



ASHESI UNIVERSITY COLLEGE

THE IMPACT OF IMPORTED CHINESE TEXTILES ON GHANAIAN  
LOCAL PRODUCERS

FAUZIYA YEN ANAFO

12<sup>TH</sup> April 2015



ASHESI UNIVERSITY COLLEGE

THE IMPACT OF THE IMPORTATION OF CHINESE TEXTILES ON GHANAIAN  
LOCAL PRODUCERS

BY

FAUZIYA YEN ANAFO

THESIS SUBMITTED TO THE DEPARTMENT OF BUSINESS ADMINISTRATION,  
ASHESI UNIVERSITY COLLEGE

IN PARTIAL FULFILMENT OF THE REQUIREMENT OF THE AWARD OF  
BACHELOR OF SCIENCE DEGREE IN BUSINESS ADMINISTRATION

APRIL 2015

DECLARATION

I hereby declare that this thesis is a result of my own work and that no part of it has been presented to another university or elsewhere

Candidates name:.....

Candidates Signature:.....

I hereby declare that the preparation and presentation of the thesis were supervised in accordance with the guidelines on supervision of thesis laid down by Ashesi University College.

Supervisor's signature:.....

Supervisor's name:.....

Date:.....

## **ACKNOWLEDGEMENT**

I would like to recognize Allah for supporting and guiding me through my thesis. I would also like to thank, my supervisor Dr. Edgar Cooke for his sacrifice, time and dedication that has contributed to the success of this thesis. I would also like to thank Ghana Textile Print, Akosombo Textile Limited and Printex Ghana for allowing me to do my interviews and giving me very relevant information.

To my family, particularly my mother and father, Mrs. Janet Anafo and Mr. Peter Anafo for praying and supporting me and giving me the courage to embark on this journey. My sibling Abu Zeid Yen Anafo has also been very supportive and I appreciate it .I would also like to thank my good friends Estalynn Betty Achiampong, Priscilla Tabi, Crystal Boateng, Karen Odotei, Cleopatra Maddy and Maame Antwi Larbi for praying and giving me constructive feedbacks. I really appreciate the help of all the supervisors who dedicated their time to give periodic sessions and also to Theresa for making this possible.

Finally to Mr. Ampofo Darkwa for helping me refine and build ideas for this thesis. I appreciate everyone's effort to get me this far

## ABSTRACT

Textiles in Ghana are a way of communicating our history. They do not only emphasize our cultural roots but also employs workers in the country. The textile industry is currently losing its market share to importation from other countries and the imitation of textiles. It used to employ about 25000 labor force in 1975 and as at 2005; it only employed 5000 labor force. As such the study investigated into the factors that have caused the decline in market share of local companies. Based on literature reviewed, the imitation of textiles have contributed to the closure of many textile companies, hence the study investigated into how the imitation of local textiles have affected the local companies, the factors that have caused the decline of the market share of local companies then finally looked at the measures that have been put in place by these companies to address these issues. The study looked at three major companies namely Ghana Textile Print, Akosombo Textile Limited and Printex Ghana based on criteria selected by the researcher. The perspective of 32 consumers and 30 traders were also addressed to understand the perspective of the end user. Secondary data from articles and journals guided the researcher in the methodology and data analysis

The conclusion made based on data findings showed that contrary to literature reviewed, there are other major factors aside the imitation of textiles has caused the decline of market share of textile companies. Some factors mentioned cost of production, taxes, government policies and the trade liberalization policy of Ghana. The recommendations made are that the government has to restructure policies to help the local industries as well as provide support with cost of utilities and reduces taxes imposed on raw materials used for production.

Keywords: Textile China Competition Imitation

## Contents

ACKNOWLEDGEMENT .....	4
ABSTRACT .....	5
CHAPTER ONE: INTRODUCTION.....	7
1.1 The History of Textiles in Ghana.....	7
1.2 PROBLEM STATEMENT .....	11
1.3 Research question.....	13
1.4 Research objective .....	13
1.4 Relevance of the Study.....	14
1.5 Theoretical Framework .....	15
1.6 Outline of Dissertation .....	16
CHAPTER 2: LITERATURE REVIEW .....	17
2.1 China Africa Relations .....	17
2.2 TEXTILE INDUSTRY .....	20
CHAPTER THREE: METHODOLOGY .....	24
3.1 RESEARCH DESIGN .....	24
3.2 SAMPLING TECHNIQUE .....	25
3.3 SOURCES OF DATA COLLECTION.....	27
3.4 DATA ANALYSIS.....	28
CHAPTER FOUR: DATA FINDINGS AND ANALYSIS .....	29
4.1 Findings from Consumer .....	29
4.2 Findings from Traders.....	31
Consumer Preference (Demand).....	32
4.3 Discussion of findings .....	34
4.4 Findings from local companies .....	35
CHAPTER 5: CONCLUSION AND RECOMMENDATIONS .....	44
5.1 CONCLUSION.....	44
Recommendations.....	46
5.3 LIMITATIONS .....	48
BIBLIOGRAPHY .....	49

## CHAPTER ONE: INTRODUCTION

### 1.1 The History of Textiles in Ghana

Not only do Ghanaian textiles have beautiful patterns but they also reveal the country's cultures. Most of the textiles have printed designs that have significant meaning to the Ghanaian society, some are proverbs, and others also reinforce the cultural roots of Ghana. From African Growth Opportunity Act exports, the textile sector is one of the major sources of revenue and foreign exchange to the Ghanaian economy because of its unique value and significance. (<http://www.agoa.info>). Ghanaian textiles communicate on all levels through their bold designs, off beat rhythms and motifs. Textiles in Ghana constitute arts that achieve many more things than provide a covering for the individual; it is a way of telling the evolution of the Ghanaian story. Just like in every other part of the world, cloths and textiles are a very important factor in our everyday life (The History of Textiles in Ghana, The Akan Background)

There are many stories about the history of textiles in Ghana. The discovery of textiles can be traced from many centuries ago where they could be found in various parts of Ghana. The materials that were being used to cover up were called the fotor. It is a wide shaped leaf that helps in covering up. It was usually preserved to cover adults and adolescents. A cloth which was discovered is the bark of a tree called kyenkyen tree by the Asante. The bark of the tree was removed and beaten to obtain a textile like material.

Ghanaian textiles can be identified into broad categories such as

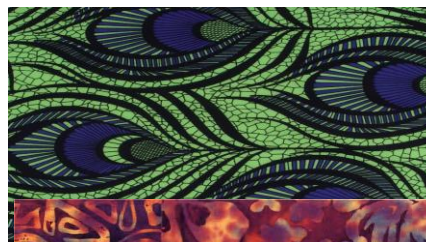
- The hand woven traditional textiles (kente)



- Hand printed traditional cloth (adinkra)



- Machine printed fabrics



- Wax resist local fabrics example Batik



*Figure 1.1*

### Economic Advantages of the Textile Industry

The textile industry is very important for countries in terms of trade, Gross Domestic Product and employment. It also provides opportunity for export diversification and expansion of manufactured exports for low income countries that can exploit their labour cost advantages and fill emerging niches and meet buyer demands. The



textile industry is a dominant source of export and foreign exchange in several developing countries. Low income and developing countries such as Cambodia and Bangladesh depend on the textile and clothing industry for more than 50% of the total manufacturing exports. In Cambodia, it contributes to 80%, while in Bangladesh; it contributes 83.5% (Velde, 2008).

Mauritius diversified from the production of sugar to the production of textiles and clothing in the 1980s. The textile industry still generated around 19% of manufacturing value added, indirect employment for about 250,000 people and direct employment for about 78,000 people. However the total manufacturing is declining due to competition from China (Velde, 2008).

In Ghana, textiles are used for making cloth which is worn to various ceremonies such as funerals, naming ceremonies, engagement ceremonies, church services as well as official functions. Textile exports in Ghana in the year 1992 generated \$27.2 million, and then increased to 179.7 million in 1994 but revenue from exports declined consistently. Ghana qualified for African and Growth and Opportunity Act (AGOA) in 2000 and exports of Ghanaian textile and apparel to the US market summed up to \$550,000 in 2002, \$4.5 million in 2003 and \$7.4 million in 2004, however imports of US textiles and apparels were \$8.87million, \$12.73million and 11.48million respectively (Quartey, 2006).

### Overview of the textile Industry of Ghana

Industrial development has been assumed to be one of the main factors that have lead to sustainable growth; as such most African countries are focusing on the development of the industrial sector (Quartey, 2006). In the late 1970s, Ghana was keen on improving upon its manufacturing sector. The textile industry contributed significantly in improving the livelihood of Ghanaians. The textile industry employed about 25,000 labor forces and contributed to 27% of total manufacturing employment in 1997 (Quartey, 2006)

The four major textile companies which are Akosombo Textile limited, Texstyle Ghana, Printex Ghana Limited and Ghana Textile Manufacturing Company now employs 2961 persons (Quartey, 2006).

Table 1.2 Employments within the Textile Industry

Year	1975	1995	2000
Output (million yards)	129	46	65
Employment	25000	7000	5000

Ministry of Trade and Industry, November 2002(Friedrich-Ebert-Stiftung, 2006)

*Table 1.2*

A survey conducted in Accra and Tema by Quartey and Abor (2006) in *Table 1.1*, indicated that, there has been a reduction in the manufacture and sales of Ghanaian textiles. Most of them attributed this fall to low demand, high production cost and competition from other countries. The conclusion from this research is that consumers prefer imported goods to locally produced goods because the designs are newer they are relatively cheaper and have a glossier look.

