firm with the potential to form the basis of a more export oriented industrial base.

A rethinking of policies is now needed that recognises and addresses directly the structural constraints and institutional hiatus that pervade the African economies. It should draw on successful development experiences from Africa and elsewhere to focus on capital accumulation, nurturing and building institutions necessary for an efficient market economy. Policy intervention should also be based on the recognition by governments that in market - based systems, capital accumulation is closely linked to the consolidation of property rights and the emergence of a strong, and dynamic entrepreneurial class willing

to commit its resources to investment. Fears associated with the emergence of such a class as a rival economic power to ruling elite need to be overcome if market – based development is to succeed.

Trade and Development Report (1998) has noted that though there is no universal recipe, some general principles can be laid down that are appropriate to Africa and for that matter Ghana in the light of its market imperfections:

- As elsewhere, private investment requires complimentary public investment in physical and human infrastructure. Under capitalisation, including inadequate public investment is the principal obstacle to sustained agricultural and industrial development. Neglect of agriculture in public spending is a more serious source of bias than pricing policies.
- Government action remains indispensable in several areas of commodity trade such as financing, risk management, market promotion, and the provision of infrastructure and services unlikely to be forthcoming from other sources. Thus there is a strong case for institutional pluralism in which reformed and de-politicised marketing boards, private organisations, parastatals and co-operatives are part of the landscape.
- A gradual approach to liberalisation is desirable in view of the existing weaknesses in supply capabilities. A trade regime that provides exporters with easy access to inputs at world market prices, facilitates

investment and discourages luxury consumption should be built on a differentiated approach, supplemented by arrangements such as duty draw backs and export retention schemes. The case for infant industries protection to promote learning and develop skills is still relevant but must be done through the techniques of selective strategies and exemptions. Such support must be time bound and closely tied to performance criteria.

2.2 TRADE LIBERALIZATION IN GHANA

In pursuit of the goal of rehabilitating the economy from 1983 onwards, the government implemented a body of monetary, trade and industrial development policies. These policies did not seriously address the problems of non-priority areas like the small-scale manufacturing sector especially those that dominate the informal sector.

One of the key assumptions behind the Economic Recovery Programme (ERP) was that the cedi was overvalued and did not make investment in the productive sectors profitable rather, it assured windfall profits to those engaged in the transportation and distribution of scarce resources. Devaluation was argued to eliminate this distortion. These devaluations reinforced the marginal position of small-scale industries in the economy by making imports more expensive and access to foreign exchange impossible for them.

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Government's definition of what constituted key sectors of the economy was based on capacity to generate foreign exchange, save the country the use of foreign exchange and generate employment among others.

This definition effectively disqualified small-scale manufacturers from enjoying official sources of foreign exchange. On the whole, they were denied any state protection and support; worst of all, they were literally abandoned to contend with the aggressive competitive forces of a free market regime. The regime escalated prices and made capital more expensive and scarce for small and inefficient enterprises. The policy of attaining a positive interest rate also pushed interest rates far beyond the reach of manufacturers. From a low point of 7.5% for non-agriculture credit in 1980, it rose up to 26% in 1987. Small-scale manufacturers were priced out of the money market. Government's monetary policies were closely linked to her trade policies. The bias was towards the rehabilitation of the export and manufacturing sectors. The initial import schedule under the ERP mainly favoured the formal manufacturing sector.

Trade liberalisation occurred along two parallel lines; namely, the unification of the foreign exchange auction market which led to the abolition of the two-tier exchange rate system and amendment of the law restricting the importation of certain consumer goods in 1987. The law on the use of Special Unnumbered License was also brought in line with these changes in trade policy. All these were just to liberalise trade; there were no limits to what could be imported.

The effects of trade liberalisation on domestic industries were contradictory. It had the positive effects of making materials available on the open market at any cost.

However, it also created severe marketing problems for local manufacturers. Small-scale industries were the hardest hit. Their products had to compete on equal terms with imported merchandise that were far less expensive and of better quality. Among the hardest hit included those that sustained the economy during the critical shortages of the late 70's and early 80's like dressmakers, leather/shoe manufacturers etc.

The investment code of 1986 merely established the legal framework for technology transfer. There was little evidence of a systematic industrial development policy. It was after persistence appeal of the Association of Ghana Industries that the government gave assurance of action to protect certain key local industries. Specific lines of action included the establishment of the National Board for Small-Scale Industries in 1985 to spearhead entrepreneurship development and the establishment of Intermediate Technology Transfer Unit in each region for the transfer of appropriate technology to small-scale industrial sub-sector. Although these actions were significant strides in official policy towards small-scale industries, there are fundamental problems that are to be addressed if the sector is to be extricated from its numerous constraints and ushered into a path of growth and

development. Policy options needed would be in the area of management skill development and product market protection among others.

At the peak of the economic crisis when imported goods were difficult to obtain, small-scale enterprises could operate freely and profitably. The domestic market was left open and growth in demand produced modest innovations and/or adaptations. The ERP generated an import boom; small-scale industries lost the advantage they enjoyed on the product market. Specific actions taken to protect local products were mere advertising and product sales through selected commercial houses.

Aryeetey's studies of small manufacturers of footwear in Kumasi in 1981 revealed that lower income earners patronise their products whilst high-income earners tend to patronise more expensive, higher quality imported goods. The conclusion was that, powerful impetus that can be given to the demand of small-scale industries is an increase in the purchasing power of lower income earners. The identification of consumer products and protecting them through the imposition of high tariffs would solve some of the industrialisation problems. The small-scale industries sector is the only area that has its intellectual, technological and scientific roots in the Ghanaian society. This means that traditional policy of protecting large-scale enterprises that are usually foreign owned should be reversed in favour of small-scale industries.

According to Boapeah (1994), the Ghana government initiated a series of comprehensive macro economic and structural adjustment reforms under the ERP. With regards to manufacturing, the ERP envisaged: -

- ❖ Increased production and capacity utilisation in selected industries to produce essential consumer goods generate government revenue and promote exports.
- ❖ A major rationalisation exercise to prepare the grounds for shedding off industries that were not economically viable.
- ❖ Maximum reliance on local raw material base whenever economically and financially feasible to improve the efficiency of these industries and make them more competitive. Another aim was to stabilise prices for domestic consumers, it became the policy of government to allow the liberal imports of these goods.

According to ISSER (1992), capacity utilisation was expected to rise from 30% in 1983 to 50% in 1984 and to 75% in 1986. Actual results were 18% in 1984, 40% in 1988 declining to 37% in 1990. Since the introduction of the reforms, the manufacturing sector has shown little signs well below the 1970's level. In 1985, the share of industry in real GDP was 13.3% increasing to 14.2% by 1991 still below 1977 level of 22%. Manufacturing sector accounts for 9.4% in real GDP in 1987 with a growth rate of 9.3% still below the 1970's level. The rate of growth in real output slowed down from 25% in 1985 to 1.7% in 1989.

An analysis of the results of industrial development policies in Ghana revealed the following: -

- The governments' industrial development approach largely by-passed small-scale industries in favour of medium and large-scale ones not having considered their complementary role.
- This marginalisation of the industries has been possible in part through the nature of legal and administrative framework. While the investment code has tended to favour mainly the large-scale sector, credit schemes designed for small enterprises have mainly benefited the commercial and farming sub-sectors.
- Large-scale enterprises have tended to absorb large doses of public funds acquired through foreign loans. These loans were used to procure equipment, machinery, raw materials, imported technology and infrastructure. The industries broke down as their machinery broke down and could not make the desired impact. Small-scale industries have now been recognised to play complementary role to the large-scale sector.

2.2.1 INSTITUTIONAL SUPPORT FOR SMALL-SCALE INDUSTRY PROMOTION IN GHANA

According to Brunch and Hiemenz (1984), the period prior to 1983, strategies followed in the promotion of small-scale industries were based on the traditional approach that was essentially reactive. This approach underscores the fact that the development of small-scale industries is constrained by some

bottlenecks hence it involved simply identifying and designing of measures to remove these bottlenecks at the enterprise level. Such measures include technical, financial, managerial, marketing, import supplies, infrastructure among others.

However, these measures failed due to the following reasons: -

- Bureaucratic operational channels that tended to slow decision-making and implementation.
- Neglect of the interest of the target group due to corruption, favouritism and nepotism in the selection process.
- Limited financial capacity to handle small-scale industries problems.
- Duplication of efforts and the lack of co-ordination in program and project implementation on account of the proliferation of promotion institutions.

A variant of the market-oriented approach, the radical neo-liberal approach does not require any specific or special promotion policies in favour of small-scale industries. This school of thought holds the view that market forces are a superior mechanism in allocating resources resulting in the necessary environment to enhance small-scale industry development. For this school of thought, direct intervention would lead to distortions in both factor and product markets.

In Ghana, instruments adopted to realise these objectives include currency adjustments, trade liberalisation, market determination of interest rates, abolition of import controls, subsidised export credit, re-deployment of under-employed

labour especially in the public sector. Benefits of this approach take a long time to be realised because of distortions caused in the short run. These distortions relate to slow development of financial markets, business services, infrastructure services and the inadequacy of the legal system. This approach contends that there is the need to improve business climate but also it is necessary to design specific measures to assist the small-scale industry sector in the transitional period of adjustment.

The structural adjustment therapy of the World Bank and the IMF was administered in Ghana with all the experts attached to key institutions to see to its success.

1. First step- the cedi was subjected to a continuous devaluation on the claim that it's 2.75 rate of exchange to the United States dollar was over valued. The declaration was that, with devaluation Ghana's exports are going to be competitive and were bound to earn more from increased income.
2. Trade liberalisation was also undertaken to enable imports compete with locally manufactured goods. Production processes of Ghana's trading partners were more advanced with economies of scale, subsidies and others. Trade and exchange liberalisation failed to achieve the targeted growth. Expert advice was to cut down on labour in an attempt to correct budget deficits attributed to Ghana's oversized public sector wage bill.
3. Workers laid off were those at the lower levels of the employment ladder and those who patronise commodities of micro and small-scale enterprises. Having

wiped off Ghana's market by a freeze on salaries and retrenchment, small-scale sector especially became targeted as the dumping ground for imported goods. Retrenched workers were quickly trained into a sector whose manufactured products have been edged out of the local market as a result of trade liberalisation policy that begat the second-hand clothing syndrome.

The absence of small industrial estates in Ghana has contributed in no small measure to the poor quality of products because the capacity to design, research and develop is negligible.

2.3 REVIEW OF MARKETING STRATEGIES

Product Policy

A product consists of anything that can be offered to a market for acquisition, use, attention, or consumption to satisfy a need or a want. Products can be physical objects, services, persons, places, organisations or ideas. In planning a product's market offer, the marketer needs to think through five product levels namely: -

1. The core benefit – the fundamental benefit for which the product is being bought.
2. The core benefit needs to be turned into a generic product, that is, a basic version of a product.
3. The preparation of an expected product namely, a set of attributes and conditions that buyers normally expect and agree to when they buy the product.

4. The preparation of an augmented product, namely products that include additional benefits that distinguish it from what competitors offer.
5. The potential product namely, all augmentations and transformations that a product might undergo in the future. According to Levitt (1975), "marketing succeeds through differentiation of anything".

In less developed countries, competition takes place at the expected product level but in modern times, competition takes place at the augmented product level. Product augmentation leads the manufacturer to look at the buyers total consumption system. Thus the way a purchaser of a product can use it to accomplish her task, creating opportunities for further augmenting a product to withstand future competition is realised. A product, having been evolved through the five levels of product planning is related to other products in one way or the other. This is called the product hierarchy.

A product can be in the need family, product family, product line, product type, brand or item. A product can also be classified according to tangibility as durable, non-durable and services. These classifications determine the marketing strategy implications.

In developing a marketing strategy for individual products, branding is one of the important decisions that confront the marketer. Developing a brand requires a great deal of advertising, promotion and packaging. A brand can be

a name, term, sign, symbol, design or a combination of both intended to identify the good or service and differentiate it from those of their competitors.

Branding is done through trademarks, brand names, copyrights, brand marks etc.

- Brand names make it easier to process orders and track down problems.
- It provides legal protection of unique product features that would otherwise be copied by competitor.
- Branding helps in segmenting the markets and builds corporate image.

