

AN EXAMINATION OF FACTORS RELATED TO
THE IMPROVEMENT OF THE APPAREL
MANUFACTURING INDUSTRY
IN MALAWI

By

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CHAPTER 1

Introduction

Research Question

What is the status of the Malawian apparel manufacturing industry in terms of its challenges and prospects as well as examining factors for its improvement? Currently the apparel manufacturing industry in Malawi is small. It is not clear as to what the challenges are and what improvements may occur. Even though the industry faces more challenges, it has potential for growth because of availability of cheap labor that attracts foreign investors, local production of cotton, a burgeoning textile industry, and an environment conducive to modern technology adoption at relatively low cost (Kim, Traore, & Warfield, 2006; Muradzikwa, 2001a; NWGTP, 2009; RATES, 2003). In addition, Malawi's participation in several trade agreements, both within and outside Africa, has created opportunities for the industry to participate in international trade, thereby opening up more business opportunities for the apparel manufacturing industry in Malawi.

Despite the availability of these resources and business opportunities, the apparel manufacturing industry has not been growing. Researchers have noted that hindrances to such growth have been both non-domestic and domestic. The two major non-domestic challenges often cited in literature include Sub-Saharan Africa's participation in trade agreements and trade liberalization, which has led to the influx of second hand clothing and cheap imports from Asian countries (Baden & Barber, 2005; Frazer, 2008). The

domestic challenges include poor infrastructure and transport networks, outdated technology and factory facilities, and poor working conditions (Adhikari & Yamamoto, 2005; Chatima, 2007; RATES, 2003; Ryberg, 2008). The existence of such challenges may hinder competition among foreign investors and suppliers who want to do business in Malawi. These investors and suppliers come from the United States, European Union, and Sub-Saharan African markets (Traub-Merz & Jauch, 2006).

The purpose of this study is to determine the status of the apparel manufacturing industry and examining factors for its improvement. Specifically, the objectives of the study include the following: 1) examine the current status of the apparel manufacturing industry in Malawi, 2) identify problems faced by the apparel manufacturing industry in Malawi, 3) identify strategies put in place by the Government of Malawi and other stakeholders to address the challenges faced by the apparel manufacturing industry in Malawi, 4) assess the extent to which the strategies put in place by the Government of Malawi have helped to improve the apparel manufacturing industry, and 5) suggest other strategies that may be useful to improving the apparel manufacturing industry in Malawi.

Study Location

Malawi is a land locked country located in the northeastern part of Southern Africa with a population currently estimated at 13,077,160 (National Statistical Office, 2008). It shares borders with Mozambique in the south, Tanzania in the north-west, and Zambia in the east. Figure 1 is a map of Malawi. The study location is Blantyre, Malawi. Blantyre is a commercial and industrial city located in southern Malawi. Most manufacturing companies producing apparel for either export or domestic consumption

are located in this city. This study is limited to apparel manufacturers that produce items for export under the Export Processing Zone status.



Figure 1. Map of Malawi.

Significance of Study

This study is important for several reasons. To begin with, the apparel manufacturing industry has access to resources and business opportunities needed for economic growth. Such economic growth of the industry would be a positive development because it would contribute to the Gross Domestic Product (GDP). The industry also would offer employment opportunities to Malawians, many of whom live below the poverty line. According to the Malawi National Statistical Office (2008), 40 percent of Malawians live below the poverty line. It is worth noting that the apparel manufacturing industry is well suited to offer employment opportunities because it requires relatively low skills from prospective employees (Adhikari & Yamamoto, 2005).

Therefore, research in apparel manufacturing is important because it may provide information useful for improving the industry, and subsequently increasing employment opportunities and overall economic development in Malawi.

Relevant literature provides much information regarding challenges and opportunities for growth of the apparel industry in Sub-Saharan Africa. Quite often, results from various studies have been generalized to almost all countries in Sub-Saharan Africa. However, Malawi is a unique country and may have challenges not shared by other Sub-Saharan African countries. In addition, Malawi may be at a different level of economic development as well as pursuing different trade policies. Furthermore, the apparel manufacturing industry in Malawi remains relatively unexplored in the literature.

Even though some studies about the apparel manufacturing industry have been conducted in the past in Malawi and Sub-Saharan Africa (Adhikari & Yamamoto, 2005; Frazer, 2008; Jauch, 2002; RATES, 2003; SOMO, 2003; Traub-Merz & Jauch, 2006), more studies are needed in order to have a more complete understanding of the manufacturing industry in Malawi. Lastly, there seems to be opposing views in the literature regarding factors that have led to the decline of the apparel industry in Sub-Saharan Africa, and in some cases, Malawi. Sub-Saharan African countries blame trade agreements and trade liberalization as having a negative effect on the Sub-Saharan Africa apparel manufacturing industry. These countries argue that developed countries use trade policies to protect their own domestic industries while exploiting those of Sub-Saharan Africa (Kim, et al., 2006). On the other hand, developed countries believe that trade agreements and liberalized trade are important tools for poverty alleviation and economic growth in the developing world (Tupy, 2005; Veronaeu, 2007). The developed countries

also observed that Sub-Saharan African countries needed to address domestic challenges if their industries are to grow economically. Tupy (2005) emphasized that free trade and the right set of trade policies are crucial for economic growth. With such opposing views, it is unclear what exactly affects apparel manufacturing in Sub-Saharan Africa.

Therefore, there is need to collect Malawian data from different levels of the industry such as policy makers, managerial, and employee level to have a more complete picture of challenges facing the apparel manufacturing industry and an understanding of what strategies may improve the industry. Collecting data from the three levels is significant because each level deals with different issues affecting the industry. For example, policy makers may provide information on trade agreements and foreign investment whereas owners and managers of companies may present general information about production and marketing of apparel products. In addition, employees are a useful resource for information on general working conditions in the industry.

Operational Definitions

Definition of Export Processing Zones

Various authors define Export Processing Zones differently. According to the World Bank (1998), Export Processing Zones (EPZs) are industrial estates with a size range between 10 and 300 hectares specializing in manufacturing for export. Jauch (2002) and Kusago and Tzannatos (1998) described Export Processing Zones as geographic areas within a country that aim at attracting export oriented industries by offering them favorable investment opportunities and trade conditions that may not be available in other parts of the country. Deardorff (2011) describes Export Processing

Zones as designated areas in a country where companies can import raw materials duty free so long as the imports are for producing items for export. In Malawi, there are no specific industrial estates dedicated to export processing; however, firms are designated the status of Export Processing Zones (EPZs) and are located in areas of choice and convenience to the investor (Nkhoma, 2007). Any company can apply for EPZ status under the Export Processing Zone Act (Nkhoma, 2007; SADC, 2011). Malawi regarded Export Processing Zones as an important and reliable strategy for integration into the global economy (Jauch, 2002). The significance of this concept is that Malawi's definition of EPZ is different and does not suit the descriptions by others (Deardorff, 2011; Jauch, 2002; Kusago & Tzannatos, 1998; The World Bank, 1998). Such an understanding is important for foreign and domestic investors as well as all stakeholders in their pursuit of export processing, trade agreements, and future decisions regarding the apparel manufacturing industry in Malawi.

Definition of Industrialization

In simple terms, industrialization refers to heavy manufacturing. After gaining independence in 1964, the Malawian government embarked on three phases of industrialization to develop the economy. The period between 1964 and 1979 was mainly import substitution industrialization. From 1980 to 1994, the government adopted an export-oriented strategy. From 1994 to the present, the government embraced trade liberalization with most trade policies favoring export-oriented manufacturing (Chatima, 2007). This concept provides a basis of understanding the phases of trade in Malawi, that is, from an agricultural to a capital economy.