### The Role of the Chinese in the Textile Industry of Ghana

The growing role of China in Africa has sparked a lot of concerns from local manufacturers and the media. Some of the concerns are that the cheap products imported in the country are creating unemployment for local producers as mentioned earlier (Adadevoh, 2006). Textiles that are imported into the country carry the same designs and make it impossible to tell the difference except the price difference. It is the fear of traders that the Chinese African textiles are more demanded than the locally produced textiles in the Ghanaian market. At the moment, Akosombo Textile Limited is the only company functioning amongst many textile companies. Apart from Akosombo Textile Limited, the other textile companies such as Ghana Textile Manufacturing Company and Printex have shut down their spinning and weaving departments the spinning and weaving departments employed majority of the labor in

the industry (Eyiah, 2013). Due to the low demand for local prints, local textile companies have started selling wax prints from china because it is far cheaper to sell than produce them. Stakeholders made efforts to revitalize the textile and garment industry but it was not proving successful due to the rapid flow in the sale of fake logos and designs of Chinese textile firms on the market. (Eyiah, 2013)

According to members of Textile, Garment and Leather Union (TEGLEU), the problems that were causing the decline in Ghana's textile industry still persisted since it is hard to compete with the Chinese African prints. The support needed by the local industry players is not available as so workers will have to be laid off (Eyiah, 2013)

## 1.2 PROBLEM STATEMENT

The textile industry which used to be leading in Ghana's industrial sector has seen a drastic decline over the years. From *table 1.2*, it is noted that the 25000 workers employed in 1975 had been reduced to 5000 as at 2005. Import of textile prints from China has gradually taken over the Ghanaian textile market .Akosombo Textile Limited, a leading company is collapsing because of the cheap imports from mainly china and other countries("Private Enterprise Federation," 2014).

The counterfeit of Ghanaian textiles has posed a lot of threats to manufactures' as well as workers. According to Quartey (2010), the increase in the imitation of the Ghanaian print has resulted in the low demand for locally produced prints because of the difference in prices. According to Quartey (2010), in 1975, 25000 workers were directly employed by the textile industry, this had reduced by 15000 in the mid 2000's and even a further reduction to 2000 in recent years. Laying off more than 50% of a workforce can cause a long term as well as short term effects on the economy. It can cause unemployment which has effects on the economy such as loss of earnings to the unemployed. Tax revenue will fall because there are less people paying income tax and VAT. Unemployment will also cause an increase in social problems like crime and vandalism (Pettinger, 2012). Even though according to the government, focus

will be placed on producing more of our local goods, the worth of imports of fabrics is increasing significantly as seen in the table below.

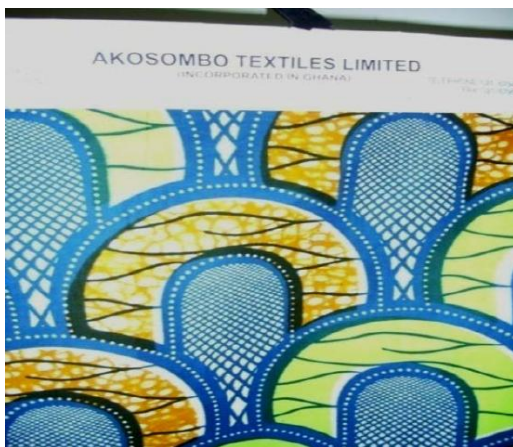
Value of imported fabrics versus the years (*Table 1.3*)

Year	Worth of imported fabrics
1992	\$35000000
1998	\$57000000
First half of 1999	\$42000000

(MOTI, 2002 as cited by Quartey 2010)

The increase in importation of textiles in table 1.3 is not the only reason why workers are being laid off. But demand for locally produced textiles has gone down significantly. According to Quartey (2010) to probe into reasons why demand for locally produced textiles had reduced, it was revealed that imported textiles were far cheaper than the locally made ones. Besides these fabrics look almost the same so there is no need to get the same fabric at an expensive price when there are cheaper options (Quartey, 2010).

Below is a picture of an original textile and an imitated textile with different brand names.



A field research by (Howard, 2014)

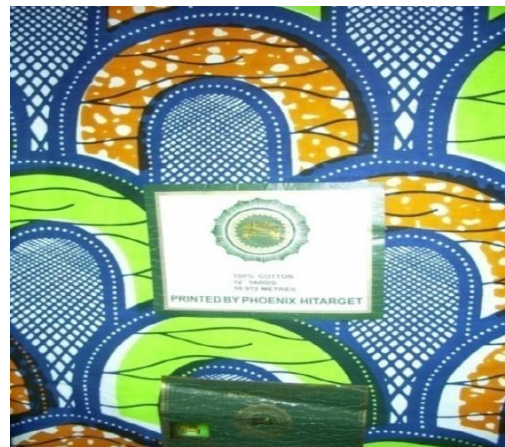


figure 1.4

### Key variables

Competition as defined by Oxford dictionary is the activity or condition of striving to gain or win something by defeating or establishing superiority over others.

Imports: They are the goods or services brought into a country from another country.

Ghanaian Textile: Fabrics locally produced in Ghana

### **1.3 Research question**

- How has the imitation of the local textiles affected local producers?
- What are the factors that have caused the decline of market share of local textiles in Ghana?
- What is being done to improve the market share of Ghana's textile industry?

### **1.4 Research objective**

- To investigate into how the imitation of local textiles have affected local producers
- To investigate into what can be done to improve the market share of Ghana's textile industry
- To investigate the factors that has caused the decline of market share of the local textile companies

#### 1.4 Relevance of the Study

The recent fashion trends in society have generated more demand for textiles. Through the introduction of the “Friday wear” which was introduced by the government to help promote the demand for locally produced textiles, one would expect the textile companies in Ghana to regain their market share and meet the demand. As such, this thesis is relevant to local textile companies because recommendations based on research findings will be made to enable local companies implement to help them gain their market share and meet the demand that textiles have now. It can serve as source of guidance that textile companies can depend on to make decisions. This will ensure effective operations of these companies in order to help them increase their market share. It also looks at the various views of consumers and traders hence make it easier for local companies to make informed decisions. The results and recommendations will highlight what both the consumers and traders think should be done to help improve the textile industry. This will be a good reference point for textile companies.

This research will be relevant to the Ministry of Trade and Industry of Ghana. Since the Ministry of Trade and Industry is in charge of trade and policies of all trade activities in Ghana, It will be useful in helping them restructure policies to help increase the market share of the textile industry of Ghana

Finally, the research will also add to literature. It will serve as a reference for further research on topic areas around textiles. It will also serve as a body of knowledge for students, researchers and lecturers.

## 1.5 Theoretical Framework

### Theory of Comparative Advantage

Comparative advantage is an economic theory described by David Ricardo who introduced it in 1817, which he explained in the book on the principles of political economy and taxation. He explained using an example involving England and Portugal. Ricardo noted that Portugal could produce both wine and cloth. As such it made sense for England to export cloth and import wine from Portugal. Comparative advantage is when a country can produce goods or services at a lower opportunity cost than another; hence the country can produce at a relatively cheaper cost than other countries. The theory of comparative advantage states that if countries specialize in producing goods where they have a lower opportunity cost then, there will be an increase in economic welfare (T. R. Pettinger).

Comparative advantage is different from absolute advantage which rather looks at the monetary cost of producing a good. If a country is efficient in the production of all goods than another country, they both still gain by trading with each other as long as they have different relative efficiencies (Ricardo, 1821). This theory is relevant in my research in respect to making comparing Ghana and china's textile industry. This will help in coming to a conclusion of which country has a comparative advantage hence has gained a competitive advantage in the textile industry and how this is affecting competition.

## 1.6 Outline of Dissertation

Chapter two reviews various literature concerning the impact of Chinese textiles on the African market. It is divided into the Africa –China relationship, then narrows down to Ghana – China relationship.

Chapter three discusses the methodology of the research .This looks at the research design, data collection methods, the population needed for the study and the type of data analysis suitable for the study. It also looks at the data collection instrument and the sampling techniques used.

Chapter Four is about data findings and analysis. This chapter presents the data findings and relates the findings to the research question. It makes analysis of the findings to answer the research questions outlined in chapter one. The findings address the views of local producers, consumers and traders of the Ghanaian textile companies.

Chapter five is the last chapter of the dissertation. It makes conclusions and recommendations from what was analyzed based on research findings. These recommendations are based on what local producers and traders have contributed as well as the researchers views of the problem.



## CHAPTER 2: LITERATURE REVIEW

This chapter looks into the various views of scholars in relation to the Ghanaian textile industry and the various factors that have led to the decline of the industry. It will probe into the relationship between the trade relationship between China and Africa. It will be specific on the relationship of Ghana and China. It will further discuss what scholars think about the textile industry of Ghana.