However, there is a long history of legal concerns surrounding labels. They can mislead customers or fail to describe important ingredients or sufficient safety warnings.

Packaging is the activity of designing, and producing the container or wrapper for a product. The primary package is the product's immediate container, the secondary package is the material that protects the primary and the shipping package is that which is necessary for storage, identification and transportation.

Labelling is a part of packaging and consists of printed information that describes the product appearing on or with it. In recent times, packaging has become a potential marketing tool. Well-designed packages can create convenience value for the consumer and promotional value for the producer.

Various factors have contributed to the use of packaging as a marketing tool. These are qualities like self - service, consumer affluence, company/brand image and innovative opportunity. Developing an effective packaging for a product requires several decisions, the most important being the packaging concept. The concept defines what the package should basically do for the particular product. Companies must however pay attention to growing environmental concerns about packaging and make decisions that also serve society's interest.

Pricing

Price is the only element in the marketing mix that generates revenue. It is also an important determinant in the customers' choice. Before prices are set, a company has to decide what it wants to accomplish with the particular products. Kotler (1991) says that a company can pursue any of these five objectives through pricing: -

1. **Survival** – companies pursue survival as their sole objectives if plagued with either over capacity, intense competition or changing consumer wants. To keep the plants going, prices are cut since they are less important than survival. However, firms would have to add value to charge higher prices in the long run or face extinction.
2. **Maximum Current Price** – these are prices set to maximise current price levels. Estimation of demand and cost associated with alternative prices is done and the price that gives the highest profit, cash flow, or return

on investment is charged. The problem with this method is the difficulty in accurately estimating the demand and cost functions. This method also ignores the effect of other marketing mix variables, competitors' reaction and legal restrictions on pricing. It must be used with circumspection.

3. **Maximum Sales Growth** – this entails the setting of the lowest price also called the market penetration price. This is done with a view to increasing sales volume to reduce per unit cost and obtain higher long run profits. This method works in markets that are highly price sensitive and therefore low prices stimulate more market growth.
4. **Maximum market skimming** – this involves the setting up of high prices that make it worthwhile for just a segment of the market to buy the products. As demand falls, prices are reduced for the next layer of price sensitive buyers to join the market to increase sales again. This pricing objective functions well when there has been an innovation that has no close substitute.
5. **Product Quality Leadership** – this involves the charging of high prices over the going market rate due to the high quality that products conform to.

The major determinant that ensures the success of any pricing objective is price sensitivity. According to Kotler, "price sensitivity is less if the following conditions prevail: -

- *Value unique effect*

- *Substitute awareness effect*
- *Difficult comparison effect*
- *Total expenditure effect*
- *End-benefit effect*
- *Shared cost effect*
- *Sunk investment effect*
- *Price-quality effect*
- *Inventory effect*

Given the customers' demand schedule, the cost function and competition, prices can be set. It should be between a price too low to produce profit and a level too high to stimulate demand. The exact price is selected based on the product's price sensitivity.

Place

According to Bucklin (1972) the concept of marketing channels is not limited to the distribution of physical goods. Producers of services, persons and ideas also face the problem of making their products available and accessible to target populations. They develop "educational – dissemination systems" and "health - delivery systems".

Service output levels desired by customers are as follows: -

- *Lot size*
- *Waiting time*

- *Spatial convenience*
- *Product variety*
- *Service back-ups.*

Intermediary strategy can be intensive, selective or exclusive distribution. However, the producer must determine the main elements in the "trade relations mix". These include: -

- *Price policies*
- *Conditions of Sales*
- *Territorial rights*
- *Spatial convenience*
- *Mutual services & responsibilities.*

Before choosing a distribution channel, the producer must evaluate using economic, control and adaptive criteria to determine the best channel to choose in the distribution of products.

Motivating Channel Members

The producers must not only sell through their middlemen but to them. The middlemen must be continually motivated to do their best through training, supervision and encouragement. Producers vary in how they manage their distributors but essentially, they must draw on their different powers to build a relationship of co-operation, partnership and distribution programming.

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Determining the communication objectives that aim to inform the buyer

Distribution programming is a planned, professionally managed, vertical marketing system that incorporates the needs of both the manufacturer and the distributor.

In contemporary times, some constraints to distribution like perishability and fragility no longer hold because better packaging and efficient transportation has been developed all over the world.

PROMOTION

Modern marketing calls for more than just developing a good product, pricing it and making it accessible to target customers. Companies must also communicate with their present and potential customers. The marketing communication mix (promotion mix) consists of four major tools: -

- *Advertising*
- *Sales promotion*
- *Public relations*
- *Personal selling*

IDENTIFYING THE TARGET MARKET

Imaging analysis involves measuring the target audiences' knowledge of the object. This can be done through the administering of questionnaire to a sample respondent and then taking steps to close any image gape that may be identified.

1. Determining the communication objectives that aim to inform the buyer through the cognitive stage (awareness/exposure), the affective (interest/liking/evaluation), and the behavioural stage (action / purchase / trial / adoption) of the product or service.
2. Designing the message: after identifying the desired audience response, the communicator has to figure out the needed message to produce the desired response. This process has been called the appeal, theme, idea or unique selling stage. The message should be moderately discrepant and should avoid emotional or moral appeals. The message should not be conclusive explicitly. The audience should be left to decide and make their purchasing decisions unless the product is complex or highly technical.

Selecting the Channels of Communication

Personal communication channels are very important where the product is expensive, risky, or purchased frequently. Buyers are highly information seekers and would therefore go beyond the mass media to seek information.

Non-personal communication seeks to accomplish the following task: -

1. ***Awareness building***
2. ***Comprehension building***
3. ***Efficient reminding***
4. ***Legitimation***
5. ***Reassurance***

In modern times, effectively trained sales force can accomplish the tasks of increasing their company's stock position, build enthusiasm among customers and missionary selling. Co-ordinating and managing the communication process entails the following:

- Getting a Marketing Communications Director to assume responsibility for the over all communication effort.
- Working out the role and extent of each promotional tool.
- Keeping track of the contribution of different marketing tools for a basis of making further improvement.
- Co-ordinating the promotional activities and their timing to determine when promotional activities take off.
- Measuring the promotion results by measuring the communication objectives (awareness-interest-trial-satisfaction) through consumer sampling.

SEGMENTATION

Markets consist of buyers and buyers differ in one or more respects. They differ in their wants, purchasing power, geographical locations, buying attitudes, and buying practices. Any of these variables can be used to segment a market. Segmentation is therefore the act of dividing a market into distinct groups of buyers who might require certain separate and/ or marketing mixes. Segmentation involves three stages: -

1. The survey stage involves conducting informal interviews and focus groups with consumers to gain insight into their motivation, attitudes, and behaviours.

These findings are then used to prepare formal questionnaire and administered to a sample of consumers.

2. The analysis stage is the use of cluster analysis to create a specified number of maximally different segments. Each cluster must be internally homogeneous but externally heterogeneous from other segments.
3. The profiling stage involves the profiling of clusters in terms of their distinguishing features, behaviours, attitudes, demographics, psychographics and media consumption habits.

The bases for segmentation are geographic, demographic, behavioural and psychographic.

TARGETING

Targeting involves the evaluation of segment attractiveness and choosing which segment to enter. Three factors for evaluating segments are size and growth, structural attractiveness, company objectives and resources.

- The company has to find out whether a potential segment has the right size to generate the desired sales and profit.
- A segment must be attractive from a profit point of view; it should be appraised for its long run profitability.

A segment must be tailored to suit the company's objectives (sales & profit) and nurtured to grow within the company's resources.

Positioning

Selecting the Market Segment

As a result of evaluating different segments the company would find a number of segments worth entering into. It must be decided which and how many to serve. In the simplest sense, a single segment may be selected but this is dangerous as a segment can dry up or severely be attacked by competitors. Multiple targeting is the way forward in modern marketing. It involves the following criteria: -

- Selective specialisation where the firm selects a number of segments that are objectively attractive and match the firm's objectives and resources.
- Product specialisation where the firm concentrates on producing a product and selling it all the several segments.
- Market specialisation where the firm concentrates on serving many needs of a particular customer group.
- Full market coverage where the firm attempts to serve all customer groups.

Sometimes segmentation may be ignored for full market coverage where only one product is offered on the market. This move is to ensure cost economy but Gardner and Levy (1955) contend that, "in most areas audience groups would differ, if only because these are deviants who refuse to consume the same way other people do. It is not easy for a brand to appeal to simple lower-middle class people and at the same time sophisticated, intellectual upper-middle class buyers.... It is rarely possible for a production or brand to be all things to all people."

POSITIONING

According to Kotler (1991), positioning is an attempt to distinguish a company from its competitors along real dimensions in order to be the preferred for certain

market segments. Positioning aims at helping customers to know the real differences between companies so that they can match themselves with the companies that can satisfy their needs.

- Before deciding how to position on the market, a firm needs to carefully study the position of its competitors in the same target market.
- The firm needs to define how it wants to differ from her competitors.

The firm can decide to do a product positioning by positioning itself in terms of product quality and price or by offering something that is lacking in her competitors promotion mix.

2.4 PRIOR SIGNIFICANT RESEARCH

Burgesson (1987) in her research into the small-scale footwear industry in Ghana identified the following reasons as the ones responsible for the lower standards in the industry: -

- Tools used are only improvisation and not really up to the standards for use in an industry. Even though credit is given to manufacturers for their ingenuity, rudimentary tools produce low quality footwear.
- There is a common practice of not sewing uppers (full chrome-coated leather). Manufacturers feel it is not necessary because they have good leather and therefore use only glue.
- Adhesives/glues used are not compatible with the substances being bonded.
- Poor time management – Frequent trips to machinist, borrowing tools and buying glue in small quantities waste time.
- Excessive copying of foreign designs leading to recopying of mistakes.

- The use of cardboard for soling materials (inner sole filling). The appropriate materials should be rubber, cellulose boards (microbona), leather board that can survive tropical rains.
- Excessive plagiarization – manufacturers impress brand names onto their products.
- The industry tries too hard to keep up with the ever-changing fashion trends especially for the female. Manufacturers never acquire the skill for good footwear production. They rather acquire speed.

In the light of the above these were her recommendations: -

- Manufacturers should turn their attention to developing their own original designs.
- They should make use of their own brand names.
- Footwear must be modified to suit the terrain, weather, as well as the characteristics of the people in case of imitations.
- Good quality material must be used to reflect in the final product.
- Work schedule should be planned to reduce time wastage.
- Products must be packaged to make them appealing to customers.

Using the above as a premise, this research would ascertain whether the appropriate materials and correct labels are used in footwear production and marketing.

Agyeman (1980), after conducting a research into the quality control and standardisation in the Ghanaian textile industry came out with the following findings and recommendations: -

- Customers all over the world are becoming increasingly aware of how best a fabric serves its purpose. Important elements of consideration in fabric selection are the anticipated performance, the ease of care, texture, fastness of colour, technical contraction and finishing.

The factors influencing the selection of fabric in the average Ghanaian society are aesthetic considerations like design, colour, texture and serviceability considerations like fastness of colour, comfort and environmental factors.

These factors together provide a solid, permanent demand for a particular fabric as in the case of the historical Holland wax prints. A combination of these factors endeared the fabric to the heart of many Ghanaians till present times.

Important observations and areas of urgent consideration in the local textiles industry are:

- *Raw material* – A constant search for worthwhile modifications that can be made by altering the conditions of fibre production is necessary. Areas of modification should include controlled breeding of selected species having superior characteristics in fineness, length, strength, disease resistant, rot resistant etc. With the worldwide increase in synthetic fibre and their continuous threat to natural fibre, textile management should consider the over

dependence on cotton and come out with new hybrids that are cheaper. For instance, rayon brought down the prices of cotton in the early 1960's.