Definition of Export Promotion

Export promotion is producing apparel for international trade with an aim of increasing exports and usually the government uses special policies to achieve this objective (Deardorff, 2011). Malawi adopted this type of trade strategy since the 90s to increase exports at international markets in most manufacturing industries, including apparel (Chirwa, 2002; Traub-Merz & Jauch, 2006). Export promotion is a good strategy for contributing to the advancement of companies that have potential for developing and competing at international markets. The concept of export promotion is significant because it is the trade strategy used in Malawi since 1990 (Chirwa, 2002).

Definition of Import Substitution

Import substitution is synonymous with protectionism. It is an economic development strategy that replaces imports with domestic production (Deardorff, 2011). The government of Malawi adopted import substitution from the 1960s to 1980s with the expectation of developing the domestic apparel manufacturing industry and protecting it from foreign competition. Protection in many Sub-Saharan Africa countries was achieved through custom duties, quantity restrictions on imports, or by banning them completely (Traub-Merz & Jauch, 2006). Malawi actively participated in ownership partnership with domestic and foreign private capital between 1960s and 1980s (Jauch, 2002). This concept is significant because it is the first phase of the industrialization process in the Malawian apparel manufacturing industry since independence in 1964. Policymakers may use this as a reference point to gauge how the industry has been performing since transitioning to an export oriented economy.

Definition of Trade Liberalization

Marchant and Snell define trade liberalization as a "...complete or partial elimination of trade-distorting government policies" (Marchant & Snell, 1997, p. 4). Deardorff (2011) describes trade liberalization as reduction of tariffs and removal or relaxation of nontariff barriers. Even though the meaning in both definitions is the same, the Marchant and Snell definition is preferred in this study. In the 1990s, most Sub-Saharan African countries including Malawi failed to pay foreign debts. These countries were advised by the World Bank and the International Monetary Fund to become liberalized economies (Traub-Merz & Jauch, 2006). Implementation of trade liberalization or openness aimed at helping industries in developing countries to grow and integrate into the global economy (Bhalla, Chipeta, Taye, & Mkandawire, 2002). Related to trade liberalization is the concept of pro-trade. Pro-trade implies supporting a particular type of trade. Therefore, by yielding to trade liberalization, the government of Malawi showed support for trade liberalization. The government of Malawi liberalized its economy in the 1990s, thereby becoming more open to foreign investment and international competition. The literature on trade liberalization gives the impression that there is a positive relationship between trade liberalization and economic growth of an apparel manufacturing industry. However, some have noted that economic growth is a product of many factors, one of which is trade liberalization (Rodríguez & Rodrik, 2000; Rodrik, 1998; Winters, et al., 2004). This concept is important in this study because it is associated with the decline of the apparel manufacturing industry in Sub-Saharan Africa.

Definition of Second Hand Clothing

Second hand clothing refers to used clothing (Frazer, 2008). Second hand clothing may also denote unused clothing handed over to the second consumer. Second hand clothing is not a new phenomenon. Hansen (2004) and Lemire (1988) indicated that second hand clothing trade was a common feature in pre-industrial and early industrial England. In this study, second hand clothing refers to used clothing imported into Malawi from Western Europe and North America, initially meant for charity, but subsequently it became booming business (Field & Schmitz, 2007; Mhango & Niehm, 2005). The government of Malawi legalized importation of used clothing in 1994 (Mhango & Niehm, 2005). Since most people in Malawi have low purchasing power, used clothing is in great demand (Embassy of the United States, 2011). In this study, the concept of second hand clothing is significant because literature identifies it as one of the contributing factors to the decline of the apparel manufacturing industry in Malawi.

Definition of Metropolitan Country and Colony

A country that controls another country is a metropolitan country. For instance, Britain is a metropolitan country; it controlled Malawi, then Nyasaland, from 1891 to July 1964. A country under the jurisdiction of another country is a colony (National Statistical Office, 2009). In this study, these concepts are crucial because they may help to explain the role of colonial influence in domestic and international trade.

Definition of Tariffs

Deardorff (2011) defines a tariff as a tax on trade usually an import tariff. The Encyclopedia Britannica (2011) defines a tariff as tax levied on goods as they cross national boundaries, usually by the government of the importing country. According to Irwin (2010), tariffs perform three functions, that is, revenue, restriction, and reciprocity. The Encyclopedia Britannica (2011) notes that words tariffs, duty, and customs are used interchangeably. In this study, tariff is defined as a restriction or tax on imported goods. The Malawi apparel manufacturing industry exports apparel to the US on duty free basis through the African Growth and Opportunity Act (AGOA) (Chatima, 2007; Moody & Goshawk, 2001). In addition, the government of Malawi does not charge duties and surtaxes on imported raw materials and manufacturing equipment for export (SADC, 2011). This concept is fundamental because it shows how Malawi upholds trade liberalization policies by not charging tax on imported raw materials for apparel manufacturing.

Definition of Quotas

A quota is the amount of goods a particular country either imports or exports (Deardorff, 2011). The Encyclopedia Britannica (2011) describes quotas as limits that countries impose on the quantity or in certain cases, the value of goods imported or exported over a specified period. In this study, the term quota denotes the limit or amount of goods the apparel manufacturing industry in Malawi exports to the United States. In addition, the term also applies to imported raw materials for apparel manufacturing under the African Growth and Opportunity Act (AGOA) and Export Processing Zones (EPZs). The Encyclopedia Britannica (2011) observes that quotas are more effective in restricting

trade than tariffs. Through the African Growth and Opportunity Act (AGOA), Malawi qualified for duty free and quota free export of apparel into the US in 2001 (Chatima, 2007; Moody & Goshawk, 2001). The US accords such treatment to apparel wholly assembled in the country and made from fabric and yarn sourced domestically, within Sub-Saharan Africa region, or from the US (Ministry of Trade and Private Sector Development, 2005). Even though Malawi is an AGOA eligible country, it fails to benefit from AGOA (Chatima 2007). This term is significant in the study because it provides an understanding of trade agreement conditions. In addition, with the slow growth of the apparel manufacturing industry, Malawi may explore avenues for ensuring that the Malawi apparel industry benefits from AGOA.

Definition of Preferential Trading Arrangements

Preferential Trading Arrangements refer to a system where a group of countries lowers tariffs against imports from member countries (Deardorff, 2011). Such arrangements may include one or more of the following economic integration, Free Trade Area (FTA), Custom Unions, Common Markets, and Economic Union (Deardorff, 2011). This concept is significant because it provides an understanding of how different countries deal with cross border trade issues.

Definition of Labor-Intensive Industries

Deardorff (2011) describes a labor-intensive industry as one that heavily relies on inputs of labor relative to capital. The Encyclopedia Britannica (2011) indicates that the higher the proportion of labor costs, the more labor-intensive the company. Most apparel

manufacturing industries in Sub-Saharan countries, including Malawi, offer low skilled labor and low wages to attract foreign investors (Jauch, 2002; Traub-Merz & Jauch, 2006). This concept is significant in order to emphasize the point that labor forms the core of the apparel manufacturing industry. The industry does not require specified entry skills since employees acquire most of the skills through in-house training. Figure 2 provides a brief summary of the terms used throughout this thesis.