### 2.1 China Africa Relations

According to Judith (2006), Africa does not only export natural resources and commodities to China. China imports many goods to Africa as well. China has been able to find a ready market for cheap, low quality consumer products and from this, it can be concluded that China is dominating the African market. Most of the products imported to Africa are made in state owned factories in China and are sold through the informal network of trading posts across urban and rural Africa. African traders import Chinese goods that are attractively priced to meet the demand for African consumers. Africa is a new and developing economy and as such is the best condition for the Chinese to leverage on its potential customers for cheap Chinese products. The imported goods are mostly household utensils, mechanical and electric products, textiles and clothes. China is fast becoming a dominant player in Africa and Africa is currently China's third biggest trading partner after the United States and France (Judith, 2006).

Africa's textile industry is a complex industry that promises a lot of potential, it however faces factors that hinder it from reaching its full potential. According to Brown, Africa produces about 1.38 million metric tons of cotton limits which are approximately 5% of the world's cotton production of 24.74 million metric tons. The manager at the African Cotton and Textile Industries Federation in an interview said most of the textile industries in Africa are running under 50% capacity or have been closed for the past fifteen years due to liberalization or due to second hand clothing. Africa has the potential for growth, considering that it imports three-fourths of the demand for fabric outside of Africa. Africa's textile and apparel exports to the United

States are increasing due to the African Growth and opportunity Act. And also exports to the European Union are also increasing due to the EU's Economic Partnership Agreements with African countries, hence demand is growing for African Textiles; many current textile factories are not African owned.(Brown)

Even though trade is supposed to benefit both parties, Dhliwayo (2012) states that there is an unbalanced trade between China and Africa as China's value of trade export to Africa are greater than its value of imports. The economic activities of Chinese companies may stimulate local development; however their dominant presence has stirred up some resentment amongst local producers. Dhliwayo (2012) also supposed that not only has the presence of Chinese companies sparked resentment but also their poor labour practices in Chinese owned textiles manufacturing companies in South Africa. In his research, Chinese clothing manufacturers in Kwazulu Natal, set some companies under fire for failing to meet legal minimum wage and working conditions. In addition, the African textiles have started gaining popularity amongst the western countries as such this industry is giving African local manufacturers the chance to explore the western market. However the Chinese textile industry is growing very fast and becoming a competitor in this industry.(Dhliwayo, 2012) On the other hand, according to Brown (2014), the competition in Africa is not just with the imitation of locally produced textiles but also the increasing demand for second hand clothes in Africa. Chinese penetrations into the local textile market and inexpensive clothing from China have aroused the indignation of African manufacturers. Counterfeits and copy rights are key concerns to the African manufacturers as such in Nigeria; illegal Chinese textile workers were arrested for the selling counterfeits. Brown (2014) stated that an expert in globalization and emerging markets stated that imports from china may lead to the shrinkage of African manufacturers making it harder for them to compete. Chinese companies have taken advantage of the investment opportunities in the African textile industry.

Times (2010) agreed with Dhliwayo (2012) in his view about China's deep penetration into the African textile market. It is slowly dislocating the domestic textile companies in Africa. Africa was hoping to cash in on the concessions being extended by the US and EU to promote exports. The Times further states that Africa is currently facing a dilemma of overflow of Chinese textiles. In Ghana the textile industry continues to face challenges, amid the growing challenges from relatively cheaper imports from China (Times, 2010). Tsikata (2008) also shares the same view by explaining that more Chinese are going to Africa and these Chinese are competing with local producers which is making prices of locally produced goods fall. However he stated that the Chinese goods are cheaper than the regular African produced goods and as such appeal more to poor Africans. The Chinese goods in Madagascar are two to three times cheaper than local or imported goods. Akinrinade (2008) in his research, stated that the cheaper goods that are imported from China appeal more to the low income earners in Nigeria, hence giving the Chinese goods demand. Dhliwayo (2012) does not blame the textile and clothing crisis on China entirely. The Chinese have strategically capitalized on their comparative advantage of relatively lower wages and technological advancement which Africans have failed to develop technologically. Africa has failed itself in managing increased competitiveness in the international textile market. Africa's over dependence on African Growth and Opportunity Act (AGOA) has also made the continent neglect other untapped markets such as South America(Dhliwayo, 2012). On the other hand Twum (2012) highlights on the fact that many Chinese goods that are brought to Africa are owned by private individuals and as such the government of China has stern rules to make sure the goods that are exported are of minimum quality (Tsikata,2008). Twum (2012) brings in a different dimension, saying that textiles are smuggled into the country. His research, investigates the measures that Ghana is taking to curb the smuggling of textile prints and copying their design. In an attempt to control the smuggling and the copy of the design of the Chinese textiles, the government introduced policies that prior to import, a sample of the print should be submitted so it can be checked that the design was not stolen. According to Twum

(2012) report, traders who cannot afford to be law abiding rather smuggle the African textiles in the country. As such the problem still persists.

The underlying tensions between Africa and China, particularly the textile and clothing industry are indicative of the state of Africa's textile industry which also extends into other economic and political issues. Dhliwayo (2012) also mentioned that the success of the industry will depend on restructuring and reorientation of the sector and building a united front with the government, industry and organized labour. African products should be made more competitive in terms of quality and price to help create a sustainable long term development path in the global market. If the China Africa issue is left unresolved it could lead to the collapse of the textile industry which could be a potential income generator for the economy(Dhliwayo, 2012). However the presence of the Chinese in Africa is not entirely a curse. Tsikata (2008) has shown that the availability of South African retailers of cheap Chinese textile and clothes has greatly increased employment in that sector and is the main contributor to the GDP of South Africa. (Tsikata, 2008)

## 2.2 TEXTILE INDUSTRY

In Quartey (2012), the debate in recent times has been on whether China is monopolizing global trade and in textiles and clothing. China's share as a percentage of total textile imports have been increasing from about 17 percent in 2000 to almost 30 percent in 2006 (Quartey, 2012).This has an effect on the textile industry in Ghana. Chinese textiles are affecting domestic producers by displacing domestic textile products and indirectly forcing the closure of some of them. Howard (2014) agrees to the statements made by Quartey (2012) who investigated into *the challenges and prospects of selected large textiles company in Ghana*. The findings of his study show that, the Asian textile industries with specific reference to the Chinese textile firms have become serious threats to most giant world economies like US and EU, but the developing countries in Africa suffer the most from the competition from Chinese Textile Company(Howard, 2014).This competition from Chinese companies has caused job losses in Ghana. Even though local producers try to be constantly ahead with design, the Chinese are able to catch up with designs

very fast (Tsikata, 2008). The situation is however not different in the Nigerian textile industry, Akinrinade (2008) stated that in Nigeria, it has been estimated that textile materials from China account for more than 80% of the textiles in the Nigerian market. Prior to the incursion of neo-liberalization and Chinese fabrics, the Nigerian textile industry was the largest single private sector of the economy in terms of investments, output, turnover and the second largest employer of labour after the federal government. The textile industry of Nigeria was able to cope with local demands and export its surplus products. The Chinese textile exports started providing cheaper access to a variety of fabrics, which is good for the immediate wellbeing of the average Nigerian; however it is suicidal for the Nigerian textile sector and the overall economy because it destroys local manufacturing capacity and competitiveness. Textile workers in Nigeria have also complained vehemently about the activities of Chinese textile traders and their local collaborators in Chinatown. Local designs are fraudulently copied and taken to China for mass production. Fabrics from China now come in with stolen Nigerian labels and designs for distribution in Nigeria (Sola Akinrinade, 2008). Elliasen (2012) in his research was trying to understand how Chinese investments in the Zambian Textile industry have impacted on economic development, as a sector important for employment creation and ultimately poverty alleviation. Even though the Chinese investments offer opportunities, his research stated otherwise. This situation is however not different in Zambia. There were just two instances where there was a joint venture between Zambia and China. Zambia today exports cotton and in turn buys finished textile and garment products which is creating loss of employment and state revenue. The global competitive pressure and insufficient framework have prevented the Zambian textile industry from being profitable. In order to save this dying industry, the government needs to provide strategic plans and set terms for foreign investment to contribute to job creation (Eliassen, 2012)

On the other hand, Quartey (2011) investigated if consumers actually preferred locally produced textiles to imported ones. In his perspective, if there is no demand for locally produced textiles, then drastic measures will need to be put in place to create demand. This study used primary and secondary data on textile production, imports

and consumption in Ghana. In Quartey (2011) the research was conducted amongst 40 manufacturers of textiles in Accra, 40 consumers of textile products as well as 40 traders of textiles located in the business district of Accra were interviewed in 2007. He used a structured questionnaire in selecting respondents from the markets. The traders that were interviewed had little or no education. Concerning taste and preference, interviews with traders of textiles revealed that 53% of the respondents indicated a strong preference for locally made textiles, 40% imported textile products whilst 7% were indifferent. He further states that the strong preference of consumers for locally produced textile contradicts the country of origin effect, which is the extent to which consumer's evaluation of a product is driven by the product's country of origin. Such effects can have favourable and unfavourable impacts on the consumer's evaluations ("Financial Times,"). For those who preferred buying and selling imported textile products, about 26% indicated that imported textiles are quite affordable, 21% believed they were more profitable and 11% thought they were more attractive. 5% claimed imported textiles are of good quality while the rest could not assign any reason for their strong preference for imported textiles. With this, 42% of the respondents cited high prices for local textiles while 22% cited low demand for local textiles. Quartey (2011) also investigated on the views of the respondents if a ban should be placed on imported goods. Even though respondents complained about high prices of locally produced textiles, 65% did not support a ban while 35% supported a ban on imported textiles.