- *Yarn production* – The dynamics of the textile world gives little room for conservatism. The advanced countries use the 'berate spinning' or 'open'. This does not influence rotational speed like the conventional method. There are no interruptions or intervals to replace full bobbins with empty ones – a much higher rate of production is achieved.
- *Methods of yarn preparation* – The three methods are weaving, knitting and the non-woven processes. The Ghanaian textile industry thrives more on weaving as a means of fabric production. However, the chemical quality processes have not been efficiently handled. Qualities of dye baths, fixation methods and other finishing processes have not been effective to produce desirable qualities relative to the formally imported Holland prints.
- *Machinery maintenance* – The textile factories in Ghana employ Mills Engineers whose duty is to ensure that machinery for production are in acceptable condition. These experts need a more comprehensive knowledge of the textiles their machines produce so that the scope of faults is better appreciated. Textile Engineers must be employed so that they can be used when shortage of materials, call for the substitution of low/different quality raw material. They could ascertain the right-count and control the various technological processes such as the necessary degree of drafting, twisting, scouring, bleaching, mercerisation and the general after treatment and finishing processes concerned.

Considering the points outlined above, the researcher would like to find out if there has been changes in the basic raw material types and their sources of supply.

IMF (1987) has documented a case of successful adjustment in a developing country. Before the trade liberalisation of Korea (1980-82) became successful, a number of structural adjustments had to be made. The main elements of the program were a substantial depreciation of the currency, tight financial policies and adjustment of administrative prices especially energy. These measures were effective in reducing the volume of imports and increasing the volume of exports. The basic needs of food and clothing had been met. Housing became the centrepiece of the Government's social development efforts. Significant tax reforms were introduced to give incentives to favour small and medium firms. Tax credits were used to promote the development of technology. Even though the import liberalisation was aimed at improving the structure of industry by enhancing competitiveness, stabilising prices by increasing supplies, and facilitating trade negotiations with Korea's trading partners which restricted Korea's imports. At the same time to avoid major disruptions in domestic production, some level of import restrictions was adhered to. Unrestricted imports stood at 77% and selective use was made of import tariffs. Agriculture was improved. Food importation and inflation were drastically reduced. Although the recovery of export markets and stable foreign prices contributed to this favourable outcome, the authorities deserve much credit. They adhered

to strict financial discipline that sharply reduced the public sector deficit of 4.3% of GNP to 1.6% between 1982 and 1983. There was also monetary expansion and a flexible exchange rate that improved external competitiveness. Debt rescheduling where short-term debts were converted to medium and long-term debts was done to make available funds for development.

2.5 NATIONAL TRADE AND INDUSTRY POLICY

According to the Ministry of Trade and Industry (2000) the strategy to accelerate economic growth includes re-establishing the country's productive capacity and international competitiveness, promoting private sector development and encouraging the private sector to become the engine of growth. There is a government policy to revive all viable but distressed firms.

It has been advocated that the government sets up an industrial development fund. A workshop was organised to that effect. Four priority areas identified include the textiles and garment industry. This sub-sector is expected to have a rippling effect on other sectors of the economy. Specific issues include: -

- There has been the Export and Investment Fund to fund export led marketing to generate economic growth.
- Government will generate up to 90% of loans granted to the manufacturing sector. The guarantee has received presidential assent. A secretariat would be set up in 2001 at the Ministry of Trade and Industry to implement this policy.

		Total
	35,280	40,539
	45,389	50,988
	57,823	63,201
	67,819	74,687
	67,081	71,421
	71,282	88,782
	74,912	93,343

Source: Author's field survey

CHAPTER THREE FIELD SURVEY

Due to time and resource constraints, a proportion of the population in both the clothing and footwear sub-sectors were sampled for input for this work. Out of a total of 80 identifiable producers in the clothing industry, 30 firms were contacted for data input. 40 footwear firms were also interviewed out of an estimated total of 120. 30 and 40 firms were chosen as the sample frame because that forms over 30% of both populations and considered statistically significant for a fair representation of events as they are currently prevailing. The respondents are mostly entrepreneurs in the field of study. The sampled questions and responses are presented in the tables below:

3.1 SOME PERFORMANCE INDICATORS IN THE CLOTHING INDUSTRY

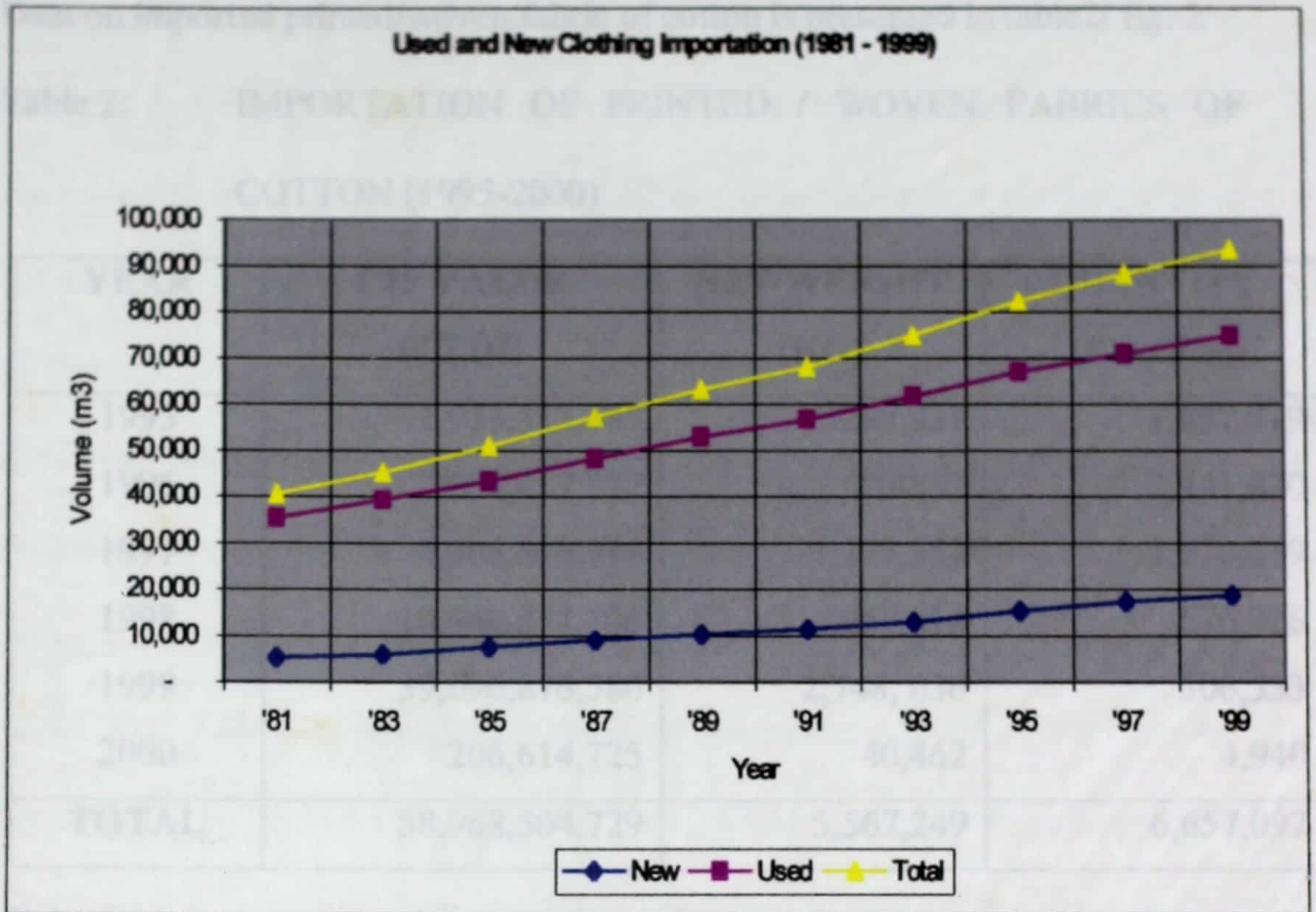
Trends in new and used clothing importation are shown in table 1 and figure 1.

TABLE 1: TRENDS IN NEW AND USED CLOTHING IMPORTATION

Years	New	Used	Total
'81	5,291	35,268	40,559
'83	6,010	39,236	45,246
'85	7,600	43,386	50,986
'87	9,020	48,242	57,262
'89	10,280	52,923	63,203
'91	11,320	56,823	68,143
'93	13,048	61,819	74,867
'95	15,390	67,031	82,421
'97	17,230	71,052	88,282
'99	18,729	74,916	93,645

Source: Author's field survey

Fig. 1



From the 1981 to 1991, the importation of both new and used clothing are showing an upward trend. This has been attributed to increases in population growth. A statistical test on the level of significant increases in the importation of these items shows a significant increase of about 99%.

Mean difference in clothing production (table 4) was also tested with an acceptance level of 100%. This means there have not been significant differences in production volumes after the liberalisation period. Measures would have to be put in place to derive significant increases in the mean local clothing production to ensure a comparable level of performance.

Data on imported printed/woven fabric of cotton is presented in table2/ fig. 2

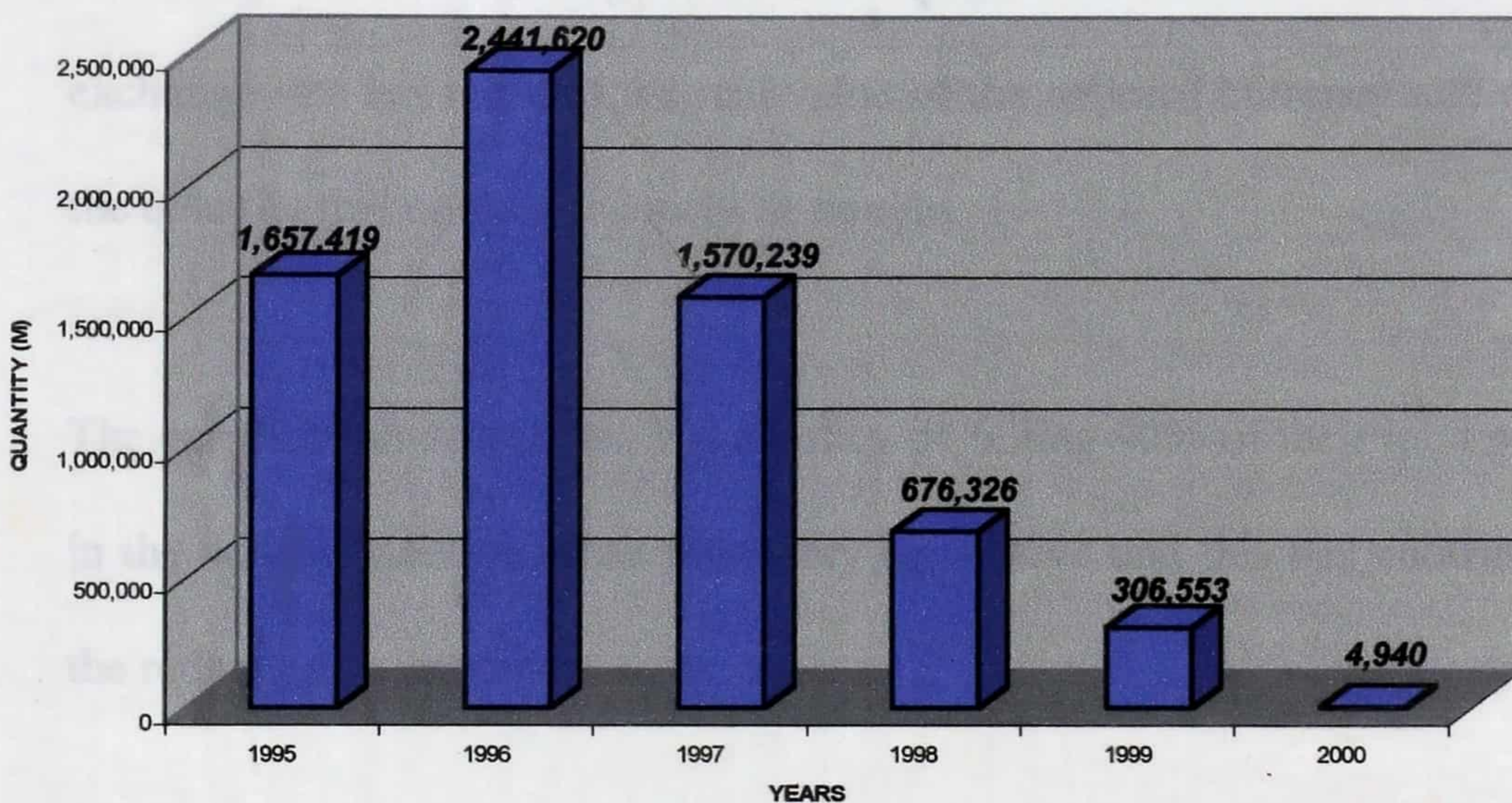
Table 2: IMPORTATION OF PRINTED / WOVEN FABRICS OF COTTON (1995-2000)

YEAR	CIF VALUE (CEDI)	NET WEIGHT (KG)	QUANTITY (PIECES)
1995	1,933,313,487	298,931	1,657,419
1996	2,064,417,717	234,847	2,441,620
1997	4,908,810,914	1,277,357	1,570,239
1998	10,944,471,306	967,616	676,326
1999	39,096,876,580	2,748,036	306,553
2000	206,614,725	40,462	4,940
TOTAL	58,968,504,729	5,567,249	6,657,097

Source: Ghana Statistical Service, Accra.