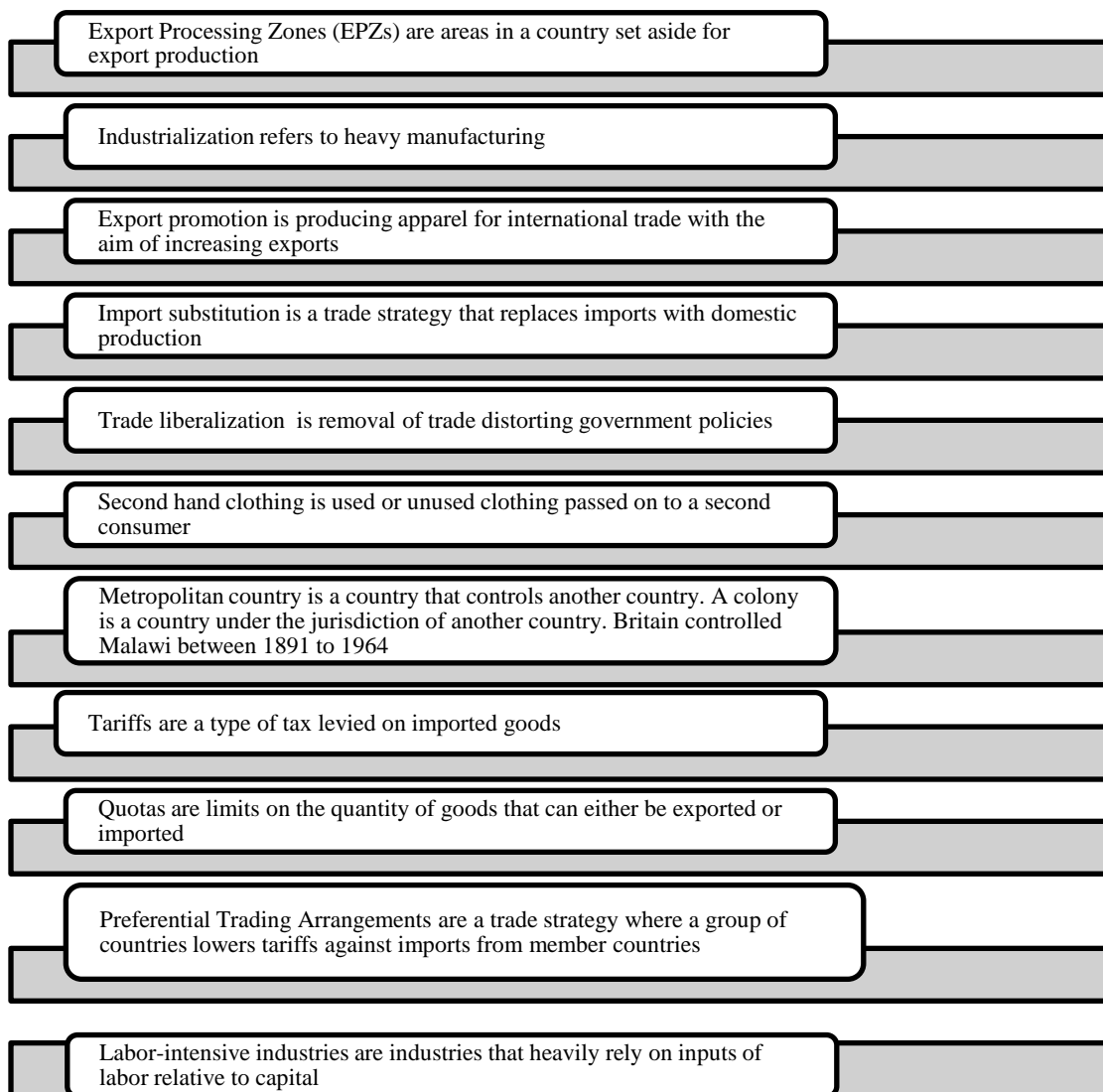


Figure 2. A brief overview of terms used in this study.

Expected Contributions to the Literature

Results of this study may add to the body of knowledge about the status of the apparel manufacturing industry in Malawi. By examining the status, challenges, and prospects of the industry, the study may provide policy makers with insight for deciding appropriate policies and strategies. These strategies may serve to boost the apparel industry's competitiveness both at regional and international levels.

Organization of the Remainder of the Thesis

This thesis is organized into six chapters: introduction, literature review, methodology, results, discussions and implications, and recommendations. Chapter 1 is the introduction. Chapter 2 provides a discussion of relevant theory and literature review. Chapter 3, research methodology, includes study participants, location, sampling process, instrumentation, assumptions, data analysis procedures, and issues of consent and confidentiality. Chapters 4 and 5 present results and discussions of the major findings of the study. Chapter 6 provides a synopsis of the problem, data collection and analysis procedures, limitations as well as results of the study. The chapter ends with implications of the major findings of the study and provides recommendations for future research.

CHAPTER 2

Literature Review

Theory and Empirical Works

This chapter provides a review of literature on factors affecting the growth of the apparel manufacturing industry in Malawi. The chapter commences with a description of Porter's Competitive Advantage Theory. Following is literature that discusses apparel manufacturing and economic development in Africa, colonial policy, import substitution and apparel manufacturing in Sub-Saharan Africa, and the Malawian apparel manufacturing industry. The domestic and non-domestic challenges affecting the Malawian apparel manufacturing industry are examined in this chapter. The chapter ends with a summary of the reviewed literature.

Competitive Advantage Theory

Porter's Competitive Advantage Theory (1990), also known as the Diamond Model, guides this study. The major underpinning of Competitive Advantage Theory is that success of an industry is based on four interrelated factors namely, (1) factor conditions, (2) demand conditions, (3) related and supporting industries, and (4) firm strategy, structure and rivalry (Campaniaris, Hayes, Jeffrey, & Murray, 2011; McRee, 2002; Porter, 1990; Watchravesringkan, Karpova, Hodges, & Copeland, 2010).

Four Determinants of Competitive Advantage Theory

Competitive Advantage Theory provides insights into how companies can achieve competitive advantage, which is necessary for positioning and strengthening companies within the business environment. Figure 3 provides the four Theory of Competitive Advantage determinants. It is important to note that these elements are interrelated.

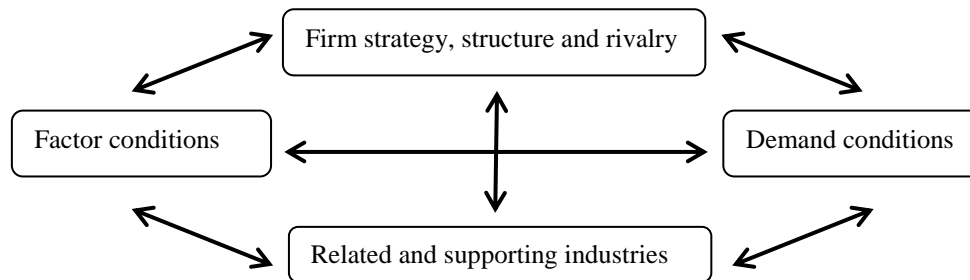


Figure 3. The four elements of Competitive Advantage Theory

Determinant One: Factor Conditions

Factor conditions are drivers of production (Grant, 1991; Jin, 2004) and can be either basic or advanced (Porter, 1990). Basic factors such as natural resources, climate, location, unskilled, and semi-skilled labor are inherited passively. On the other hand, education helps foster advanced factors such as Computer Aided Design proficiency (Watchravesringkan, et al., 2010). Sledge (2005) found a positive relationship between advanced factor conditions and an industry's competitiveness at international markets.

Determinant Two: Demand Factors

The Competitive Advantage Theory describes demand factors in terms of the number and type of buyers in the demand market (Jin, 2004). An industry's competitiveness depends on the domestic demand for a particular product or service (O'Shaughnessy, 1996; Watchravesringkan, et al., 2010). Competitive Advantage Theory stresses the important role played by sophisticated, demanding and influential domestic consumers in promoting an industry (Campaniaris, et al., 2011; Grant, 1991).

Determinant Three: Related and Supporting Industries

Industries that are highly competitive and interconnected influence the focal industry's competitiveness through innovation, upgrading, information flow and shared technology development (Grant, 1991; Jin, 2004; Porter, 1990; Watchravesringkan, et al., 2010). Watchravesringkan et al. (2010) reported that sustainability of an apparel industry's competitiveness depends on availability of advanced textile industries, educational institutions, related research organizations and consulting firms in a particular country.