Amongst the 35%, they believed that imposing a ban will help support the local textile industry. With the 65% that did not support the ban claimed that imported textile was cheaper and affordable with the rest saying it was profitable and thought it was of superior quality. Almost 70% of the respondents expected the reduction in prices in locally made textiles, 22% expected to see improvements in quality and attraction of local textile products. They attributed the failure of the local textile industry to high taxes and favouritism towards the imported textiles (Quartey 2011). From Asare (2012) perspective of the textile industry in Ghana is not only facing competition from china but also from Ivory Coast, India and Pakistan. However the industry is facing a problem of smuggling and pirating of designs from China.

Trade negotiations and fair trade practices particularly within the textile garments sub sector should be made explicit and adhered to. Instances of copying brands and other product markings from other countries should be discouraged. This should go together with fair practices and preferential access to markets in developed countries. The conclusion made from this research was that most consumers prefer locally made textiles to imported textiles. Various reasons has accounted for the decline in the textile industry namely, low demand for local textiles and the influx of second hand clothing, lack of competitiveness of local textiles against imported textiles due to high cost of local textiles which resulted from high cost of production and smuggling. In view of this, pragmatic policies need to be put in place to help lead both local and global restructuring of the industry. Local steps need to be taken to address the problem of cheap imports, under-declared imports, wrongly described textile imports and copied brands, markings and tickets and labels (Quartey, 2012). Some countries in the ECOWAS sub-region such as Nigeria have formulated strategies to restrict excessive flow of foreign textiles into their countries to help protect the local industries from totally collapsing .Those countries are doing this by the use of import prohibition as an instrument of trade policy to promote the domestic industries. The use of import prohibition will help with employment and balance of trade while at the same time ensuring the availability of raw materials and capital goods which cannot be obtained from domestic sources. Howard (2014) stated that the textile companies should receive subsidies in the form of imports and exports rebates. Free energy supply will also serve as a motivation for them to still operate. With the competition from China, it will be economically beneficial if the local textile producers were given subsidies to enable them cut down production cost, increase productivity and export some to keep them in business.

## **CHAPTER THREE: METHODOLOGY**

This research investigates into reaching concrete results. A well-defined and systematic approach is needed to help achieve the best results. This chapter discusses the research design, data collection instruments, population of the study and the sampling technique to be used as well as data collection procedures

### **3.1 RESEARCH DESIGN**

This research adopted the qualitative data approach. It uses qualitative approach because according to Mertens (2005) qualitative research is characterized by determination, empirical observation as well as measurement and theory validation (Creswell, Hanson, Clark Plano, & Morales, 2007). This research investigates the textile industry of Ghana and discusses how the imitation of local textiles by the Chinese has affected local companies.

The research asserts and supports the mixed approach and argues that a gap exists in the existing research in addressing the factors that have caused the low market share of local textiles and how the imitation of local textiles have affected local producers.

The study focuses on three main manufacturing companies in Ghana that specializes in textile production and also traders and consumers to understand the factors that have contributed to the low market share of local textiles from the end-users point of view. Additionally, this project employs a method that deals with the real issues where relevant information cannot be manipulated since the investigator has little control of events (Yin (2003); Bergh and Ketchen (2009)). The research is based on qualitative approach based mainly on three Textiles Company namely, Akosombo Textile limited, Printex Ghana limited and Ghana Textile Print.

The qualitative research approach helps in revealing a target audience range of perspective about specific topics and issues. The justification of the use of qualitative research for this study is because it collects descriptive information and gives detailed explanations of what is being studied which will provide analytical and



statistical data. The study seeks to look at the opinions and suggestions of the respondents. It seeks to get a better understanding of the topic and use that data to make a good analysis of the research. For the purpose of this research, it seeks to understand the respondent's perspective of how the market share of the textile industry can be increased. As such there is the need to get detailed explanations which includes policies and views of the respondents. This will enable the research be more analytical in understanding the various views of the respondents. This does not imply that the study is not based on numerical measures, however it largely dependent on qualitative research (SAGE Researchmethods, 2006). Qualitative analysis involves a continual interplay between theory and analysis (Imperial COE, 2006). Particularly to this research numerical data on volumes of traded will be useful to make a better judgment of the volumes of import versus exports of textiles. Quantitative research is useful to the research because it will be important to have a number of respondents that will be representative of the study. This will complement the qualitative research to get a good analysis of the data acquired.

### **3.2 SAMPLING TECHNIQUE**

The primary data collection was through a semi-structured open ended interview technique in two forms. According to Turner (2010), open ended questions allow informants to contribute as much detailed information as they desire and it also allows the researcher to ask further questions as a means of follow-up and also reduces biases. Additional follow up questions further reduce bias and enrich the validity of the research. It must also be noted that, the research is based on purposive sampling and this includes:

Key management of textile companies

Textile traders

Consumers

The non-probability sampling technique is employed. With this approach decisions concerning the individuals and companies to be included in the sample was mainly

taken by the researcher, based upon a variety of criteria. In the selection of the companies for this study, companies were selected on the criteria listed below

- Specialist knowledge of the research issue or capacity and willingness of the companies to participate in the research.
- The company's number of years in operation (A minimum of 10 years was considered)
- The geographical setting of the company i.e. Ghana

This is because the three major textile industries namely Akosombo Textile Limited, Ghana Textile Print and Printex Ghana will be relevant for the research. It must be noted that, some of these companies example Printex has shut down its weaving department because of competition of from the Chinese. As such they are the best representation for this study. The study is also using the central market in Accra. This is because the Accra central market is the main centre of trade in Ghana. The researcher thinks people from other regions come to these markets to trade as such this will help the researcher get a fair representation of traders who deal with textiles especially traders who deal with bulk sales of textiles. ("SAGE Researchmethods," 2006)

With respect to the study interviews of the three major textile companies namely Ghana Textile Print, Printex Ghana and Akosombo Textile Limited Akosombo is relevant to the study because it is the first established textile company operating efficiently in Ghana (Howard, 2014). The ministry of trade and Industry was also chosen by the researcher to get information on trade policies as well as what the government is doing to help the textile industry increase its market share.

### 3.3 SOURCES OF DATA COLLECTION

The sources of data collection were through questionnaires and interviews. The research sought to interview officials of the three major textile companies listed below as well as consumers and traders. Textile companies :

- Akosombo textile Limited
- Ghana Textile limited
- Printex Ghana

Other sources of data collection :

- Central market (Accra ) Traders and consumers
- Ministry Of Trade and Industry

Secondary data:

China's Trade policy website

Sample size

In all 62 respondents were interviewed for the research, spanning across the three main textile companies and other stakeholders in the industry. This, the researcher believes offers the research a better representation of the textile industry in Ghana. In selecting the size, the judgment sampling technique was used. According to Marshall (1996), this sampling technique allows the researcher to actively select the most productive sample to answer the research question. This therefore allowed a considerable number of key respondents to be selected after which their results and findings were projected on a larger scale.

### **3.4 DATA ANALYSIS**

The data analysis used for the qualitative research is content analysis. With the quantitative aspect, Microsoft excel was used.. Qualitative content analysis consists in a bundle of systematic text analysis which was developed 20 years ago. Content analysis as defined by Krippendorf as the use of replicable and valid method of making specific inferences from text. (Mayring, 2000)

## CHAPTER FOUR: DATA FINDINGS AND ANALYSIS

This chapter seeks to answer the research questions. The study was based on primary data as well as secondary data. The answers are inferences from the findings through interviews and questionnaires. The main reason why traders and consumers were involved in the research was to help the researcher use their response to make relevant recommendations. Getting the perspective of the end users was very relevant in understanding both the consumer and the producer.

### 4.1 Findings from Consumer

A questionnaire was distributed to consumers. The survey was distributed personally to consumers over a period of two weeks. The first part of the questionnaire was to find out consumer preference; to distinguish between consumers that prefer local made textiles, imported textiles or both textiles. From the survey conducted of 32 consumers, 50% of the respondents said they preferred locally produced textiles as compared to imported textiles. 33% of the respondents also said they had a strong preference of imported goods, with 17% saying they had no preference. They do not mind what kind of textiles they buy.

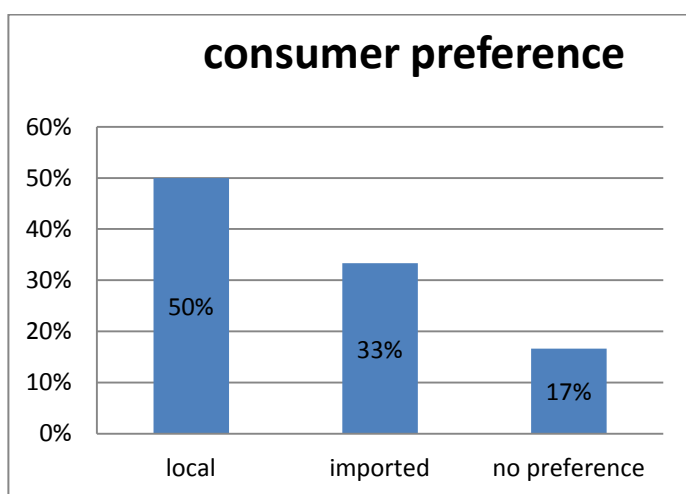


Figure 4.2

The next question in *figure 4.2* asked was to understand what influenced consumer's preference. It gave the researcher a holistic perspective of both consumers and

traders to make a better analysis. 43% of the respondents said they were particularly interested in design than any other factor. 33% said they look at the quality of the product to determine whether they should purchase it or not. 23% of the consumers claimed that they were influenced by the price to make any decision as to whether to buy a specific textile over the other.