Fig. 2

IMPORTATION OF COTTON FABRICS IN GHANA



Printed woven fabric of cotton refers to garment. Clothing importation has been high even after the nation's trade liberalisation policy in the mid 1980's.

AND GARMENTS (METRIC TONS) 1994-1999

But data available on clothing importation shows that the trend is changing.

This would give a misleading state of affairs when taken in isolation. This is because garment (printed woven fabrics of cotton) account for just about 20% of the different types of fabric imported into the country. It should also be

noted that uncustomed clothing imported through unapproved routes that is estimated to account for about 20% has also not been captured in graph in

figure 1. According to Table 2 in the previous chapter, quantity imported has fallen from 2,441,620 pieces to 4,940. This phenomenal decrease has been due

mainly to a deliberate attempt on the part of local garment manufacturers to promote the sale and use of local clothing materials through fashion programmes that place emphasis on product use diversification.

EXPORT PERFORMANCE FOR CLOTHING IN GHANA

Another point worth noting is the decreasing value of the cedi. Unfavourable exchange rate has reduced the real value of the national currency and reduced the quantity that could previously be bought.

The garment sub-sector also has a policy of selling 90% of their total products in the nation. Marketing has been very aggressive and this has contributed to the reduction in imports.

Data on the export performance for Kente, Batik/Tie&dye, and Garment from 1994 – 1999 has been presented in table 3 and figure 3.

KENTE BATIK/TIE DYE GARMENTS

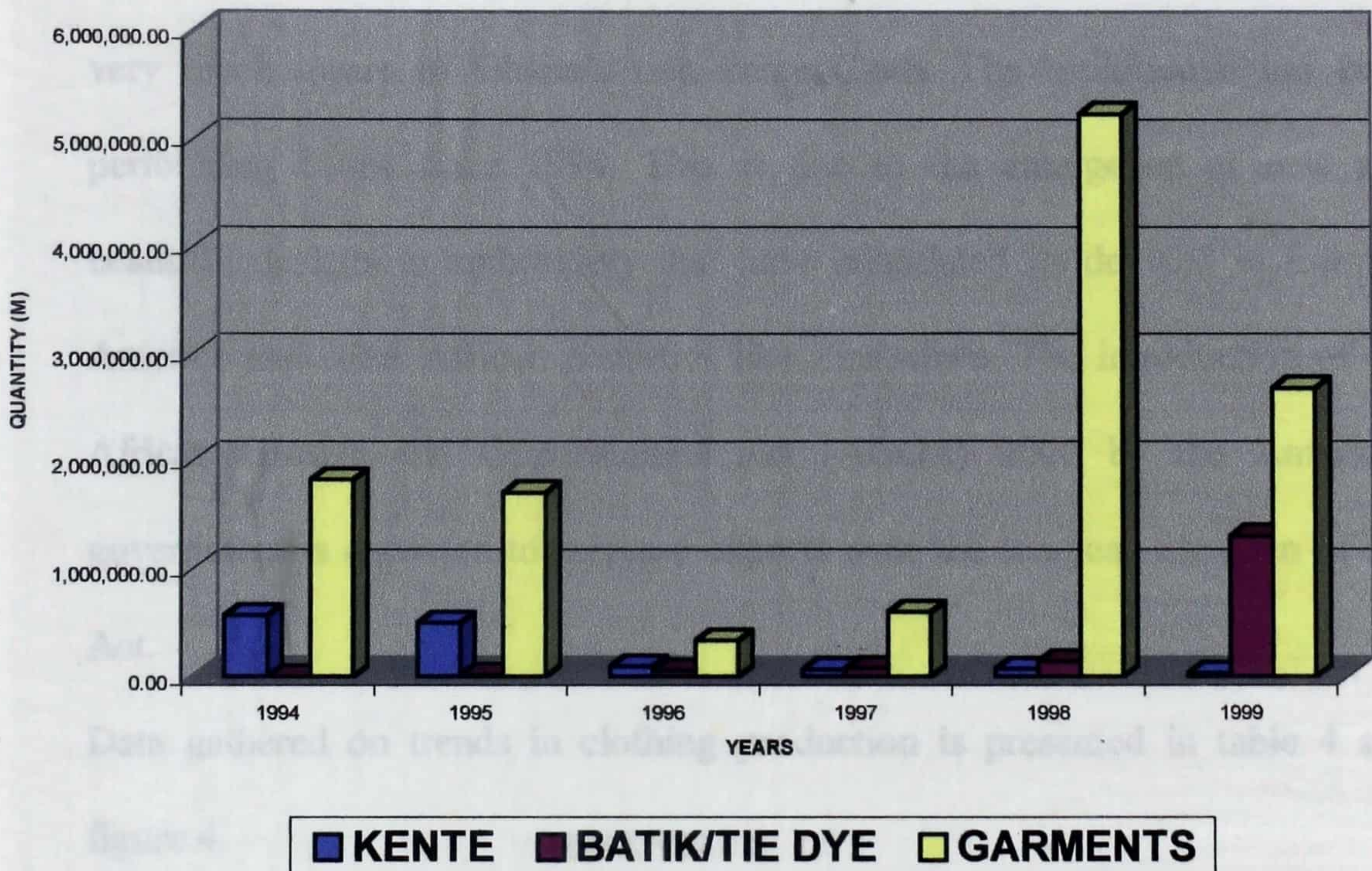
Table 3: EXPORT PERFORMANCE FOR KENTE, BATIK/TIEDYE AND GARMENTS (METRIC TONES) 1994-1999

YEAR	KENTE	BATIK/TIE DYE	GARMENTS
1994	568,159.64	761.01	1,822,584.64
1995	498,914.89	17,933.45	1,702,941.91
1996	91,860.13	55,501.28	333,231.07
1997	66,251.49	80,059.52	600,182.58
1998	71,565.14	140,834.00	5,228,539.12
1999	29,060.19	129,9854.40	2,674,160,72

Source: Ghana Export Promotion Council, Accra

Fig.3

EXPORT PERFORMANCE FOR CLOTHING IN GHANA



Referring to Table 3, data on export performance for kente, batik/tiedye and garment has shown a fluctuating performance but garment tops in quantity exported because the garment producers have a well-defined policy on their export operations. About 10% of their total output is exported every year. The performance of kente has been going down since 1994. This has been attributed to the production of the industrial type of kente that is mechanised and can be replicated on a large-scale compared to the woven ones laboriously produce in the country. This cheap substitute from La Cote D' Ivoir and other African countries are in serious competition with Ghana's kente cloth.

Source: Ghana Statistical Service

Another reason for this poor performance is inefficient marketing strategies. There have not been many promotional activities to sell Ghana's kente cloth to the outside world. The North America is the only overseas continent that is very much aware of Ghana's rich kente Cloth. The batik/tiedye has been performing better since 1994. This is due to the emergence of new and beautiful designs in embroidery that have stimulated its demand in Europe, America and other African countries like Zimbabwe. The introduction of the African Growth and Opportunities Act (AGOA) 2000 by the American government is expected to increase exports over the ten-year life span of the Act.

Data gathered on trends in clothing production is presented in table 4 and figure 4.

Table 4: **TRENDS IN CLOTHING PRODUCTION** from 1990-1996

YEARS	CLOTH PRODUCTION (million meters)
1990	29.5
1991	23.4
1992	19.0
1993	41.0
1994	34.2
1995	34.2
1996	34.9

Source: Ghana Statistical Services

Fig. 4

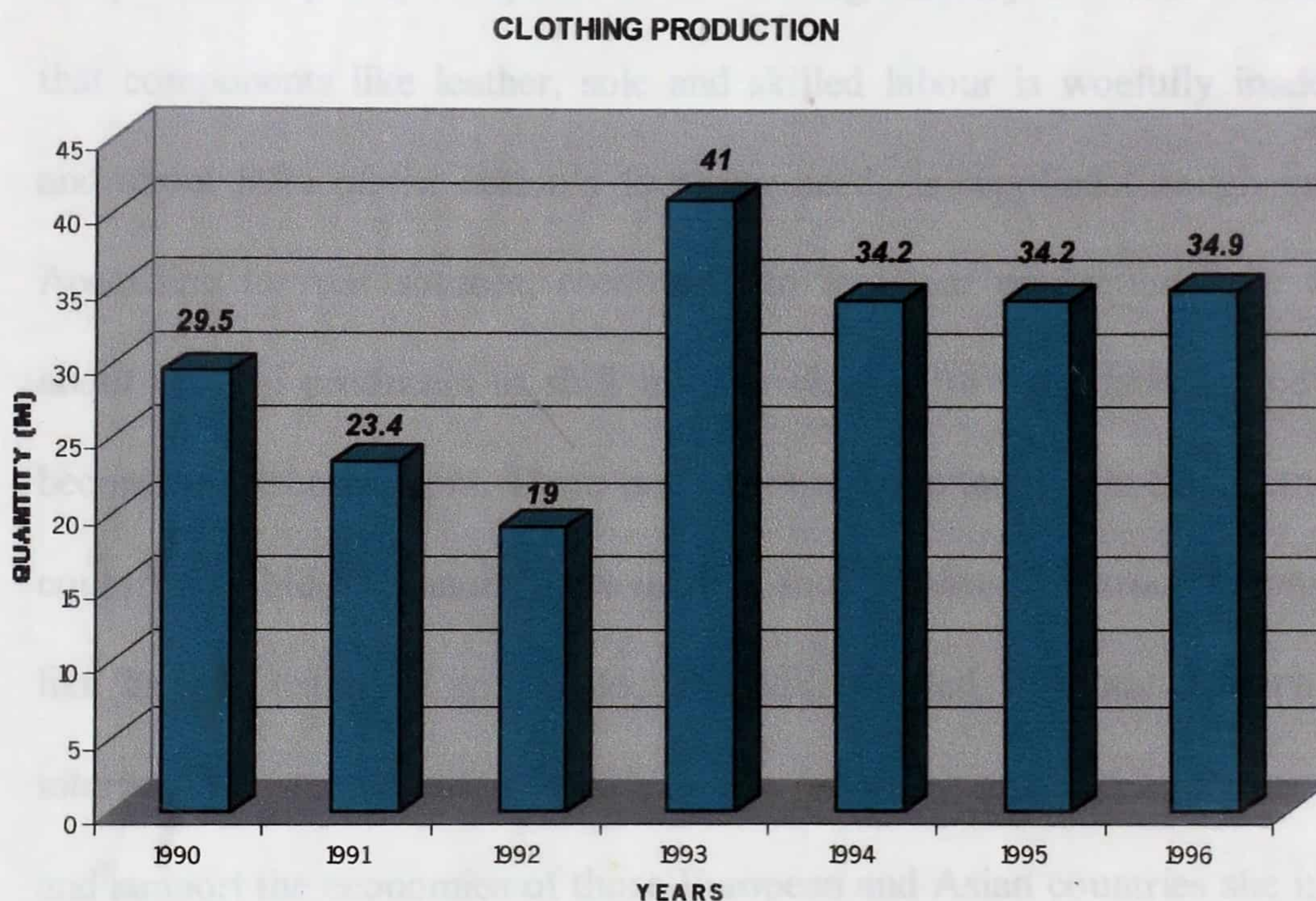


Table 4 gives the production volume of clothing in Ghana from 1990-1996. Output has been fluctuating over the period but there has been an increase in production since 1993. This has been achieved through the deliberate attempt of garment producers to increase production year after year and an aggressive marketing strategy adopted. The garment producers could do better but for the frequent industrial relations problems leading to strikes and temporal closure of factories. This has a negative effect on productivity and the quantity that can be exported to bring in foreign exchange. The overall performance of the clothing industry in Ghana depends on strategising to increase production and marketing that are the two critical success factors.