Determinant Four: Firm Strategy, Structure, and Rivalry

Firm strategy, structure, and rivalry applies to conditions that govern the creation, organization, and management of companies besides the nature of the domestic rivalry in a country (Porter, 1990). Campaniaris et al. (2011) noted that the industry's strategy, structure and rivalry shape stakeholders' attitudes towards market institutions, degree of domestic competition, and other factors that influence business transactions. These transactions occur between companies, companies and the government, as well as

companies and their employees. Therefore, success of a company depends on goals pursued, degree of competition from rivalry companies, and the nature of relationships among various stakeholders.

Other Factors: Chance and Government Role

Besides the Competitive Advantage Theory four elements, Porter identified another factor that affects the four determinants, namely chance and government role. Porter described chance factors as "events or occurrences that have little to do with circumstances in a nation and are often largely outside the power of firms to influence" (Porter, 1990, p. 124). For instance, political decisions and war by foreign governments are examples of chance factors (McRee, 2002; Porter, 1990; Watchravesringkan, et al., 2010). Chance factors are significant because they can disturb the competitive advantages of companies in different countries (McRee, 2002). They can annul the firms' established advantages and pave way for new companies (Porter, 1990). Porter viewed the government as having both positive and negative influence on the Diamond Model. Commenting on the model, Watchravesringkan et al. (2010) noted that the government can improve the quality of skilled labor force by providing education and training. The government can also help to improve infrastructure and other facilities to support the growth of a particular industry.

Other studies use all elements of the Diamond Model to assess the apparel manufacturing industry's competitiveness (McRee, 2002). In the current study, all aspects of the model including government's role and chance factors help to investigate the Malawian apparel manufacturing industry's competitiveness, as shown in Table 1.

Table 1.

Assessing the Malawian Apparel Manufacturing Industry using the Four Determinants of Porter's Competitive Advantage Theory

| Number | Determinant | Question |
|---------------|---|--|
| One | Factor Conditions | <ul style="list-style-type: none"> Does Malawi have sufficient basic and advanced factors necessary for production? |
| Two | Demand Factors | <ul style="list-style-type: none"> What is the size of the demand market for apparel produced in Malawi? Describe the type of buyers in the Malawian apparel market? |
| Three | Related and Supporting Industries | <ul style="list-style-type: none"> What supporting and related industries exist in Malawi? How have these industries contributed to the growth of the apparel manufacturing industry in Malawi? |
| Four | Firm's Structure, Strategy, and Rivalry | <ul style="list-style-type: none"> How many companies in Malawi currently produce apparel for export? Do the government and the apparel manufacturing industry consult on issues relating to the industry? |
| Other Factors | Chance and Government Role | <ul style="list-style-type: none"> What policies and strategies does Malawi pursue? How significant have these strategies and policies been in the development of the apparel manufacturing industry in Malawi? What chance factors have affected the apparel manufacturing industry in Malawi? |

Four Determinants in the Malawian Apparel Industry Context

In order to investigate the Malawi's apparel manufacturing industry's capability to produce both for domestic consumption and export, this study incorporates questions developed using the four determinants of Porter's Competitive Advantage Theory as shown in Table 1. All determinants were of interest in this study.

Since Factor 1 (factor conditions) drives production, questions on basic and advanced factors will provide insights into human and non human resources available for production in the Malawian apparel manufacturing industry. Conversely, Factor 2 (demand factors) relates to consumers. Even though this study focused on apparel manufacturing companies producing for export, questions on demand factors were crucial to the understanding of the size and type of consumers in Malawi. Factor 3 (related and supporting industries) which focuses on the availability and role of supporting and related industries is necessary to verify the focal industry's competitive advantage. The focal industry in this study is the apparel manufacturing industry producing apparel for export. Examples of related and supporting industries are companies that produce raw materials for apparel construction, training institutes and research and development centers. Factor 4 (firm's structure, strategy, and rivalry) provides an avenue for analyzing relationships between the government and industry representatives, cluster and interconnected industries and the industry and their employees. Such an understanding is vital for future decisions regarding the industry. Lastly, questions on other factors (role of government and chance) present a basis for understanding their impact on the apparel manufacturing industry.

Exploring chance factors is significant because due to its geographic location, Malawi depends on neighboring countries to ship raw materials and apparel products. Investigating the government's contributions is necessary since the reviewed literature provided opposing views about the role of trade policies and strategies pursued by various governments in promoting competitiveness in the apparel manufacturing industry.

In general, Competitive Advantage Theory provides some insights into how countries achieve or fail to achieve competitive advantage. This study aims at gathering data to assess the status of the industry, contributing factors to the status, government's efforts to improve the industry as well as suggestions for further improvement. Results of this study will provide some insights into whether the apparel manufacturing industry in Malawi meets Porter's criteria of competitiveness or not.

Literature Review

Apparel Manufacturing and Economic Development in Africa

The apparel industry is one of the oldest and most widespread manufacturing and trade industries. The apparel industry is a unique and integral component of every economy, and many countries have used it for industrialization (Kim, et al., 2006). When it is carefully protected and has low entry barriers, the apparel industry is well suited for use as a stepping stone to economic development, and has often been used in that capacity (Ackah & Morrissey, 2005). However, Adhikari and Yamamoto (2005) noted that although entry into the industry may not be challenging, developing economies may have difficulties in sustaining and achieving growth. This is because success of any

industry depends on a number of factors. These factors include type of trade and economic policies pursued by a country, the skills prevalent in the industry, a flexible and ethical labor force (Kim, et al., 2006), and availability of sufficient and quality infrastructure (Adhikari & Yamamoto, 2005). In order to help developing economies, the US and EU entered into trade agreements with Asian and African countries (Chatima, 2007; Kim, et al., 2006; Muradzikwa, 2001b). These trade agreements are either bilateral or multilateral.

Most Sub-Saharan African countries are beneficiaries of the African Growth and Opportunity Act (AGOA). More information about Malawi's performance under AGOA is provided later in the section dealing with non-domestic challenges to the Malawi apparel manufacturing industry. Sub-Saharan African countries also trade with countries in the European Union. Despite the efforts made by the US and EU, Fukunishi (2008) observed that the manufacturing sector in Sub-Saharan Africa has not flourished as much as that of Asian countries. This might be due to global, regional, or country-specific factors. Schaeffer (2006) noted that developed countries may open up their markets for trade with developing countries and by promoting good policy. However, performance of the latter depends on their willingness to open up to international markets and to adopt and use the proposed policies. Schaeffer's observation seems to suggest that the onus of development rests with developing nations through opening up to international markets and adopting proposed policies. To what extent is this true bearing in mind that host countries may have domestic challenges?

Colonial Policy, Import Substitution and Apparel Manufacturing in Sub-Saharan Africa

Before obtaining independence, most Sub-Saharan African countries followed colonial trade policies whose aim was to promote and regulate trade to serve metropolitan countries (Mwaba, 2000). As stated, Malawi was a British colony from 1891 to July 1964 (National Statistical Office, 2009). The colonial trade policies created strong ties between colonies and metropolitan countries. Metropolitan countries used trade policies to control their colonies' external trade (Mwaba, 2000). For instance, the colonies acquired goods from elsewhere on condition that they were unavailable in the metropolitan countries (Mwaba, 2000). Based on Mwaba's observations, it may be inferred that some Sub-Saharan African countries' conduct in trade may be partly influenced by their colonial rulers or policies.

Due to colonial influence, the dominant type of trade before independence was import substitution, where colonies imported goods from their colonial masters. Import substitution is a government trade strategy used by developing countries to limit the importation of manufactured goods. Again, the purpose is to help local firms develop (Traub-Merz & Jauch, 2006). Tariffs, quotas, and exchange rates are tools to help foster domestic production (Grabowski, 1994; Jayanthakumaran, 2000). Tariffs and quotas protect domestic manufacturers from international competition, and overvalued exchange rates lower the cost of imported capital goods necessary for the domestic industrialization process (Grabowski, 1994). Even though most developing countries considered import substitution necessary for the establishment and evolution of labor-intensive industries, Grabowski (1994) observed that results of protecting domestic industries have not been quite encouraging.