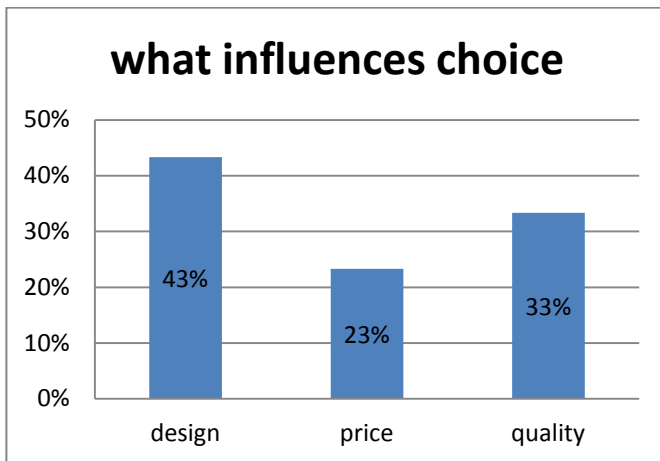


Figure 4.2

Repeating the question with a new factor, origin of textile, it was revealed that 57% of the respondents were more concerned about the design, with 30% concerned about prices of the fabric. It became evident that only 13% of the respondents were concerned about the origin of the products .

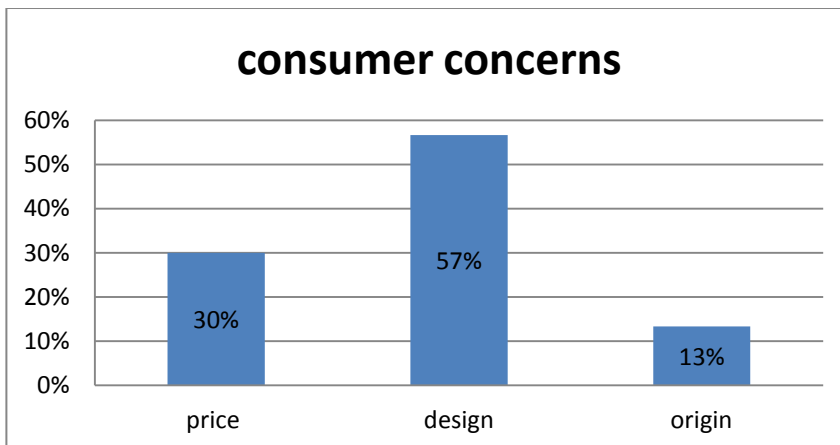


Figure 4.3

And also the survey looked at whether consumers could tell the difference between imitated textiles and the original textiles. From the survey, 53% of the respondents claimed they could tell the difference. The respondents who said they could tell the difference named quality as a major factor that made it easier to identify the imitated over the original. Some respondents said the imitated textiles looked lighter and the brand names were different. The imitated textiles also fade after a few washings.

47% of the 32 respondents said they could not tell the difference from the imitated textiles from the original textiles. However 53% of the respondents said they could tell the difference.

The findings from the survey, suggested that the main incentive for buying textiles was mainly because of its designs. Furthermore this finding also highlighted on the fact that consumers were interested in local textiles yet according to the traders, comparing the two textiles, imported and local, consumers preferred imported textiles. And also contrary to the researcher's views, consumers actually said they were able to tell the difference between imitated textiles and the original ones.

## 4.2 Findings from Traders

### Demographics

The research used primary data to help in understanding the views of traders and also investigating into whether there was the demand for locally produced textiles. The respondents were traders from the Accra central market. A total of about 30 traders had time to fill the questionnaire. Amongst the 30 traders, 83% of the respondents were females with 17% of the respondents being male textile traders. This confirms the perception that sale of textiles are mainly done by women.

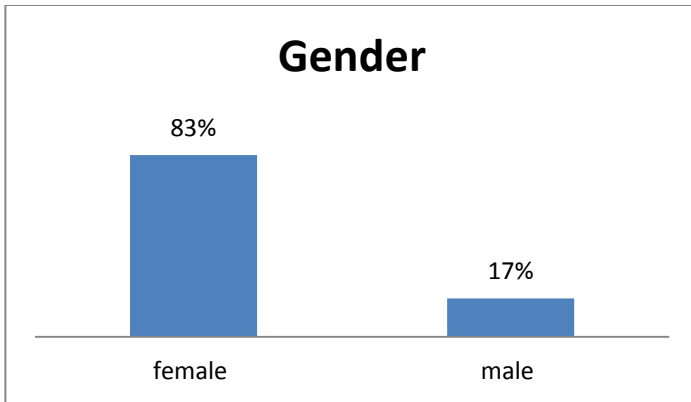


Figure 4.4

The next question was to know the kind of textiles that traders sold. In figure 4.2.2, 65% of the respondents admitted they sell both imported and local textiles. 22% sold only imported textiles with the remaining 13% selling only locally produced textiles.

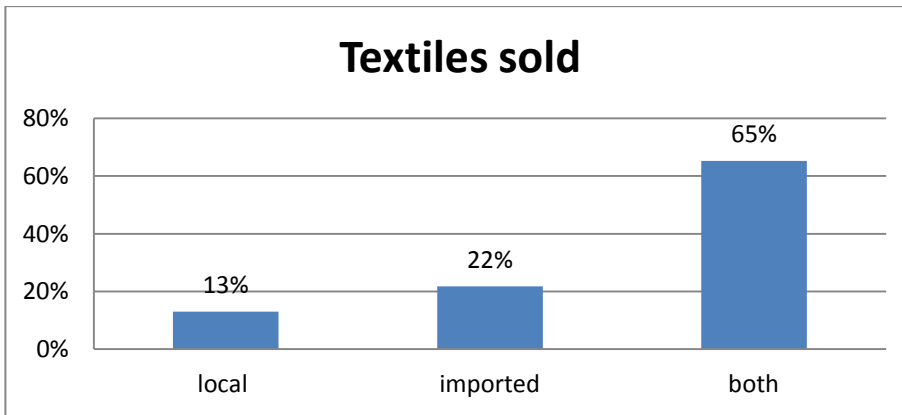


Figure 4.5

### Consumer Preference (Demand)

Another aspect that was looked at was the demand of consumers. Figure 6 shows the perspective of traders with 43% of consumers saying they prefer locally produced textiles while 48% of the respondents prefer foreign textiles with 9% preferring both. This is quite interesting since from the perspective of consumers, 50% prefer locally produced textiles with 33% preferring foreign textiles. This shows that when consumers prefer one good over the other it does not necessarily mean that consumers will actually purchase based on preference.



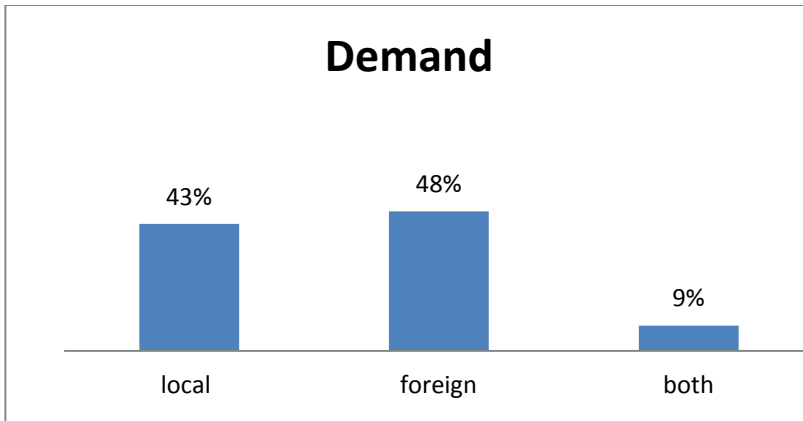


Figure 4.6

Figure 4.7 shows that 61% of the traders said the designs of the imitated textiles were exactly the same as the original. 17% said there was no resemblance in the designs. 22% of the traders said because they do not sell imitated textiles or fake ones, they cannot tell if the designs were the same as the original ones

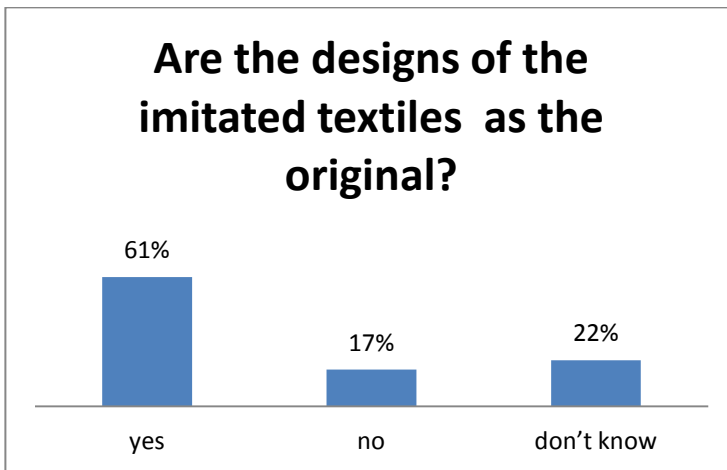


Figure 4.7

### 4.3 Discussion of findings

From the survey conducted of 32 consumers, the researcher realized that most of the consumers preferred locally produced textiles, naming quality as to the reason why they preferred locally produce textiles. This agrees with Quartey's (2011) research where the study investigated into what consumer preference in textiles and he concluded that it contradicts the country of origin theory. Interestingly, contrary to what the researcher thought about price being a factor for purchasing textiles, design is what consumers look out for; others look at quality with a small proportion saying they looked at price. This is contrary with Quartey (2011) research where price was the reason why consumers chose a specific textile over the other. From the traders' perspective, consumers demanded for the imported textiles because of the price difference. From the researcher's perspective, price is a factor that leads to consumers buying imported than locally produced textiles even though there is preference for locally made ones. Most of the local companies made assumptions that consumers could not tell the difference between the imitated textiles and the originals. This may be true to an extent; however findings from the research came out with a different perspective. 53% of the consumers claim to be able tell the difference saying the quality is different.