The footwear sub-sector that is dominated by small and micro entrepreneurs has performed poorly compared to the clothing industry. The fact still remains that components like leather, sole and skilled labour is woefully inadequate and about 80% of the nation's footwear needs is supplied through imports. According to AGI sources, constraints to footwear production have caused about 40% of producers to shift from production to importation since it has become more convenient. There is also not a single tannery in operation in the country and hides of animals are used as food. Unless the structural problems like lack of materials and inadequate skills needed to produce footwear of international standards are solved, Ghana would continue to lose revenue to, and support the economies of those European and Asian countries she imports footwear in large quantities from.

3.2 CLOTHING SECTOR

The responses from the field work on use of marketing tools are presented in the following tables. They include the “4 Ps”, segmentation and positioning.

Table 5: PRODUCT POLICY

QUESTIONS	YES		NO	
	Frequency	Percentage	Frequency	Percentage
Did you do a formal market Research before going into production?	5	17	25	83
Have you labelled your products?	10	33	20	67
Do you do periodic consumer feedback on your products?	2	7	28	93
Do you have any distinct packaging that can be used to identify your products?	0	0	30	100

Source: Author's field survey, 2001.

Product Policy

From table 5, it was revealed that only 17% of respondents undertook a proper market research before going into production. The remaining 83% did not do so. Therefore 83% of producers were not able to produce ‘tailor-made clothing to meet consumers’ taste.

Again it came to light that all respondents do not have distinct packages that can be used to identify their products. Only 33% of respondents have labelled their products. It is difficult to attain customer loyalty and brand name advantage. It is very easy to loose customers.

From the same table, only 7% of respondents have a way of getting feedback on how customers feel about their products. There is therefore very little opportunity to address customer complaints and therefore dissatisfied customers only have the option to change their purchasing patterns.

Not all finished products are labelled. This results in a situation where buyers are not sure of getting their money's worth and therefore buy hesitantly.

Consumers who are unlucky to purchase inferior items at high prices become prejudice towards any such product produced locally. It is important for products to be labelled in order to get satisfied customers to become loyal to the brand used. Again inefficient producers would be identified and helped or weeded out of the market through the same branding process.

Table 6: PRICING STRATEGY

QUESTIONS	YES		NO	
	Frequency	Percentage	Frequency	Percentage
Do you consider income levels prevailing before you set the price of your commodities?	5	17	25	83
Have you done any studies to know the price sensitivity of your products?	0	0	30	100
Do your prices compete favourably with imported substitutes?	5	17	25	83
Would you say that the cost of capital greatly determine your commodity prices?	30	100	0	0
Would you say that your pricing objective is sustainability?	10	33	20	67

Source: Author's field survey, 2001.

Pricing Policy

Results on pricing policy from table 6 shows that only 17% of respondents considered the general income levels prevailing in the country before setting their price, the remaining 83% did not. No respondent bothered to find out about the price sensitivity of his or her products. The implication is that they cannot use price changes to adjust their sales volume or even manipulate demand and supply to increase their turnover.

Also, all sampled producers in the clothing industry use cost of capital as their dominant variable in fixing price. Since cost of capital in the country is high, it has contributed to the non-competitiveness of local clothing to imported substitutes as confirmed by 83% of respondents.

Table 7: DISTRIBUTION SYSTEMS

QUESTIONS	YES		NO	
	Frequency	Percentage	Frequency	Percentage
Do you have more than one sales/distribution outlet?	5	17	25	83
Do you have a planned distribution system?	5	17	25	83
Do you use your retail outlet/s to get some feedback from your customers?	4	13	26	87
Do you intend to find sales agents in other countries?	12	40	18	60
Do you know about the trade relations mix?	4	13	26	87

Source: Author's field survey, 2001.

Distribution Systems

Distribution is one of the four P's that need to be considered for the success of any marketing venture. However, 83% of respondents had just one sales outlet and without any planned distribution system. The result was that, sales outreach is very low. This means that profit margin would also be low.

It was also found that 60% of the respondents have no intentions of finding sales agents in other countries and as many as 87% knew nothing about the trade relations mix. This implies that, elements in the trade relations mix like price policies, conditions of sales, territorial rights, spatial convenience and mutual services and responsibilities are not used in distribution; sales volume and profitability remain low.

The distribution of finished products to consumers is done through the use of wholesale and retail outlets located to be accessible to consumers. The large garment producers use this network of distribution to reach out to the entire nation.

For the numerous small producers, this distribution feature is missing. Sales are generally made to individual customers who need to get to the firm's premise. Sales outlets are opened only when a middleman expresses interest in the product.

Even though some small-scale producers in both the clothing and footwear sub-sectors are into export marketing, the scale of production is not large enough to make it economical to use sales representatives. Friends and relations are used as market mediums and therefore the indigenous Ghanaian producer captures a small share of the foreign market.

Table 8: PROMOTIONAL STRATEGY

QUESTIONS	YES		NO	
	Frequency	Percentage	Frequency	Percentage
Apart from the mass media and beauty pageants, do you do any different form of promotion?	10	33	20	67
Do you design your promotional message to target a particular group of people?	5	17	25	83
Is someone tasked to manage and co-ordinate your communication efforts?	4	13	26	87
Do you have a mechanism to measure the impact of your promotions?	0	0	30	100
Are there any scientific bases for selecting your communication channel?	0	0	30	100

Source: Author's field survey, 2001.

Promotional Strategy

Promotion is an important tool for the purpose of communicating to customers about the availability of the product and to persuade them to buy. It was revealed by Table 8 that majority of respondents (67%) used the mass media and beauty pageant to promote their product. The remaining 33% used other means in addition to the mass media and beauty pageants. Although promotion

is very important, only 13% of the respondents had someone specifically tasked to manage and co-ordinate it.

Even though, a lot is being done by way of promotional activities to unveil the enormous potential of Ghanaian products including products from the sub-sector, there still has not been a sales breakthrough on the local and international scene because producers depend on trade fares organized only once in the year to reach out to potential customers.

Dissemination of information on products is woefully inadequate and locations of industrial premise a problem to contend with. With the exception of the large – scale garment manufacturers who undertake mass media advertisement, and other forms of specialty adverts the small-scale firms do not. Their larger market shares of the local products' market evidence this. GTP has about 65% of the market, ATL has 18%, PRINTEX has 4-6%. The small- scale firms share the remaining 12% with imported clothing from other parts of the continents. It should be noted that the large – scale producers of textiles are partly foreign owned. Ghana shares these firms with the Dutch, Japanese and others. The indigenous businesses have the least share of the local market. The basic promotional avenue is by word of mouth through the reliance on the goodwill of existing customers.

Table 9: MARKET SEGMENTATIONING AND TARGETING

QUESTIONS	YES		NO	
	Frequency	Percentage	Frequency	Percentage
Have you consciously divided your customers into different groups for different service delivery.	5	17	25	83
Did you do any market survey to help in identifying different customers?	2	7	28	93
Have you designed special products for the groups?	2	7	28	93
Do you have just a single product for all your customers?	26	87	4	13
Do you appraise your customers' performance?	0	0	30	100

Source: Author's field survey, 2001

Market Segmentation and Targeting

The researcher considered it important to get some information on market segmentation and targeting practices of respondents. From table 8, only 17% of respondents have consciously divided their customers into different groups for marketing purposes. This implies that 83% have not designed special products for different customers, a single product is offered to all categories of customers. Customers who want special designs to suit special needs therefore turn to imported substitutes leading to the loss of revenue for local firms.

Table 10: PRODUCT POSITIONING

QUESTIONS	YES		NO	
	Freq.	Percentage	Freq.	Percentage
Have you made any attempt to clearly differentiate your products from your competitors?	5	17	25	83
Can you tell how different your competitors are from you?	10	33	20	67
Do you stress the uniqueness of your products in your promotions?	10	33	20	67
Have you tried to find out how your customers feel about your products?	0	0	30	100
Have you done anything to make your customers believe your firm/products are the best?	0	0	30	100

Source: Author's field survey, 2001

Product Positioning

Questions asked on product positioning revealed from Table 10 that 83% of respondents have not made any attempts to clearly differentiate their products from their competitors. 67% of respondents have also indicated that they did not stress the uniqueness of their products in their promotional efforts. It is worth noting that since producers have done nothing to make customers believe in their products, any aggressive persuasive promotional campaign would deprive them of a lot of sales and profits. There is the need for local manufacturers to engage in serious product positioning by emphasising the advantages of local products like friendliness to the tropical weather.

Performance indicators in the footwear industry is shown in table 11 and fig. 5

SOME PERFORMANCE INDICATORS IN THE FOOTWEAR SECTOR

TABLE 11: TREND IN NEW AND USED FOOTWEAR IMPORTATION

Years	New ('000,000)	Used ('000,000)	Total ('000,000)
'81	1.50	2.90	4.40
'83	1.60	3.20	4.80
'85	1.90	3.95	5.85
'87	2.70	4.80	7.50
'89	3.20	5.60	8.80
'91	3.60	6.48	10.08
'93	4.90	9.05	13.95
'95	6.48	12.20	18.68
'97	8.03	14.80	22.83
'99	9.60	17.28	26.88