Grabowski attributes such failure to inability of most industries to close the technology gap, thereby becoming uncompetitive internationally. Grabowski's comment shows that trade openness and good policies alone may not be enough to develop an economy. The period of import substitution ended in the 1980s when most African countries were unable to pay foreign debts (Traub-Merz & Jauch, 2006; World Development Movement, 2005). As a result, the World Bank forced these countries and the International Monetary Fund to liberalize their economies. Trade liberalization, discussed in detail later, has been implicated in the decline of the apparel manufacturing industry in Sub-Saharan Africa because it has led to enormous importation of textile and apparel products, forcing domestic apparel manufacturers to either close or reduce production (Ikiara & Ndirangu, 2003). Sub-Saharan African countries face global, regional, or national challenges. For instance, openness to trade leads to global competition among nations since they compete for US and EU apparel markets. Poor road networks among landlocked nations are a regional problem. Some challenges are specific to countries because of their level of development and their geographical location. Malawi faces water and electricity problems; this is a country specific problem.

Even though many issues surround the apparel manufacturing industry in Africa, the industry has great potential for growth and development. Africa is a strong producer of cotton (Frazer, 2008). Many countries also offer cheap labor, which attracts foreign investors. In addition, Nordås (2004) observed that developing countries are capable of adopting modern technology at relatively low investment cost. Africa also participates in several trade agreements, which may be a force in promoting economic cooperation and trade between member countries (U.S. International Trade Commission, 2009).

Apparel Manufacturing in Malawi

Malawi has a small, developing apparel manufacturing industry (MCCCI, 2008). The reviewed literature showed variations in the number of companies producing apparel for export. For instance, Weathers (2003) reported that as of August 2002, three apparel companies were exporting apparel products under AGOA. Nkhoma (2007) and NWGTP (2009) reported a small number of large exporting manufacturers dominating the apparel manufacturing sector. These authors did not provide the exact number of companies producing apparel for export. Other sources reported eight companies that produce apparel for export (MCCCI, 2008; Nakagawa et al., 2009). Such variation in literature is an indication of the need for research to identify the current industry's status. According to the Malawi Confederation of Chambers of Commerce and Industry (2008), the garment manufacturing companies operate under the Export Processing Zone (EPZ) status. Issues about EPZs are examined in detail later in the chapter.

Malawian Apparel Industry Challenges: Non-Domestic and Domestic

Like most of the Sub-Saharan African countries, Malawi's apparel manufacturing industry faces non-domestic and domestic challenges. The non-domestic challenges include engagement in various trade agreements at regional and global levels, liberalization of the market economy, second hand clothing trade, and cheap imports from Asian countries. The domestic challenges include poor infrastructure, poor and outdated technology, poor working conditions, lack of capital for small and medium scale business, lack of expertise and technological skills and lack of foreign direct investment, among others (Adhikari & Yamamoto, 2005; Chatima, 2007; Frazer, 2008; Kazembe & Namizinga, 2007; Muradzikwa, 2001a).

Non-Domestic Challenges: International Trade Agreements

In this context, non-domestic challenges are factors believed to have an effect on the apparel manufacturing industry but are external to the host country, for example, trade agreements and trade liberalization policies. In order to improve economic status, Malawi participates in various trade agreements with the US and EU. Each of these agreements has requirements to be met thereby having both positive and negative implications for the apparel manufacturing industry in Malawi. Besides engaging in international trade agreements, Malawi enjoys trade agreements within Sub-Saharan Africa. Some of these agreements include Common Market for East and Southern Africa (COMESA), Southern African Customs Union (SACU), Southern African Development Corporation (SADC), African Union (AU), to mention a few. According to Muradzikwa (2001b), membership with many countries may affect the implementation of the trade agreements since some tend to overlap.

To have a clear understanding of the impact of the trade agreements on apparel manufacturing in Malawi, two trade agreements and one international trade organization have been selected for review. These include the African Growth and Opportunity Act (AGOA), Export Processing Zones (EPZs), and the World Trade Organization (WTO). The next section examines each of the trade agreements and the international body in relation to its agenda, conditions of the agreements or membership and impact on developing economies. Even though the review focuses on AGOA, EPZs, and the WTO, a few observations will touch on trade agreements within Africa.

African Growth and Opportunity Act (AGOA)

The African Growth and Opportunity Act (AGOA), which came into effect in 2000, is an expansion of the US General Systems of Preferences (GSP) and authorizes duty-free and tariff free exports from Sub-Saharan African Countries (De Haan & Stichele, 2007). Malawi qualified for AGOA in 2001 (Chatima, 2007; Muradzikwa, 2001b). The act offers African countries duty-free and quota-free status into the US for those products meeting the eligibility requirements (Chatima, 2007; Muradzikwa, 2001b). Countries are eligible for AGOA if they meet several criteria such as, an effective visa system, market-based economies, elimination of barriers to US trade and investment, protection of intellectual property, policies to reduce poverty, protection of human and workers rights, and elimination of certain child labor practices (Office of the United States Trade Representative, 2008).

The US assists Sub-Saharan African countries in several ways. For example, AGOA has flexible Rules of Origin for Least Developed Countries, such as Malawi. Through AGOA, the US allows African countries to obtain raw materials such as fabrics and yarns for apparel construction from any country, and recommends a single transformation to these raw materials (Traub-Merz & Jauch, 2006). This approach is a good development for African countries like Malawi because they lack sufficient facilities for textile and fabric production. Traub-Merz and Jauch (2006) indicated that the US does not give similar privileges to textiles and clothing products from Asian Least Developed Countries, except Cambodia. Such flexible Rules of Origin accord the apparel manufacturing and textile industries in Africa an added global trade advantage.

The existing literature shows that the Sub-Saharan Africa industry has not taken full advantage of the accorded privileges. Not taking advantage of privileges may be due to different development strategies, and economic and social policies of different countries (Kim, et al., 2006). Irrespective of the help that AGOA offers to developing African countries, some have argued that there are shortcomings to the agreement.

First, the US can terminate the African Growth and Opportunity Act at any time because it is not a binding agreement under the WTO, but rather a unilateral arrangement (Traub-Merz & Jauch, 2006). Second, only apparel made from US fabric, yarn, and thread have duty-free and quota-free access to US markets (Traub-Merz & Jauch, 2006). In addition, others have claimed that the US designs and implements trade policies in order to suit its trade strategies (Kim, et al., 2006). These criticisms against AGOA show how limiting trade agreement policies can be. If countries fail to meet the set criteria, they lose their eligibility and market access until they regain their status.

Export Processing Zones (EPZs)

Export Processing Zones are influential when a country is moving from import substitution to export orientation (Amirahmadi & Wu, 1995). However, as the country moves towards a more liberal trade, the EPZs become less and less effective (Amirahmadi & Wu, 1995). The arrangement about Export Processing Zones in Malawi is rather different from other countries. There are no specific industrial sites dedicated to export processing in Malawi, as per the definition of Export Processing Zones (Deardorff, 2011; Jauch, 2002; Kusago & Tzannatos, 1998; The World Bank, 1998). Rather companies are designated the status of Export Processing Zones (EPZs) and are located

in areas identified and deemed convenient by the investor (Nkhoma, 2007). There is no government interference and foreign investors are free to find employees, have unrestricted access to lending institutions and foreign currency for paying imports and transferring financial payments abroad (Malawi High Commission UK, 2011).