The conclusion from this survey is that if local producers are able to improve the designs that are produced as well as reduce the prices of locally made textiles, they may get more demand for the textiles sold.

#### 4.4 Findings from local companies

Research Question: What are the factors that have caused the decline of market share of local textiles in Ghana?

From the researcher's interview of three local companies namely Printex Limited, Ghana Textile Limited and Akosombo Limited, the factors that were mentioned amongst the three companies are interestingly contrary to what most researchers have said about the decline of local companies being the major fault of the Chinese, Findings from this research highlights a lot more factors than the invasion of the Chinese in the market. In an interview with three major textile companies namely, Ghana Textile Limited, Akosombo Textile Limited and Printex limited. All the three companies came out with different factors that may have caused the decline in market share.



##### ➤ Unfair competition

All the three companies named unfair competition as a major factor to their decline in market share. They named textiles from Cote d'ivoire, Togo and other countries as a competition in the market. And they attribute this unfair competition to the trade liberalization policy that Ghana introduced.

According to the interview conducted because of Ghana's trade liberalization, it has led to more imports of textiles, which has created an unfair competition in the market. Lee (2005) defines trade liberalization as a move towards freer trade through the reduction of tariff and other barriers. It is perceived generally as a driving force behind globalization. Critics of trade liberalization have blamed trade liberalization as a driver of unemployment and wage inequality in developing countries (Lee, 2005).

➤ Imitation of local textiles

The marketing managers of the local companies interviewed also mentioned that one factor that has led to an unfair competition of the textile industry is the imitation of textiles by China. According to their observation, the textiles that are imitated have the same design, logo and sometimes the imitate brand names. These imitated textiles do not only have the designs of the original textiles but they are also cheaper than the original ones that are locally produced. According to Akinrinade (2008) the textiles that come into the Nigerian market also have stolen Nigerian labels and designs (Sola Akinrinade, 2008). As such the demand for the original textiles has reduced hence reducing the market share. One company mentioned that the textiles that the company used to produce is more than what the company is currently producing. In their understanding of the situation, if the population of Ghana has been increasing, then the company should be producing more than it used to produce in 1970s but rather the relationship between the increasing population and the textiles produced is inversely related. The explanation given by the respondent is that while population is increasing they are expecting to get more demand but it is the opposite.

On the other hand looking at *figure 4.7* asking 30 textile traders about their knowledge of the existence of imitated textiles, 61% of the respondents said that the designs of the imitated textiles are the same as the original textiles as such it is hard to tell the difference. This supports the views of the local producers that there is the existence of the imitated version of locally produced textiles.

➤ Cost of production

Another factor that has contributed to the low market share based on the interviews for the three textile companies is the high cost of production. Companies such as GTP imports some chemicals for production and these are factors that make the prices higher because of the exchange rate when importing. ATL and Printex however produce these chemicals by themselves hence their production cost is lower. However because Ghana does not produce its own machineries, there is also the need for the importation of machineries, which also plays a role in the high production cost. Purchasing machineries from other countries which are developed than Ghana and considering the exchange rate makes purchasing very expensive. This plays a role in the cost of production because cost of importation is also considered. Aside the need to import machineries, there is the need to employ expertise to train and operate these machineries; hence this increases the cost of labour.

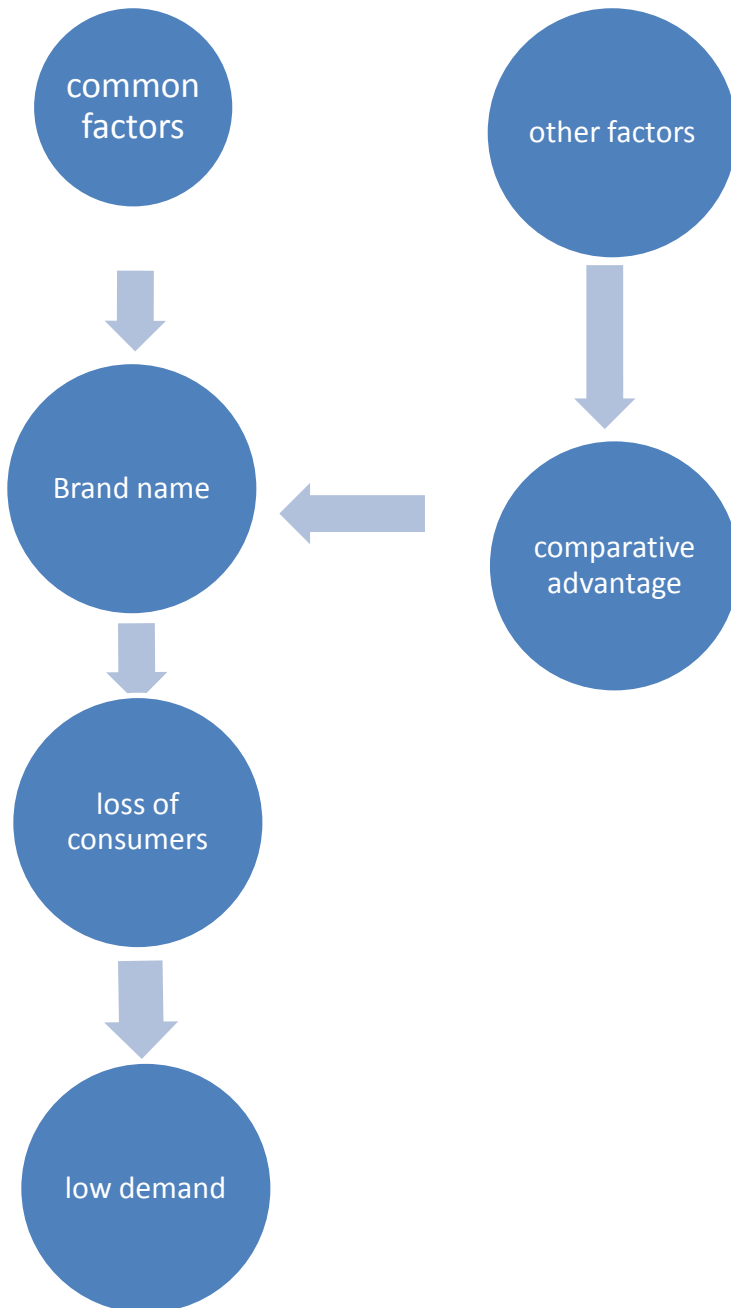
One of the companies also stated during the interview that the unreliability in the supply of utilities such as water and electricity has played a key factor in increasing their cost of production. With the recent, electricity crisis in Ghana, companies such as Akosombo Textile Limited and Printex rely on generator plants to help them operate effectively. The over reliance on the generator plants, they said is very expensive to maintain in the manufacturing sector. They mentioned that government does not support them in reducing the cost of electricity and water.

Cost of borrowing in Ghana is high, high interest rate that is associated with borrowing deters companies from borrowing to expand productions. These factors make it difficult for the locally produced textiles to be cheaper than its competitors from other companies. The companies say that the Chinese textiles are cheaper than the locally produced textiles; as such it looks like the Chinese companies have a comparative advantage in the production of textiles. China is highly labour intensive and hence it is easier to reduce cost of production. Salaries for technical and unskilled personnel are significantly lower. Some raw materials such as cotton for textile reduction are produced by Chinese manufacturers as well. It is easier to get

equipment for production as such there is no need to import these machines for production. Looking at all these factors, cost of production is much cheaper in china than in Ghana. Moreover the textiles produced in China that are sold in Ghana are of a lower quality. Lack of government support in assisting with the reduction of taxes for these companies, together with the high competition, makes it difficult for the local companies to compete. Taxes imposed on imported raw materials and taxes are also imposed on finished goods produced increases the cost of production.