Source: Author's field survey

Fig. 5

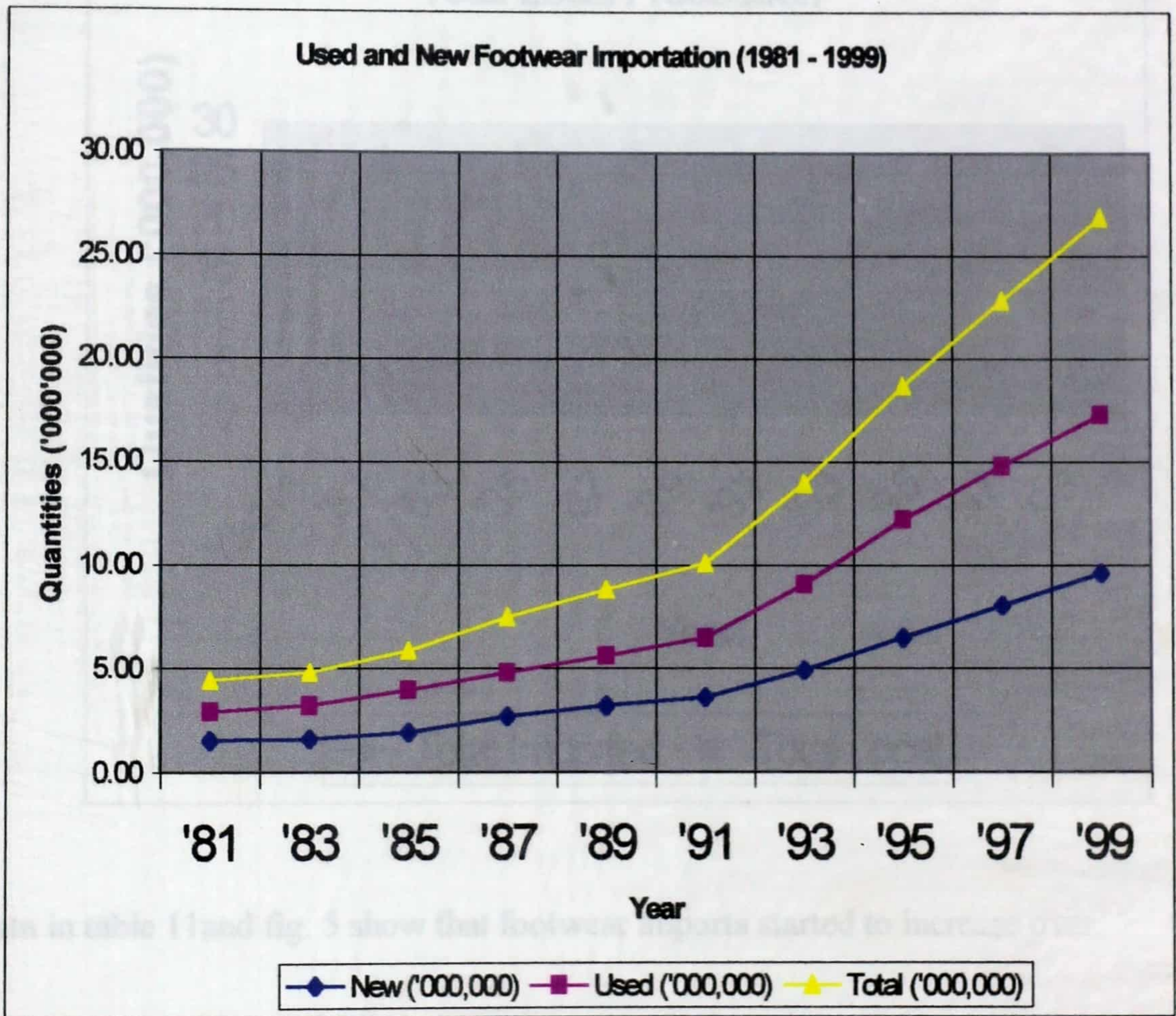
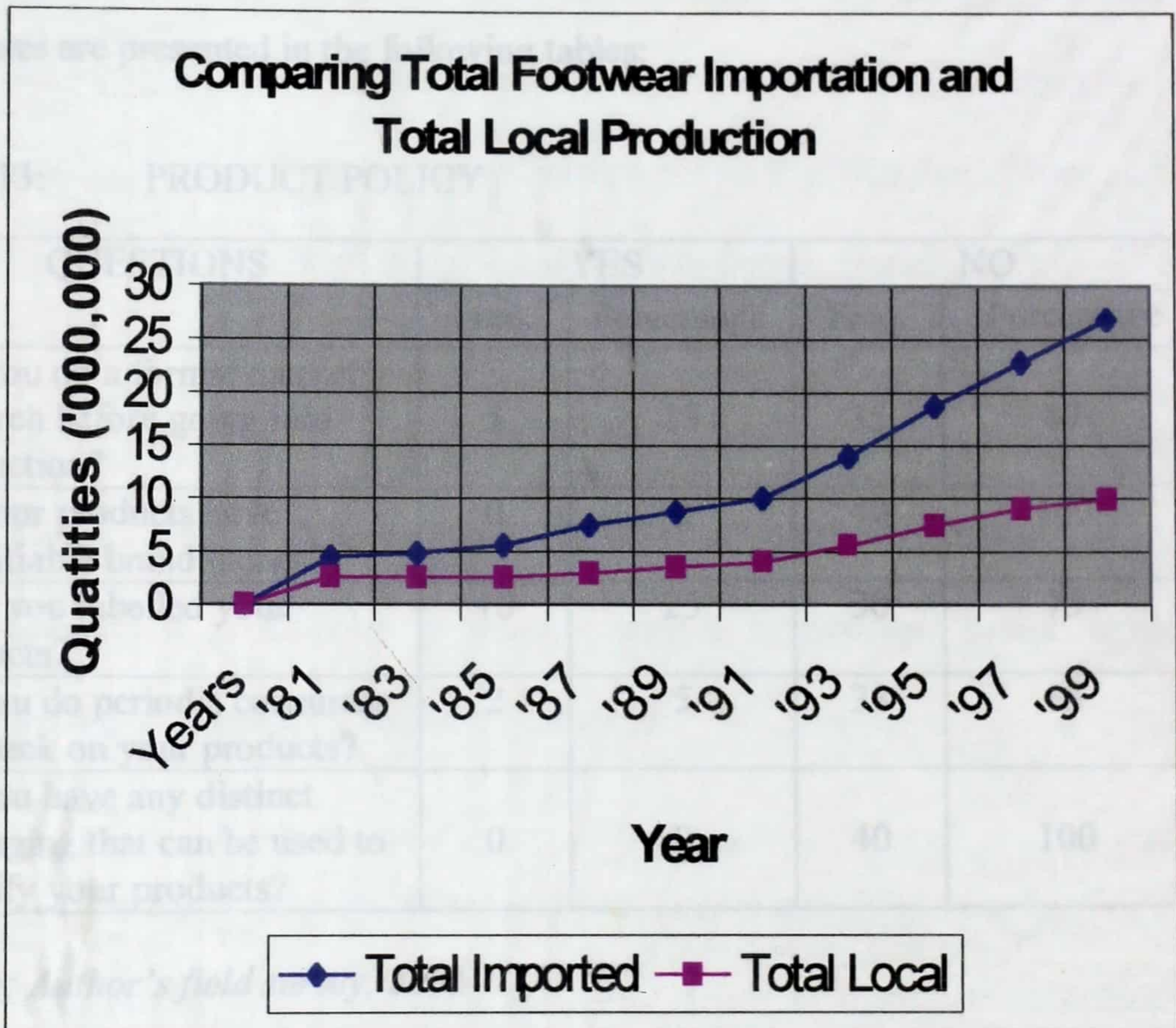


TABLE 12: COMPARISON OF FOOTWEAR IMPORTS AGAINST LOCAL PRODUCTION

Years	Total Imported ('000,000)	Total Local Production (000,000)
'81	4.40	2.64
'83	4.80	2.60
'85	5.58	2.58
'87	7.50	3.00
'89	8.80	3.50
'91	10.08	4.03
'93	13.95	5.58
'95	18.68	7.50
'97	22.83	9.03
'99	26.88	9.89

Source: Author's field survey

Fig. 6



The data in table 11 and fig. 5 show that footwear imports started to increase over

the local production from 1983 to date. Footwear import data was also tested. 99% acceptance level was achieved implying that, imports are going up at an increasing rate. A comparison between footwear importation and local footwear production indicates that, after trade liberalisation (from 1983 – 1999), importation has overtaken local production.

3.4 FOOTWEAR SECTOR

This section presents and analyses the use of marketing tools like the “4Ps”, segmentation, targeting and positioning, in the footwear sub-sector. The responses are presented in the following tables:

Table 13: PRODUCT POLICY

QUESTIONS	YES		NO	
	Freq.	Percentage	Freq.	Percentage
Did you do a formal market research before going into production?	5	13	35	87
Do your products have identifiable brand names?	0	0	40	100
Have you labelled your products?	10	25	30	75
Do you do periodic consumer feedback on your products?	2	5	38	95
Do you have any distinct packaging that can be used to identify your products?	0	0	40	100

Source: Author's field survey, 2001

Product Policy

From table 13, it came to light that only 13% of respondents undertook a proper market research before going into production. The remaining 87% did not do so. Therefore 87% of producers were not able to produce exactly what consumers want to meet their taste. Businesses in the sub-sector see the need for market research as a tool in investment decisions. Neither do these engage the services of research agencies or marketers to supply them with customer needs data that can be a good basis for product design. Decisions in investment are totally based on the intuitions and judgement of entrepreneurs. The basis for investment is mainly by intuitions of the business owners. Existing demand forms the only motivating factor for expansion, therefore creativity is minimal, product differentiation is quite low. Foreign producers who are daring and more productive use different designs and styles to delight customers.

According to this research all respondents do not have distinct packages that can be used to identify their products. Only 25% of respondents have labelled their products. It is difficult to attain customer loyalty and brand name advantage and it is very easy to loose customers.

From the same table, only 5% of respondents have a way of getting feedback on how customers feel about their products. There is therefore very little opportunity to address customer complaints and therefore dissatisfied

customers only change their purchasing patterns by turning to substitutes coming from other nations.

Table 14: PRICING POLICY

QUESTIONS	YES		NO	
	Freq.	Percentage	Freq.	Percentage
Do you consider income levels prevailing before you set the price of your commodities?	5	13	35	87
Have you done any studies to know the price sensitivity of your products?	0	0	40	40
Do your prices compete favourably with imported substitutes?	35	87	5	13
Would you say that the cost of capital greatly determine your commodity prices?	40	100	0	0
Would you say that your pricing objective is sustainability?	20	50	20	50

Source: Author's field survey, 2001

Pricing Policy

According to the results from table 14, only 13% of respondents considered the general income levels prevailing in the country before setting their price, the remaining 87% did not. No respondent has attempted to find out the price sensitivity of his or her products. The implication is that they cannot use price changes to adjust their sale volume or even manipulate demand and supply to increase their turnover.

All producers sampled in the footwear industry use cost of capital as their main variable in fixing price. Since cost of capital in the country is high, it has contributed to the non-competitiveness of local footwear, as scale of production is low. This has been confirmed by the responses of 87%.

Table 14: PROMOTIONAL STRATEGY

Table 15: DISTRIBUTION SYSTEMS

QUESTIONS	YES		NO	
	Freq.	Percentage	Freq.	Percentage
Do you have more than one sales/distribution outlet?	5	13	35	87
Do you have a planned distribution system?	5	15	35	87
Do you use your retail outlet/s to get some feedback from your customers?	0	0	40	100
Do you intend to find sales agents in other countries?	12	30	28	70
Do you know about the trade relations mix?	0	0	40	100

Source: Author's field survey, 2001

Distribution Systems

For any marketing venture to be successful, distribution also referred to as outreach has to be carefully planned. However, 87% of respondents had just one sales outlet and without any planned distribution system. The result was that, sales outreach was very low. This means that cash flow is restricted to limited sources and growth in profit would also follow a similar pattern.

It was also found that 70% of the respondents have no intentions of finding sales agents in other countries. All the respondents knew nothing about the trade relations mix. This implies that elements in the trade relations mix like

price policies, conditions of sales, territorial rights, spatial convenience and mutual services and responsibilities were not used in distribution; sales volume and profit cannot grow at an increasing rate.

Table 16: PROMOTIONAL STRATEGY

QUESTIONS	YES		NO	
	Freq.	Percentage	Freq.	Percentage
Apart from the mass media and beauty pageants, do you do any different form of promotion?	30	75	10	25
Do you design your promotional message to target a particular group of people?	5	13	35	87
Is someone tasked to manage and co-ordinate your communication efforts?	0	0	40	100
Do you have a mechanism to measure the impact of your promotions?	0	0	40	100
Are there any scientific bases for selecting your communication channel?	0	0	40	100

Source: Author's field survey, 2001

Promotional Strategy

Promotion is an important tool for the purpose of communicating to customers about the availability of the product and to persuade them to buy. Table 16 shows that minority of respondents (25%) used the mass media and beauty pageant to promote their product. The remaining 75% used other forms of promotion in addition to the mass media and beauty pageants. Although promotion is what gives direction to customers, none of the respondents had someone specifically tasked to manage and co-ordinate communication efforts. Therefore, one can infer that promotional activities were not done according to

a plan and cannot be evaluated. This was confirmed by the same table, which showed that all the respondents did not use any scientific basis for selecting communication channels. No mechanism has been adopted to measure the impact of their promotional activities. It can be concluded that, promotion has not been effectively used to increase market share.

Table 17: MARKET SEGMENTATION AND TARGETING

QUESTIONS	YES		NO	
	Freq.	Percentage	Freq.	Percentage
Have you consciously divided your customers into different groups for different treatment and services?	5	13	25	87
Did you do any market survey to help in identifying different customers?	2	5	38	95
Have you designed special products for the groups?	2	5	38	95
Do you have just a single product for all your customers?	36	90	4	10
Do you appraise your customers' performance?	0	0	40	100

Source: Author's field survey, 2001

Market Segmentation and Targeting

The importance of segmentation and targeting compelled the researcher to get some information on the subject. From table 17, only 13% of respondents have consciously divided their customers into homogeneous groups for marketing purposes. This implies that 87% have not created any niche in the market. A single product is offered to all categories of customers. Customers who want special designs to suit special needs therefore turn to imported substitutes leading to the loss of revenue for local firms.

Table 18: PRODUCT POSITIONING

QUESTIONS	YES		NO	
	Freq.	Percentage	Freq.	Percentage
Have you made any attempt to clearly differentiate your products from your competitors'?	0	0	40	100
Can you tell how different your competitors are from you?	40	100	0	0
Do you stress the uniqueness of your products in your promotions?	10	25	30	75
Have you tried to find out how your customers feel about your products?	0	0	40	100
Have you done anything to make your customers believe your firm's products are the best?	0	0	40	100

Source: Author's field survey, 2001

Product Positioning

It was revealed from Table 18 that all the respondents have not made any attempts to clearly differentiate their products from their competitors. 75% of respondents have also indicated that they did not stress any unique attributes of their products in their promotional efforts. It is worth noting that since producers have done nothing special to make customers desire their products, any aggressive persuasive promotional campaign from foreign producers would deprive them of a lot of sales and profits.