The literature on Export Processing Zones provides mixed views regarding EPZs benefits to host countries like Malawi. Some claim that EPZs have contributed positively to employment opportunities, salaries and working conditions (Boyenge, 2007; Kusago & Tzannatos, 1998). Other scholars have argued that EPZs are expensive undertakings because host countries incur both direct costs in the form of infrastructure and indirect costs such as lost tax revenue (Traub-Merz & Jauch, 2006). Furthermore, Jauch (2002) observed that the types of jobs created in these zones are not effective, of poor quality, and not necessarily new. From a different angle, Salinger, Amvouna, and Savarese (1998) pointed out that EPZs have proved ineffective due to unfavorable locations, high investment costs, unreliable management, and custom officials in host countries. Others have claimed that these zones fail to uphold labor and environmental standards (Davis, 2008; De Haan & Stichele, 2007; Moody & Goshawk, 2001). However, countries desperate to keep foreign investors have offered concessions using public resources to cross subsidize foreign capital (Traub-Merz & Jauch, 2006). In general, the reviewed literature showed that EPZs have not succeeded in attracting foreign investment and generating production and employment. Despite the negative experiences, it is surprising that Malawi and other Sub-Saharan African countries adopted such EPZ policies since the 1990s (Traub-Merz & Jauch, 2006) and are still implementing them (Chikhasu, 2007).

World Trade Organization (WTO)

The World Trade Organization, an international organization responsible for supervising and liberalizing international trade, succeeded the General Agreement on Tariffs and Trade (GATT) in 1995 (World Trade Organization, 2003). The organization negotiates and implements new trade agreements, besides settling disputes and ensuring that member countries adhere to all WTO requirements (World Trade Organization, 2003). The WTO's agenda is different from other international organizations such as the International Monetary Fund (IMF) and World Bank in that WTO members manage the organization. Most developing countries, including Malawi, are members of the World Trade Organization. Developing countries constitute two-thirds of the membership. According to the World Trade Organization (2003), developing countries have an important and active role in the global economy because they constitute the majority of membership. Leaders in these countries regard trade as instrumental to their development efforts.

Despite its efforts to govern global trade, the World Trade Organization faces several criticisms ranging from lack of transparency, public accountability, to favoring developed nations. The major criticism against the WTO is that the organization favors developed nations and multinational corporations. If this observation is true, developing countries like Malawi are at a disadvantage. Anderson and Cavanagh (1997) and Widen (2006) contended that the WTO is viewed as a closed organization because it secretly holds trade negotiations and delays in providing information to member countries. In addition, the WTO is not open to external views and criticisms from other organizations such as Non Governmental Organizations (Anderson & Cavanagh, 1997). However,

Widen (2006) noted that increased involvement of other organizations would marginalize the effectiveness of the World Trade Organization as a forum for negotiating trade agreements and settling disputes. In response to such criticisms, the World Trade Organization (2003) observed that the decisions effected by the organization rest on rules resulting from negotiations of the member countries as well as one country and one vote principle. The report further pointed out that developing countries would be weaker without the WTO since the organization increases their bargaining power. Based on observations by the WTO, developing countries have an added advantage. In support of the WTO, Lash (2000) contended that the WTO cannot address all social and economic problems countries face. Therefore, the WTO member countries need to be proactive when handling trade issues in order to realize the benefits of international trade. The next section addresses trade liberalization as another non-domestic challenge affecting the Malawi apparel manufacturing industry.

Protectionism and Trade Liberalization

Protectionist and pro-trade scholars provide contrasting views of the concept of trade liberalization. Such views have influenced policy formulation and implementation as well as various stages of development in many countries (Mwaba, 2000). Thus, two dominant viewpoints emerge in discussions of trade liberalization: a protectionist view and pro-trade view.

Protectionism arises from special trade interests that countries desire to pursue and the general anxiety about change (Stokes, 2007). Countries practice such policies to block imports from other countries except those considered as priorities by the

government and obtained through well-stipulated licensing arrangements (Mwaba, 2000). Outright prohibition, high tariffs, import bans, and licensing mechanisms are some of the ways used to block imports into the country. The Southern Africa Development Community (2011) indicated that Malawi does not charge tariffs on raw materials used to produce apparel products for export. This is advantageous to apparel manufacturers in Malawi. Mapemba (2009) reported that Malawi charges tariffs on imported goods from South Africa and yet these two countries are in a Free Trade Area (FTA). In addition, Tupy (2005) indicated that even though many African countries advocate for further trade liberalization and an end to protectionist policies, they decline opening up their markets to international trade. The observations made by Mapemba (2009) and Tupy (2005) show that even though countries claim to be liberalized economies, they still practice protectionism.

Mwaba (2000) and the World Development Movement (2005) noted that African countries adopted trade liberalization policies mainly because of pressure from lending agencies. Such an observation implies that African governments may have succumbed to trade liberalization policies out of pressure. Mwaba (2000) also indicated that African countries have at times resorted to going back to protectionist policies because of their inability to withstand pressure and competition from imports. Sevilla (2007) reinforced Mwaba's observation that when there is a rapid shift in the global economy, governments are tempted to protect their domestic industries by erecting new barriers to trade. Rodrik (1998) also pointed out that sometimes Sub-Saharan countries resist trade reforms (such as trade liberalization) because of the belief and suspicion that trade reforms may not work in their countries.

These observations cast doubts whether full trade liberalization is possible in not only the apparel manufacturing industry, but also all other manufacturing industries both in developed and developing nations. The next section provides pro-trade view of trade liberalization.

Pro-Trade View of Trade Liberalization

As the name denotes, pro-traders support and encourage a particular type of trade. Proponents of trade liberalization believe that trade liberalization is a powerful tool for poverty alleviation and economic growth (Veronaeu, 2007). According to the pro-trade view, trade liberalization leads to more efficient resource use and increased competitiveness, which later lead to economic growth (Ackah & Morrissey, 2005). While protectionists view competition as a threat to domestic manufacturing, pro-traders view it as a motivation to business innovation, new production processes and technologies as well as knowledge advancement (Mwaba, 2000; Sevilla, 2007). In agreement, Kimball (2007) observes that when countries open up their markets to international competition, reduce government's interference, and introduce structural reforms, they tend to grow economically. This is because open markets fuel competition, which stimulates every manufacturing company's creativity and innovativeness in order to remain in business (Kimball, 2007). Following the pro-trade views, trade openness is a catalyst for economic development and advancement among nations (Schaeffer, 2006; Tupy, 2005).

Even though there is literature that supports the view that trade liberalization leads to economic growth, there is much debate regarding the correlation between trade liberalization and economic growth (Baldwin, 2004). Rodriguez and Rodrik (2000) found

that the literature showing the link between trade liberalization and economic growth is largely uninformative and there exists a gap between theory and facts. Furthermore, the authors found that indicators used to measure trade liberalization are problematic since the concept is associated with many factors, some of which are linked to poor economic performance. Baldwin (2004) noted that those responsible for implementation of trade policies have erroneously communicated to developing nations that when they lower trade barriers, they will raise economic growth. Even though this is the case, Baldwin (2004) argued that there is no empirical evidence to support such claim. Therefore, trade liberalization alone does not lead to economic growth; it is a product of both the environment and the policies being implemented (Winters, et al., 2004). Looking at issues of trade further, most African countries have blamed trade liberalization for the decline of the apparel and textile industry. These countries argue that trade liberalization has led to the influx of second hand clothing and cheap imports from China and other Asian countries (Hansen, 2004; Ikiara & Ndirangu, 2003; SOMO, 2003; Walsh, 2008).