Another factor that was critical to all the three companies interviewed is the smuggling of textiles into the country from other African countries. This directly affects the local companies because the textiles that are smuggled into the country, evade taxes as such, these textiles are priced cheaper than the locally produced ones. These textiles that are smuggled into the country compete with locally produced textiles. Twum (2012) in his research also highlighted smuggling of textiles into the country as a factor that is causing unfair competition. However he stated that in an attempt to solve this issue the government introduced policies that prior to import, a sample of the print should be submitted so it can be checked that the design was not stolen. He further mentions that this policy is not working and that the smuggling of pirated textiles still persists.

Research question: How has the imitation of textiles affected local companies?



After interviewing the three local textile companies mentioned earlier, they stated that the effects were interconnected. The first factor that GTP and ATL mentioned was how the imitation of their products was tarnishing the brand image. It was mentioned that consumers' inability to tell the difference between imitated textiles and the original ones may deter them from purchasing the textiles because if consumers perceive the local textiles as quality and purchase the imitated ones, they may think that the companies have started producing low quality textiles. This will also lead to the loss of consumers. It was stated that this may force consumers who prefer quality goods to buy other products. As a result of the loss in customers, it will also lead to decrease in market share. From the interview because the companies are not able to perform well in this highly competitive market, they have to reduce the quantity of textiles being produced as such some workers will have to be laid off. This is because the company is not producing as much as it used to and so, they may not need all the labour force and to be able to operations at a profit, some workers will have to be cut off to reduce cost of production.

One company that was interviewed however mentioned that China has a comparative advantage in manufacturing .This has given them a competitive advantage over Ghanaian manufacturers. As such they are able to produce their goods at a lower cost making it easier for them to charge lower prices. This is giving consumers who cannot afford the original textiles yet are able to get the designs the same purchase these textiles. This was however mentioned by Dhiliwayo (2012) who mentioned in his research that China has capitalized on their comparative advantage to penetrate into the textile industries and that Africans have failed to develop technologically to be able to compete. As such the researcher used secondary data to find out if this theory applies in this context.

The competitive advantage of China's textile industry depends largely on its solid industrial foundation and cheap cost. It is known that China has achieved a record of growth since the country launched economic reforms and opened its economy to external trade in 1987. China has become the seventh largest international exporter



following the United States , Germany, Japan, France, United Kingdom and Canada(YUE, 2001). China's textile industry shows a competitive advantage in the advantage in factor endowment. China has abundant supply of primary factors essential for production such as labour and related materials. Amongst the various factors, human capital is important. There are two main features in Chinese labour resource which has to do with low price and superior quality(YUAN, 2007).

The factors that contribute to China's comparative advantage over Ghana are listed below:

- It has a skilled labour, and a low hourly wages
- A highly productive and disciplined workforce.
- It is nearly self-sufficient in the raw materials to supply its own textile industry
- The world's largest production capacities for cotton, man-made fibres such as flax and ramie, and silk
- It is well placed for productivity, management skills and technology, non-wage labour, transportation costs, material costs, product quality.

As a result of these, it gives China a comparative advantage hence giving China a competitive advantage in manufacturing.

Research question three: What measures have been put in place by local companies to increase the market share of textiles?

Local companies are increasing advertisement to sensitize consumers about the different types of textiles on the market. Through the advertisements, consumers are being educated on the difference and how to tell between the original textile and the imitated ones. This is aimed at sensitizing customers about the different brands to make it easy for consumers to make their purchasing decision based on the information they have. However from the questionnaires given out to consumers, 53% of the respondents claim they are able to tell the difference between imitated textiles and the original textiles. As such this solution may not be an ideal solution to help increase the market shares of consumers.

Retailers are also being encouraged to sell authentic textiles instead of fake textiles and imported textiles. According to the local companies, personnel of the various major companies are being assigned to talk to retailers about the importance of selling authentic textiles and how the sales of fake textiles is affecting the local production.

Textile companies have started introducing new designs frequently in order to make it difficult for the Chinese companies to imitate the designs. GTP for instance has launched the introduction of 400 new designs this year and intends on maintaining this yearly. However according to Tsikata (2008), even though local companies are introducing new designs frequently to stay ahead of the Chinese imitations, they are still able to keep up. Hence the researcher does not think this solution can solve the problem effectively.

The various representatives that were interviewed mentioned that the measures that the local companies were taking will not be useful if the companies are not given government support.

Government should institute national task force. The national task force should be in charge of regulations to curb the inflow of imitated textiles. The task force is currently arresting traders that sell fake textiles. The only flaw with this solution is that,

because it is hard to really tell the difference between the imitated textiles and the original textiles. Another measure that is being put in place is the branding of shops to exclusively sell textiles for the various companies. Consumers will be made aware of the various retail shops to get authentic textiles to buy.

Local textile companies have introduced the special security stickers which are to help consumers use as a means of identifying authentic textiles. These stickers have short codes that when texted with a mobile phone will give a verification code to show that the textile is authentic. Finally to help in re-branding, the companies have introduced customized textiles. Consumers are allowed to customize their own cloth with their own specifications. This is to help increase demand for local textiles.

## CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

### 5.1 CONCLUSION

There is no doubt competition in the textile industry is leading to the decline of market share of local textiles in the Ghanaian market.

From the data gathered, consumers prefer locally made textiles, however from the traders perspective, what consumers actually purchase is the imported textiles. They associate this choice to price and design. This however agrees with the country of origin effect research that was conducted by Quartey (2011), in his research consumers' preferred locally made textiles to imported textiles. It is believed that goods produced in developed countries are of quality than the locally made ones. However in the case of this research, this sentiment was proved wrong. Contrary to what local producers think that consumers are not able to tell the difference, from data collected, over 50% claimed to be able to tell the difference, they owed this to looking at the quality. From some consumers, if they could get an imitated version of the locally produced textiles at a cheaper price, then there was no reason buying the original ones. The researcher deduced that consumers preferred locally made textiles, however as a result of the price difference, it influenced their purchasing decision.

The factors that have caused the decline in market share of the local textile companies focusing on Ghana Textile Print, Akosombo Textile Limited and Printex Ghana are high cost of production, high taxes imposed on raw materials as well as finished goods, unfair competition from imports from specifically China and the imitation of local textiles from China. Chinese companies have a comparative advantage over Ghanaian local producers. Narrowing it down to the imitation of textiles, the textile companies said the imitation of local textiles has tarnished the image of the various brands for consumers who cannot tell the difference between fake textiles and originally produced ones. They attributed the low prices to the comparative advantage that china has, hence giving them a competitive advantage over the local textile companies.

There are measures that are being put in place to help regain the market share of the local textiles. Some of these measures are the introduction of 400 designs yearly to make it difficult for the Chinese to imitate. However the researcher thinks this solution may not entirely be the best way of solving the problem because if China has a comparative advantage they may be able to keep up. The problem does not entirely rest with the design of the textiles as the research revealed that consumers can tell the difference. Security stickers has been put on local textiles to make it easier for consumers to differentiate between the imitated textiles and the original textiles, the local companies are branding shops to exclusively sell the original textiles.

The study concluded that the local textile companies are facing challenges that are hindering it from performing at its full capacity. Aside the imitation of textiles, government policies, taxes and cost of production account for the decline of market share of textiles

## Recommendations

Based on the research, findings from consumers revealed that consumers prefer local textiles to imported textiles. This is because the local textiles are of higher quality than foreign textiles, however consumers demand for foreign brands because of the price difference. Consumers are also currently aware of the presence of imitated brands.

The research also revealed that high cost of production is one of the major factors that has led to the decline of market share since it leads to higher prices hence makes it difficult for local companies to compete. Factors such as the trade liberalization policy of Ghana, taxes and the smuggling of textiles from Togo and Cote d'Ivoire have contributed to the low market share. There are some measures that local companies have put in place; however the researcher thinks that these recommendations will also be relevant in addressing these problems.

- Strategies to restrict trade policies

Trade liberalization policies have been one of the factors that have led to more importation of goods, which has caused competition in the market. Like Nigeria where there have been restrictions on importation of textiles into the country, such policies can be adopted to decrease the importation of textiles.

- Government support

Since countries like China have a comparative advantage than Ghana hence gives the competitive advantage, it is very important that the government of Ghana takes pragmatic measures to make the textile industry competitive. Amartey (2014), in his research said the government should support the textile industry like it used to do four decades ago especially through the investment. The government should provide assistance in areas of financial support (Eric Bruce-Amartey Jnr<sup>1</sup>, 2014). Government's support in subsidizing the cost of utility such as electricity and water for the companies will enhance the industry positively. Looking at the recent power outages in Ghana, the extra cost of running productions with a plant makes the cost

higher. Hence the government can introduce policies that can support the textile companies with production.

➤ Education and training in textile production

The research revealed that Ghana does not produce machineries and raw materials needed for the production of textiles. Government should invest in training and educating students to research into various ways of producing raw materials. Institutions should be set up to train engineers to produce machineries. Textile education should be given attention, so that students can be abreast with technological advancement. If we have more people gaining interest in the textile industry it will lead to more creation of jobs.

The national task force that have been contracted to ensure that traders who sell imitated textiles are arrested or the textiles are confiscated, should be trained to be able to differentiate between the imitated versions and the original ones .

➤ Rebranding

It is important for local companies to rebrand their products. Companies can use different marketing instruments to differentiate them from other companies. To fully exploit the opportunities given, the brand strategy needs constant work on the brand. It is time consuming and may demand financial investment in its development, however in the long run, the investment pays off and the company gains customer loyalty.