3.5 COMMON PROBLEMS CONFRONTING THE CLOTHING AND FOOTWEAR INDUSTRIES

Besides the use of a structured questionnaire, interviews were also conducted to identify common problems encountered by producers in the sub-sector. The

major problems facing the clothing and the footwear industries in Ghana have been found to be under the following categories: -

TECHNOLOGICAL

The majority of businesses in the area of study lack modern machinery needed in modern shoe design. The bulk of shoes produced in Ghana do not conform to international quality standards. The majority of producers especially in Ashanti still use out-of-date tools, poorly treated leather and accessories in shoe manufacturing. The uses of inferior glue, paper instead of lining, lining in place of leather are some of the contributive factors to shoddy footwear products in Ghana. The textiles especially apparel makers do not have specialised machinery needed to ensure the finishing that is comparable to "already made" clothing. The only textiles that are produced locally, the garment/tie and dye are poorly produced and fade out after a few washing. Durability is compromised sometimes.

Apart from these problems managerial skills of entrepreneurs and technical know-how is another problem as traditional methods are still being used. The use of the hand sewing machine, traditional looms for weaving; manual dye application and manual stamping in cloth design are some of the problems at hand. Products are therefore very difficult to replicate and produce on an economic scale. There is very little innovation and originality as piracy is the order of the day. The locally made designs are very identical in style and

colour; product differentiations are not common as market surveys to identify latent demand are almost non-existent.

FINANCIAL

The fundamental source of financial problems faced by local manufacturing concerns including the clothing and footwear is the high interest rate and the fallen value of the cedi. Commercial lending rate that is in the neighbourhood of 50% is considered too prohibitive; so many businesses sampled confessed staying away as such rates would make their products highly uncompetitive. Personal savings, (often inadequate) is the major source of funding these small - scale businesses. Concessionary borrowing from national agencies of between 5 - 20% per annum is out of the reach of most enterprises because demand far exceeds the supply of funds available. The demand for collateral as a guarantee against credit default also scares away many entrepreneurs. This has resulted in low scale production leading to high per unit cost. Local textiles and footwear are not price competitive on the market.

ATTITUDINAL

There are serious human relations problems in the clothing and footwear sub-sectors. Industrial unrest resulting from staff and management disputes has lead to strike actions and the loss of productivity. The newly refurbished GIHOC Shoe Factory closed down in the early 1990's because of poor industrial relations. There has been a lot of civil unrest especially in the

textiles/garment manufacturing industries in the last three years. Employer-employee discontent has generated a lot of strike actions and the ultimate closure of one textile firm (GTMC) in the early months of year 2001.

In the footwear industry, the lukewarm attitude of employees is also a bone of contention. Apprentices are said to be graduating as and when they acquire a little skill. This trend of event has been blamed on the desire to reap the return on investment made on trainees by their parents/guardians and the desire of trainees to quickly enter into commercial activities and earn some income to alleviate domestic financial problems.

A major blow to the sub-sector as far as the environment is concern is the negative perception that made in Ghana products are of poor quality. The prejudice, though sometimes very true, has affected purchasing decisions so much so that consumers are repelled as soon as they see that the footwear was produced locally. This problem is not very serious with garment as the products are graded according to their quality and consumers pay for products in accordance with their stipulated qualities.

MARKETING

One issue of concern to all entrepreneurs in the sub-sector is the mass influx of second hand and new clothing and footwear into the country. Importation of new and used clothing and footwear from Thailand, Taiwan, China, Italy,

Germany, London, USA, etc is a big disincentive to investments as these products are cheaply produced and dumped in Ghana. Local ware cannot compete with these items in terms of price and product characteristics. Poverty has caused a lot of Ghanaians to shift to the purchases of used clothing and footwear as these are much more affordable. Excessive liberalisation of trade has enticed a lot of footwear producers to abandon the manufacturing sector to enter into commercial importation of footwear as it sells faster and more convenient compared to the processes one has to go through to manufacture. Since the market share of second hand clothing has been estimated at about 60% and footwear as high as 80%, the market share of their local substitutes are small, per unit costs are high and they are price uncompetitive. Dumping of foreign goods does not stimulate innovation but rather kills local business initiatives.

GOVERNMENT POLICY ON TAXATION

Another marketing problem is the very poor distribution outlet of local enterprises in the sub-sector. Apart from the large-scale garment producers that distribute their products nation-wide, the numerous small and micro firms whose composite output could be a disincentive to importation are so poorly distributed. Distribution has not been embraced as one of the tools of marketing. Products of these micro/small businesses are seldom found in areas far remote from their production areas; new/potential buyers are not sought to increase sales.

The use of labels and sizes to facilitate consumer choice and purchasing is lacking in the small clothing production firms. Packaging is done inefficiently. Although some locally made shoes have labels, survey conducted revealed that producers are sceptical about labelling them as products made in Ghana. Labels like made in Italy are rather used to deceive the buyers because of the perception that made in Ghana shoes are inferior. Apart from the few large-scale joint-venture garment producers in the Accra -Tema metropolitan area, the numerous small-scale producers in both textiles and footwear businesses do not have any quality standards to conform to. Each producer is at liberty to use whatever material deemed fit, available and cheap to give the highest return on investment. Finished products are also not graded for buyers to make informed choices.

GOVERNMENT POLICY ON TAXATION

The basic raw materials (cotton and leather) are imported and also costly due to the unfavourable exchange rate, high import duties, and value-added tax. The total minimum tax paid by producers is about 37%, (12.5%VAT + 25% import duty). Manufacturers find it difficult to reduce prices to compete with imported products considering the high cost of capital and the over dependence on imported raw materials. Foreign goods are made with conventional and other types of raw materials like the synthetics, hybrid cotton and leather but are still cheaper substitutes. There has not been any effort to develop hybrids or new types of inputs locally to cut down prices.

CHAPTER FOUR

CONCLUSION, SUMMARY AND RECOMMENDATION

4.1 CONCLUSION

Despite the good intentions and advantages associated with the trade liberalisation concept, the influx of new and used clothing and footwear seem to threaten the survival of Ghana's clothing and footwear industries.

Objectives were set out to assess the impact of trade liberalisation on the sub-sector, find problems militating against the growth and survival of the industries and make some suggestions to bring about some improvement.

The main methods of data collection used for this study are questionnaire administration and the conducting of interviews.

In view of the findings, here are some feasible recommendations to improve the production and marketing of local clothing and footwear;

4.2 SUMMARY OF MAJOR FINDINGS

The following are the major findings:

- There are production bottlenecks like inferior quality products, poor finishing and packaging

- There are also managerial problems like poor use of marketing tools and high product prices.
- Raw material (like leather and cotton) are in short supply.
- Again, there is the payment of high import duties on raw materials.
- The production of some substandard goods has generated real and prejudiced attitude towards the purchase of made in Ghana goods.
- The negative perception (real and imagined) towards made in Ghana goods.

4.3 RECOMMENDATIONS

After carefully studying the Ghanaian clothing and footwear sub-sectors, the following recommendations have been made to improve the sub-sector's worth. These feasible solutions to problems identified are meant for the use of all stakeholders concerned.

As part of Ghana's developmental strategies, the researcher is proposing that the sub-sector be helped to manage its numerous challenges. This can help increase employment, generate tax revenue for capital expenditure, reduce importation, impact positively on the nation's balance of trade and improve the general fiscal situation. The proper development and successful operation of the sub-sector can help instil local confidence in local industrial produce.

Another benefit would be an enhanced nationalistic tendency like that which has helped in the high national patronage of Japanese products. Nationalism can also help to move Ghana from a developing economy to one of a middle-income country.

Raw Material Supply

The basic problem of the footwear firms in Ghana is the lack of a tannery to supply the needed raw material. The researcher is therefore suggesting to policy makers and the government to revive the existing but non - functioning tannery to help reduce the total dependence of the sub-sector on imported materials. The large number of leather products manufactured all over the country especially in Ashanti and the Northern regions would serve as a market for the tannery.

The use of hides and skins for food should be discouraged through mass education of the populace on the effects it is likely to have on footwear that everyone uses.

The abattoirs in the country should be linked to this tannery so that materials are supplied through a forward linkage.

In the long term, local entrepreneurs should be encouraged to go into animal farming for hides to add to that supplied by the abattoirs. Crossbreeding between local and foreign livestock to produce high yielding and early maturing breeds is important to enhance the supply of skins for processing into leather. This would have the effect of reducing the cost of the main input (leather) in the footwear, which would make firms more likely to produce competitive and affordable products.

The producers in the textiles industry who have to rely on imported dyes in their production process can encourage the Industrial Research Institute of the Center for Scientific and Industrial Research CSIR and the Chemical Engineering Department of KNUST to research into the extraction of dyes from the forest resources to reduce the cost of their raw materials.

A change in the dress sense of Ghanaians can be started through the use of cotton fabric in making uniforms for workers in the formal sector. This will spill over to those in the informal sector. State dignitaries should set an example by using the cotton fabrics for decorations and apparel at important functions.

Health talks on the advantages of the use of natural fabrics on the skin like cotton in our tropical weather and health hazards pose to the skin through the use of synthetic materials should be given some focus through the mass education.

Quality Assurance

There should also be a trade policy to specify that not less than 95% of all fabrics entering the nation should be made of degradable material to safeguard the health and the environment of the nation.

Capacity Building

The bulk of these footwear manufacturers are people with low levels of education, low social and business aspirations and therefore satisfied with doing business just to keep body and soul together. An association of these producers is at the embryo stage and should be used to organise the producers and channel them for workshops and seminars on business planning, credit schemes, packaging and marketing by bodies like NBSSI, EMPRETEC Foundation and others involved in business advisory, training and credit services.

The intermediate transfer units established throughout the country must also be challenged to assist with training programs and short courses that aim at sharpening the technical skills needed in footwear production like technical drawing, designing, measurement. The Ministry of Trade and Industry should take up this challenge and co-ordinate this business of capacity building.

Quality Assurance

It is generally accepted that a lot of producers of "made in Ghana footwear" produce shoddy goods. This is the main reason why their products are not patronised. After being trained on quality improvement, the Ghana standards Board must require that all producers label their products so that customer complaints can be directed to the appropriate firms concerned for redress. The Board should also conduct random checks periodically to rid the market of

shoddy goods. Once Ghanaians are sure of what they are buying, the lost confidence in the products would be restored. Local patronage is likely to increase.

Data Processing

Another very important issue worthy of consideration is data acquisition. There is virtually no data on production volume, and market organisation. There is an urgent need for the AGI and the MOTI to collaborate and undertake a massive registration exercise of all business in the sub-sector. The second step is for the MOTI to collect data by liaising with CEPS to supply the data on inflows and outflows within the industry.

The Statistical Services should also be requested to support the program with compiling and making available data on production within the sub-sector to MOTI. This information would provide the database for studies, again processed, analysed and used to evolve working documents that would facilitate and improve the performance of the sub-sector.

Code of Conduct

There is the need for the AGI to be empowered to act in consultation with her members to set a code of conduct to guide the performance of members. This should include the minimum length of period that an average trainee is expected to graduate through the apprenticeship system. This would ensure

that people stay in training for an acceptable length of time before breaking off to work on their own.

Again the minimum hours for effective training per day must be specified and communicated to all trainees to keep apprentice enslavement to the barest minimum.

Obviously the implementation of this point demands effective project visits and monitoring by the apex body responsible for the design of the document to ensure compliance. Sanctions or punitive measures should be taken against offenders.

There is the need for the Government to take measures to reduce the prohibitive

Certification

As part of measures to ensure that products from the sub-sector conform to a certain standard, the efforts of the Standards Board can be complemented with a practical examination for trainees. The Ministry of Education and WAEC can be approached to assist in the examination design in form and content. The content should border on product finishing, design and quality. Unsuccessful candidates should not be certified unless they undertake further training to improve upon their skills.