Second Hand Clothing and its Trade

The concepts second hand clothing and second hand clothing trade are used interchangeably in this review. Second hand clothing has been in existence in Sub-Saharan Africa for decades (Hansen, 2004; Walsh, 2008). Sub-Saharan Africa is now the world's largest destination for second hand clothing (Mangieri, 2006). Many scholars have supported the second hand clothing trade as being economically viable because it offers cheap and affordable clothing to most poor people in Sub-Saharan Africa (Baden & Barber, 2005; Hansen, 2004; Walsh, 2008). Furthermore, second hand clothing and its

trade offer employment and business opportunities to people in Sub-Saharan Africa (Field & Schmitz, 2007; Mhango & Niehm, 2005). Despite meeting the needs of several groups of people, attempts have been made to ban second hand clothing importation and its trade. Critics have argued that second hand clothing has led to factory closures or low production capacities in apparel manufacturing industries in Sub-Saharan Africa (Baden & Barber, 2005; Knappe, 2004; Mangieri, 2006; RATES, 2003; SOMO, 2003). In the same vein, Walsh (2008) noted that in Uganda, second hand clothing is a health hazard, even though there is no scientific evidence to prove that claim.

While the observation that second hand clothing has led to the decline of the apparel manufacturing industry in Sub-Saharan Africa may be true, Frazer (2008) found that importation of the commodity is among many contributory factors worth exploring. Even though Frazer found a significant negative relationship between the apparel manufacturing industry and importation of second hand clothing, it may be premature to denote it as a cause and effect relationship because there are other contributory factors. However, the affordability and easy accessibility of second hand clothing may have reduced profits and market for the apparel manufacturing industry in Sub-Saharan Africa.

Since most Sub-Saharan countries including Malawi participate in international trade, banning second hand clothing trade may be going against trade liberalization policies. Therefore, the government of Malawi has a challenge to find strategies that would promote coexistence of the apparel manufacturing industry and second hand clothing trade. The question of the legality of second hand clothing trade in Malawi is debatable. Mhango and Niehm (2005) pointed out that second hand clothing became a legal trade in Malawi in 1994 when the government adopted trade liberalization policies

that allow importation of goods from the US, Canada, UK, and other parts of Europe. On the other hand, the Civil Society Research and Support Collective (2004) report on Zambia and Malawi claim that second hand clothing is illegal. With such opposing views, it is unclear if second hand clothing is a legal or an illegal commodity in Malawi.

Since this study focused on apparel manufacturing companies involved in international trade, these companies are not under threat by domestic apparel manufacturers or the second hand clothing trade. Nonetheless, Malawian apparel exporters face challenges from other apparel manufacturing industries involved in international trade. Related to the influx of second hand clothing into Sub-Saharan Africa are China's investment and cheap products. These cheap products may equally have affected the apparel manufacturing industry.

China's Investment in Sub-Saharan Africa Apparel Manufacturing Industry

Most African countries, including Malawi, have entered into trade agreements with China because of China's interest in assisting with development agendas. Gill, Huang, and Morrison (2007) observed that China has assisted African countries to build infrastructure, intensify political and market competition, and promote economic growth. This is a positive development for a continent neglected so long because of insufficient resources to engage in international trade and to sustain economic development (Zafar, 2007). China has achieved impressive economic growth and infrastructure development despite its past economic flaws (Gill, et al., 2007). Thus, China is a model for trade and development of apparel manufacturing industries in developing nations.

The reviewed literature indicated that China has a large competitive added advantage over most Sub-Saharan African countries, including Malawi, because it has a well-established manufacturing industry that allows it to be the world's largest exporter and producer of many products in the apparel and textile industry (Qui, 2005). China's competitive advantage results from a combination of low wages, high productivity and low cost inputs (Traub-Merz & Jauch, 2006). China's apparel and textile manufacturing industry is described as business oriented: suppliers are reliable, proactive, and sensitive to customers' needs (ICFTU, 2005). This observation, a desirable characteristic for trade, is a reflection of China's efforts to improve its apparel and textile industry. The observation agrees with the following comment by a Sierra Leone ambassador to China in 2005, "...we like Chinese investment because we have one meeting, we discuss what they want to do and they just do it" (Wild, 2006, July 17, p. 2).

Even though China seems to have accomplished a lot for African countries, cheap apparel and textile products from China have contributed to loss of productive capacity, factory closures, and retrenchments in the domestic apparel manufacturing industry (RATES, 2003; Traub-Merz & Jauch, 2006). Arguments by various scholars show that cheap products from China and other Asian countries have affected apparel manufacturers producing for both export and domestic consumption.

When the US eliminated the Multifiber Arrangement (MFA) in 2005, apparel manufacturers in Sub-Saharan Africa (SSA) faced stiff competition from China. The MFA also known as Agreement on Clothing and Textiles (ATC) established a system of quotas that limited each country's imports of textile and apparel products to the US markets (Harrigan & Barrows, 2009). Elimination of the arrangement meant that the

apparel manufacturing industry in SSA had to compete with countries such as China in supplying apparel products to the US and EU markets. Appelbaum (2004) and the World Bank (2007) noted that the elimination of the textile and apparel quotas would benefit developing countries that produce assorted textile and apparel products, engage in full package production, have high quality apparel products, and trade with other nations besides the US and EU. The Malawi apparel manufacturing industry has not yet reached this level of sophistication, diversification and production capabilities (Chatima, 2007; Muradzikwa, 2001a; RATES, 2003) and therefore cannot compete favorably with China and other countries that are advanced technologically.

The literature on China's trade partnership with Sub-Saharan African countries shows that SSA countries face two challenges. On one hand, they endeavor to protect their apparel manufacturing industry from cheap products from China as well as competition for the US and EU markets. On the other hand, they would like to benefit from trade agreements with China. Therefore, SSA countries have to weigh the benefits of either trading with China or protecting their apparel manufacturing industry in an attempt to improve their economy. However, Sub-Saharan Africa countries' competition for international markets with China is outside these countries' sphere of influence. Usually, destination countries or foreign investors decide trade agreement conditions and so competing nations just abide by the conditions.

Observations on Trade Agreements and Trade Liberalization Policies

Even though Malawi participates in several trade agreements and has a liberal economy, the reviewed literature has shown that the country has not benefited much for several reasons (Chatima, 2007; SOMO, 2003). First, due to trade liberalization, there is stiff competition among developing countries for US and EU markets. Developing countries that have competitive advantage have benefited more from the trade agreements and the liberal trade policies (Kim, et al., 2006). Second, developing countries sometimes compete for foreign direct investment through unsustainable and socially damaging policies such as relaxation of labor rights and offering ever-increasing fiscal benefits, infrastructure and other services (De Haan & Stichele, 2007; SOMO, 2003). According to Kim, et al (2006), some policies suit developed nation's trade initiatives.

As a way of facilitating involvement in the global market, developing nations have, sometimes receive Preferential Trading Arrangements (PTA). However, developing nations have at times not taken full advantage of this opportunity for a number of reasons as reported by Adhikari & Yamamoto (2005). These authors make three arguments. First, they contend that if countries receive such an opportunity, they do not feel competitive pressure and may lack incentives to improve their performance. Second, due to strict Rules of Origin requirements, developing countries rely on imported materials from relatively high cost sources like the United States and EU that make their apparel products expensive and uncompetitive. In addition, most developing countries that lack textile and other raw material producing capacities struggle, as they cannot meet the requirements of the Rules of Origin. Even though developing countries may be to blame in some way for their complacency and lack of initiative to compete, the strict Rules of

Origin set by the trade agreements may also limit their ability to compete favorably. Based on arguments raised in the reviewed literature, trade agreements are expensive. This is because, host countries in an effort to attract and maintain foreign investors have to incur both direct and indirect costs (Jauch, 2002). Worse still, since foreign investors are strict on conditions such as turnaround times, these have implications when late supply necessitates air-freighted delivery, a great expense in comparison to surface transfer (RATES, 2003; SOMO, 2003). When host countries fail to meet conditions of trade agreements, foreign investors terminate the agreement and relocate to other countries (Chikhasu, 2007; Kazembe & Namizinga, 2007). This poses a threat to host companies because they close their businesses abruptly and lay off employees.