### 5.3 LIMITATIONS

- Some textile traders were not willing to talk because of the fear that the researcher may be a government official.
- Some information about textile companies could not be found on the internet
- Time and money were constraints to getting the information needed.
- Relaying messages to some traders had to be done in the local dialect
- Access to some information was not allowed because of its sensitivity and allowing competitor's access to vital information.
- Distribution of questionnaires occurred during working hours as such this may have impeded quality information since respondents were focused on getting their work done than rather fill questionnaires .`



## BIBLIOGRAPHY

- Asare, Isaac Twum. (2012). CRITICAL SUCCESS FACTORS FOR THE REVIVAL OF THE TEXTILE SECTOR IN GHANA. *International Journal of Business and Social Science*, 2, 307-309
- Brown, Ann. Africa Strictly. *Africa Strictly website*. Retrieved from <http://www.africatrictlybusiness.com/news-analysis/africa-seeks-control-its-textile-industry>
- Creswell, John W., Hanson, William E., Clark Plano, Vicki L., & Morales, Alejandro. (2007). Qualitative Research Designs: Selection and Implementation. *The Counseling Psychologist*, 35(2), 236-264. doi: 10.1177/0011000006287390
- Dhliwayo, Rutendo. (2012). Consultancy Africa Intelligence. *A Continent vrs a Country*  
**Retrieved from:** <http://goo.gl/GPJTzF>
- Eliassen, Ina Eirin. (2012). Chinese Investors: Saving the Zambian Textile and Clothing Industry? (pp. 4-44): Centre for Chinese Studies, Stellenbosch University.
- Eric Bruce-Amartey Jnr<sup>1</sup>, Emmanuel Rexford Kodwo Amissah<sup>2</sup> & Kweku Safo-Ankama. (2014). The Decline of Ghana's Textile Industry: Its effects on Textile Education in Ghana. 22, 37-42.
- Eyiah, Joe Kingsley. (2013, january 27). Ghana Web. *The Full Implementation Of FCUBE in Ghana*. Retrieved 20th October 2014, 2014, from <http://www.ghanaweb.com/GhanaHomePage/features/artikel.php?ID=263327>
- Financial Times. *Ft.com/Lexicon*. Retrieved from <http://lexicon.ft.com/Term?term=country-of-origin-%28COO%29-bias>
- Friedrich-Ebert-Stiftung, Bonn:. (2006). The Textile and Clothing Industry *TEXTILE AND CLOTHING INDUSTRY IN SUB-SAHARAN AFRICA* (pp. 135-140).  
History Of Textile In Ghana, The Akan Background. [https://cultureafrica.files.wordpress.com/2013/04/history-of-textiles\\_2.pdf](https://cultureafrica.files.wordpress.com/2013/04/history-of-textiles_2.pdf)
- Howard, Ebenezer Kofi. (2014). *CHALLENGES AND PROSPECTS OF SELECTED LARGE-SCALE TEXTILE FACTORIES IN GHANA*. (DOCTOR OF PHILOSOPHY), Kwame Nkrumah University Of Science and Technology, KNUST space. Retrieved from <http://ir.knust.edu.gh/handle/123456789/6543>
- Investopedia. *Investopedia website* Retrieved from <http://www.investopedia.com/terms/t/trade-liberalization.asp>

- Lee, Eddy. (2005). Economic and Social Affairs *Trade Liberalization and Employment* (pp. 2-4).
- Malinowska-Olszowy, Monika. (2005). Brand Strategy in the Clothing and Textile Market 13, 8-12.
- Mertens, Donna M. (2005). *Research and evaluation in education and psychology: integrating diversity with quantitative, qualitative, and mixed methods*. Thousand Oaks, Calif: Sage Publications.
- Marshall, Martin N. (1996). Sampling for qualitative research. *Family practice*, 13(6), 522-525. doi: 10.1093/fampra/13.6.522
- Mayring, Philip (2000). Qualitative Content Analysis. *Forum Qualitative Sozialforschung/ Forum: Qualitative Social Research*, 1(2), Art 20
- Peter Quartey, Joshua Abor<sup>2</sup>. (2010). Do Ghanaians Prefer Imported textiles to locally manufactured ones? *scientific research*.
- Pettinger, Tejvan R.). *Economicshelp. Economicshelp website*. Retrieved 2014, from <http://www.economicshelp.org/blog/glossary/comparative-advantage/>
- Private Enterprise Federation. (2014, March 24). *Smuggling, Policy Summersault Ghana Textile Industry*. Retrieved from <http://pef.org.gh/index.php/news/53-smuggling-policy-summersault-killing-ghana-textile-industry>
- Research Designs: Selection and Implementation. *The Counseling Psychologist*, 35(2), 236-264. doi: 10.1177/0011000006287390
- SAGE Researchmethods. (2006). Retrieved from <http://srmo.sagepub.com/view/the-sage-dictionary-of-social-research-methods/n162.xml>
- Sola Akinrinade, Olukoya Ogen. (2008). Project Muse. *Globalization and De-Industrialization: South-South Neo-Liberalization and the Collapse of the Nigerian Textile*, 159-170.
- Turner Iii, Daniel W. (2010). Qualitative interview design: A practical guide for novice investigators. *Qualitative Report*, 15(3), 754-760.
- Implementation. *The Counseling Psychologist*, 35(2), 236-264. doi:

10.1177/0011000006287390

Velde, Jodie Keane and Dirk Willem te. (2008). Investment and Growth Programme. *The role of textile and clothing industries.*

Wildemuth, Barbara M. (1993). Post-Positivist Research: Two Examples of Methodological Pluralism. *Library Quarterly U6 - - Journal Article*, 63(4), 450-468.

Yin, Robert K. (2003). *Case study research: design and methods* (Vol. 5.). Thousand Oaks, Calif: Sage Publications.

YUE, Changjun. (2001). Comparative Advantage, Exchange Rate and Exports in China\* (pp. 1-18).

# Appendix

## Questionnaires

### Questionnaire for Traders

*This study is to understand how the importation textiles from China have affected local producers in Ghana .Please be insured that the information provided will only be used for the thesis and no other purpose*

***Please tick the appropriate answer***

1. Gender

a) Female

b) Male

2. How long have you been working? \*below a year\*

a) Below a year

b) 1 to 2 years

c) 3 to 5 years

d) Above 5 years

3. What are the types of textiles you sell

a) Foreign textiles

b) Local textiles

c) Both

4. Which ones do consumers prefer

a) Imported textiles

b) Local textile

5. Are the designs of the Chinese textiles the same as the locally produced ones

a) Yes

b) No

c) Some

6. Does it influence the choice of consumers?

a) Yes

b) No

7. Are the imported textiles cheaper than the locally produced one?

a) Yes

b) No

*Thank you very much for your time*

## Questionnaires for consumers

*This study is to understand how the importation textiles from China have affected local producers in Ghana .Please be insured that the information provided will only be used for the thesis and no other purpose*

### **Please tick the appropriate answer**

1. Which textile do you prefer
  - a) Local
  
  - b) Imported
  
2. What influences your choice?
  - a) Price
  
  - b) Quality
  
  - c) Design
  
  - d) Origin
  
3. What are you most concerned about
  - a) Price
  
  - b) Design
  
  - c) Origin

4. Are you able to tell the difference between imitated textiles and the original textiles

a) Yes

b) No

*Thank you very much for your time*

#### Interview Questions

*This study is to understand how the importation textiles from China have affected local producers in Ghana .Please be insured that the information provided will only be used for the thesis and no other purpose*

Interviewer:.....

Interviewee:.....

Date:.....

1. How long have you been working in the industry?
2. What are some of the challenges the industry has been facing?
3. Has the imitation of Chinese textiles affected your company?
4. How has the imitation of textiles by the Chinese affected your company?
5. Has the demand for local textiles dropped?
6. If yes, what are some of the reasons why the demand for local textiles has dropped?
7. What are some of the factors that have attributed to the drop in demand?
8. Does the government support the local textile industry?
9. How has the government been supporting the local textile industry?
10. Do you think the textile industry needs more support?
11. What are some suggestions that you think can help improve the textile industry's market share



CONSENT FORM

RESEARCHER: Fauziya Yen Anafo

TITLE: The Impact of Imported Chinese Textiles on Local Producers in Ghana

PURPOSE OF STUDY: Thesis

I will like to seek your permission to be involved in my research. My research topic is “the impact of Chinese imitation of the local textile cloth on local producers in Ghana”. It will specifically look at how to enable the textile industry of Ghana gain market share in the economy.

Your participation will be highly helpful in accessing the current state of the textile industry. Your input will however guide me in giving constructive suggestions of our textile industry.

You are free to be a part of this study or you are free to stop at any moment. You are not obliged to continue with the process if you do not want to.

The benefit of being part of this research is that your response will enable me give constructive feedback that will help in reviving the textile industry of Ghana. You will be recognized in the research (if you do not mind)

If you have any questions, please feel free to ask me for further clarification. If you agree to be part of this research, please sign below.

For further enquiries, you can contact my supervisor, Dr. Edgar Cooke. His email is [ecooke@ashesi.edu.gh](mailto:ecooke@ashesi.edu.gh)

Thank you for your corporation.

Please sign here .....