Government Policy

The Ghanaian economy has been over liberalised. Items that are readily available are still being imported in very large quantities into the country. There is the need for the Government to tighten or adopt a more protectionist

policy so that items that are being produced locally are imported just to augment the imbalance that may exist between demand and supply. Foreign exchange earned through exports from the country is saved in foreign banks outside the country. This deprives the nation of her foreign currency supply. There should be a government policy to specify a certain percentage that must be brought back into the country to help support the importation of machinery and other critical supplies.

Capital

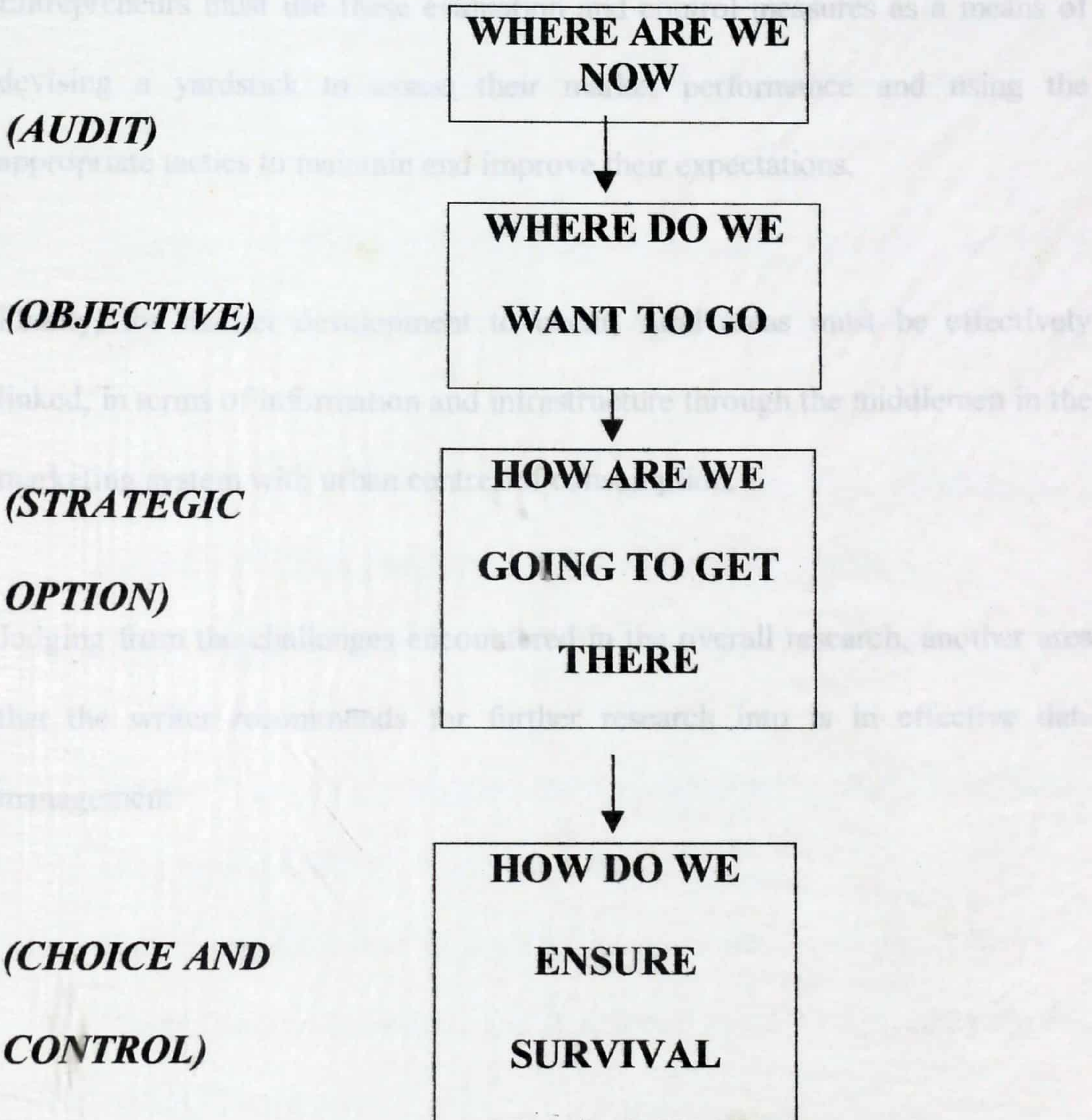
There is the need for the Government to take measure to reduce the prohibitive interest charges on loans from the financial institutions. In Ghana industries are borrowing at about 50% and can therefore not produce products that can compete with product from abroad that are produced at a capital cost of about 5%. If Government can balance her budget and drastically reduce her purchases of treasury bills, the financial institutions would be compelled to lend their capital mobilisations to the business community. Individuals would also have to direct their savings into equity shares at the stock exchange to provide long-term capital to industries. The net effect of this would be low cost of capital, low production cost of firms in general, affordability of products and increased competitive advantage on the market.

Marketing

Production is considered incomplete unless stocks are disposed off to the final consumer. As the customers' taste and preference is getting increasingly sophisticated, marketing has assumed greater role in the success of any commercial venture. In this light, it is being recommended that marketing should not be limited to media advertising but must include quality, packaging and innovative uses of products. The textiles industry has started marketing along the innovative product usage and design lines and is yielding positive results. The producers, to be able to penetrate into the foreign dominated footwear market should use innovations in footwear designs that are suitable to the local terrain, culture and weather etc. Segmenting the market into homogeneous groups, targeting profitable groups chosen and concentrating on them through total quality management must stimulate demand. Again, market research should be used as a tool in identifying not only existing but latent and incipient demand so that firms can plan ahead of time to satisfy future needs and even the present that have not yet been identified. There is also the need for producers not to just concentrate on competitive products, as these are products already on the market with their consumer loyalties well established. Improved products, if not breakthroughs should be an objective of firms in the sub-sector. Existing products should be critically examined and improved upon to suit the local culture, weather, terrain etc. Improved products would have a niche in the market. Consumer and retail panels are avenues through which producers can monitor consumer purchases and get to know how long it takes

to dispose off stocks at a retail outlet. These forms of marketing information help in addressing customer concerns and effect any necessary product modification. This mode of market research is inexpensive and incorporates customer care.

Evaluation and Control



Control measures involve the following: -

1. Setting standards on quantity, quality, cost and taking corrective measures if there are any deviations.
2. Performance measurement where regular auditing of products and markets is done.
3. Performance diagnosis needs to be done to identify variances from the standards and corrective measures taken as and when necessary.

Entrepreneurs must use these evaluation and control measures as a means of devising a yardstick to assess their market performance and using the appropriate tactics to maintain and improve their expectations.

Finally, for market development to occur, rural areas must be effectively linked, in terms of information and infrastructure through the middlemen in the marketing system with urban centres of consumption.

Judging from the challenges encountered in the overall research, another area that the writer recommends for further research into is in effective data management

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APPENDICES

APPENDIX I

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APPENDICES

APPENDIX 1

QUESTIONNAIRE FOR THE CLOTHING AND FOOTWEAR INDUSTRIES.

PREAMBLE

The aim of this questionnaire is to find out the level of use of marketing tools in the clothing and footwear industries. This exercise is purely for academic purposes and respondent anonymity is guaranteed. Thank you in advance for your time.

Please tick the appropriate answer and offer explanations where necessary.

1. Did you do a formal market research before going into production? Yes/No

Explain.....

2. Have you labelled your products? Yes/No

Explain.....

3. Do you do periodic consumer feedback on your products? Yes/No

Explain.....

4. Do you have any distinct packaging that can be used to identify your products?

Yes/No

Explain.....

5. Do you consider income levels prevailing before you set the price of your commodities? Yes/No

Explain.....

15. Apart from the mass media and beauty pageants, do you do any different form

6. Have you done any studies to know the price sensitivity of your products?

Yes/No

16. Explain.....

7. Do your prices compete favourably with imported substitutes? Yes/No

Explain.....

8. Would you say that the cost of capital greatly determine your commodity prices? Yes/No

Explain.....

9. Would you say that your pricing objective is sustainability? Yes/No

Explain.....

10. Do you have more than one sales/distribution outlet? Yes/No

Explain.....

11. Do you have a planned distribution system? Yes/No

Explain.....

12. Do you use your retail outlet/s to get some feedback from your customers?

Yes/No

21. Do you have just a single product for all your customers? Yes/No

Explain.....

13. Do you intend to find sales agents in other countries? Yes/No

Explain.....

14. Do you know about the trade relations mix? Yes/No

Explain.....

22. Do you have a mechanism to measure the impact of your promotions? Yes/No

15. Apart from the mass media and beauty pageants, do you do any different form of promotion? Yes/No

Explain.....

16. Do you design your promotional message to target a particular group of people? Yes/No

Explain.....

17. Have you consciously divided your customers into different groups for different products and services? Yes/No

Explain.....

18. Is someone tasked to co-ordinate your communications effort?

Yes/No

Explain.....

19. Did you do any market survey to help in identifying different customers?

Yes/No

Explain.....

20. Have you designed special products for the groups? Yes/No

Explain.....

21. Do you have just a single product for all your customers? Yes/No

Explain.....

22. Have you done anything to clearly differentiate your products from that of your competitors? Yes/No

Explain.....

22. Do you have a mechanism to measure the impact of your promotions? Yes/No

APPENDIX 2
Explain.....

23. Are there any scientific basis for selecting for selecting your communication

Channel? Yes/No

USERS.

PREA Explain.....

The aim of this questionnaire is to find out your general perception of locally manufactured clothing and footwear and any changes you would like to see in the industries. This exercise is purely for academic purposes and respondent anonymity is

**INTERVIEW QUESTIONS FOR THE CLOTHING AND FOOTWEAR
USERS.**

PREAMBLE

The aim of this questionnaire is to find out your general perception of locally manufactured clothing and footwear and any changes you would like to see in the industries. This exercise is purely for academic purposes and respondent anonymity is guaranteed. Thank you in advance for your time.

1. Do you patronise made in Ghana footwear and clothing? Yes/No
Explain

2. What percentage your footwear and clothing are locally manufactured?
Explain

3. Do you pay attention to brand names when buying these items. Yes/No

4. To what extent does packaging influence your purchasing decision?

5. Does promotion influence your choice of particular brand? Yes/No
Explain

6. Does price influence your choice of these items? Yes/No

Explain

7. What general impression do you have about second-hand clothing and footwear?

8. What is your general impression about made in Ghana goods?

9. What three things would you like the local manufactures to change?

Export performance for Kente in metric tons

One-Sample Test

Test Value = 0						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Export performance for Kente in metric tons	2.219	5	.077	220968.580	-35038.82	476975.98

Export performance for Batick and Tie & Dye in metric tons

One-Sample Test

Test Value = 0						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Export performance for Batick and Tie & Dye in metric tons	1.279	5	.257	265823.943	-268315.8	799963.71

Export performance for Garments in metric tons

One-Sample Test

Test Value = 0						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Export performance for Garments in metric tons	1.044	5	.344	46183925.2	-67569919	1.60E+08

Cotton clothing production

One-Sample Test

Test Value = 0						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Cotton clothing production	10.862	6	.000	30.8857	23.9277	37.8437

Clothing importation in cubic meters

One-Sample Test

Test Value = 0						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Clothing importation in cubic meters	11.513	9	.000	66461.4000	53402.921	79519.879

Footwear importation in million

One-Sample Test

Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference
					Lower Upper
Footwear importation in million	4.930	9	.001	12.3770	6.6975 18.0565

COMPARING TOTAL FOOTWEAR IMPORTATION AND TOTAL LOCAL PRODUCTION

Paired Samples Statistics

Pair	Mean	N	Std. Deviation	Std. Error Mean
Footwear importation in million	12.3770	10	7.9394	2.5107
Local footwear production	4.9350	10	2.6309	.8320

Paired Samples Correlations

Pair	N	Correlation	Sig.
Footwear importation in million & Local footwear production	10	.986	.000

Paired Samples Test

Pair	Paired Differences							
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
				Lower	Upper			
Footwear importation in million - Local footwear production	7.4420	5.3631	1.6960	3.6054	11.2786	4.388	9	.002