Domestic Challenges

The Malawian apparel industry faces several domestic challenges. These challenges include Malawi's economic climate and geographical location, poor infrastructure, poor and outdated technology, poor working conditions, lack of market information, expertise and technical skills, as well as foreign direct investment (Adhikari & Yamamoto, 2005; Chatima, 2007; Muradzikwa, 2001a; NWGTP, 2009; RATES, 2003; Ryberg, 2008).

Malawi's Economic Climate

Malawi's economy is heavily dependent on agriculture with tea, sugar and tobacco as the most important export crops (United States Department of State, 2011). 80% of all exports are agricultural based. Reliance on agricultural products leaves the

country susceptible to external shocks such as declining terms of trade and drought. However, the Embassy of the Republic of Malawi (2011) acknowledged that even though Malawi's economy is agricultural based, the country also exports other products such as apparel and textiles. As a free market economy coupled with a free and investment climate, Malawi encourages both domestic and foreign investment in any sector. (Embassy of the Republic of Malawi, 2011). However, the investment environment needs significant improvement to achieve competitive advantage (Malawi Ministry of Economic Planning and Development, 2004) . Commenting on the garment industry, Nakagawa et al (2009) noted that salaries in Malawi are very low and therefore most Malawians rely on cheap products such as, second hand clothing, thus, making the apparel industry a difficult business entity to enter. An immediate question to Nakagawa et al (2009) observation is "is the apparel manufacturing industry in Malawi worth investing in"?

Geographical Location and Poor Infrastructure in Malawi

Removal of market access barriers does not guarantee trade competitiveness because most developing countries still face several supply constraints (Adhikari & Yamamoto, 2005) such as, dilapidated roads, poor telecommunication networks, poor water, and limited electricity supply (Chatima, 2007; Ministry of Commerce and Industry, 1998). Adhikari and Yamamoto (2005) pointed out that infrastructure problems vary from country to country and are worse in Africa and South Asian countries. Due to its geographic location, Malawi transports all goods by land to and from Durban through Mozambique and Zimbabwe. Most roads in Africa are poor and unreliable, and result

into high transportation costs to the port of shipment (Ministry of Commerce and Industry, 1998), often transferred to consumers in the form of higher prices for apparel.

Muradzikwa (2001b) observed that although there is a high level of awareness of the need for technological change in the production of apparel and textile goods, the majority of the manufacturing companies use old technology and lack Computer Aided Design systems. Such insufficient, low quality and outdated technology leads to production inefficiencies, low production levels, and low quality products (RATES, 2003). This creates an unstable environment for foreign investment and poses a challenge to the growth of the industry and its competitive advantage (Chikhasu, 2007; SOMO, 2003).

Transportation Infrastructure

Commenting on poor transportation networks, Mbekeani (2007) acknowledged that landlocked and small island countries face challenges of competitiveness and sustainable development because of weak infrastructure. Due to location of these countries imports and exports travel long distances to and from nearest maritime ports. Since the port of Beira and Nacala (that are closer to Malawi) are no longer reliable, all apparel exports go through the port of Durban in South Africa. This route is longer and expensive. Companies pay between \$2,000 and \$3,000 to transport a 40-foot container between Durban and Blantyre (SOMO, 2003). Besides higher transportation costs, quality and reliability of transport depend on factors outside the landlocked country's sphere of influence.

Thus, successful delivery of apparel goods to their destination depends on reliable transit infrastructure, good political relations with neighbors, peace and stability within transit neighbors, and administrative processes (Faye, McArthur, Sachs, & Snow, 2004).

In an attempt to address the transportation problem, the Government of Malawi embarked on a project called the Shire-Zambezi Waterway in 2006. The Shire-Zambezi Waterways was used as a transport waterway by explorers and missionaries in the 19th century (Common Market for East and Central Africa, 2008; Government of Malawi, 2005). Today, the government of Malawi believes this is a crucial project since it will provide a direct water transportation system for harbors and ports such as Luangwa in Zambia, Nsanje in Malawi, Chinde at the mouth of the Zambezi River, and Beira in Mozambique. However, it is important to note that the success of this project and overall inland transportation to the maritime ports depends on good relations with neighboring countries. Even though the government of Malawi initiated the project, the Shire-Zambezi Waterways is shared by Zambia, Mozambique, Tanzania, and Malawi. Therefore, the success of this project depends on how the four countries view the feasibility of the project, benefits for each country, and good neighboring relationships. According to Button (2002), infrastructure development involves significant costs and ongoing expenditures on repairs and management. The author noted that most African countries cannot afford such expenditures, as such; international organizations have always been on the forefront contributing to transportation infrastructure development. It therefore follows that improvement of infrastructure in developing nations largely depends on availability of donor funding.

Electricity and Water Supply

Electricity and water shortages slow down most apparel production processes in the Malawian commercial cities of Blantyre and Lilongwe. Most companies that produce apparel are located in the commercial city of Blantyre. This city is situated on a hill and relies on a water pumping system, which is very old and susceptible to frequent breakdowns (Nakagawa, et al., 2009). This situation makes the water supply unreliable and often problematic for most industries located in the city. Besides water shortage, electricity supply in Malawi is problematic as is the case in most of Sub-Saharan Africa countries. Constant cuts in power and water supply make it hard for investors to manufacture and produce apparel efficiently (Kazembe & Namizinga, 2007). Therefore, significant investment in water and electricity is required to improve the current situation.

Government's Efforts to Improve Electricity and Water Problems

Since the 1990s, Malawi has depended on the Shire River as a source of hydroelectric power supply and the amount of energy generated depended on the state of the river. The Electricity Supply Commission of Malawi (ESCOM) has embarked on several projects on the Shire River to address electricity problems. As a sole supplier of electricity, ESCOM has been unable to meet higher demand for electricity. However, the commission has embarked on notable projects such as Mozambique Interconnectivity Project, Implementation of Kapichira Hydroelectric Power Scheme, Phase II, Implementation of a Comprehensive Generation Power Plant Rehabilitation Project, Karonga-Kayelekera 66 kilovolt (Kv) line and Salima-Chintheche-Karonga Implementation. Some studies have shown that water flow disruptions caused by floods

or droughts and aquatic weeds affected the amount of energy generated (Government of Malawi, 2008; Liabunya, 2007). The frequent power interruption is an indication that Malawi's dependency on the Shire River as a sole source for hydroelectric power has proved futile. This might explain why stakeholders in Malawi decided to employ other sources of electricity supply for example; Karonga- Kayerekera 66 kilovolts (kV) line and the Malawi-Mozambique interconnectivity. The Karonga- Kayerekera 66 kilovolts (kV) line uses coal as a source of electric power. In 2005, the Government of Malawi signed a Memorandum of Understanding with the Government of Mozambique to build a 220kV interconnection and transmission lines between Mozambique and Malawi (Case for electricity interconnection between Malawi and Mozambique, 2010; Padambo, 2005). This project is a result of Malawi's membership to the Southern Africa Development Community (SADC). As a member of SADC, Malawi enjoys benefits of Southern Africa Power Pool (SAPP). The Southern Africa Power Pool was created in August 1995 to expand electricity trade, reduce energy costs, and provide greater supply stability to 12 member countries within the SADC region with the exception of Mauritius (Madakafumba, 2008, February).

Despite being an expensive project, the Malawi-Mozambique interconnectivity promises improvement in the quality, consistency, and amount energy supply required for the country's economic growth (Case for electricity interconnection between Malawi and Mozambique, 2010). As is the case with the Shire-Zambezi Waterways, the Mozambique-Malawi Interconnectivity is a regional project and its success depends on good neighboring countries' relations. In general, success of these projects will contribute to improved production processes in the apparel manufacturing industry in Malawi.

According to Bhalla et al. (2002) the Government of Malawi attempted to address the water problem by establishing regional water boards. The tapping and distribution of water were decentralized to the Northern, Southern, and Central Region Water Boards (Bhalla, et al., 2002).

Fragmentation of the Cotton Textile and Garment Value Chain

A value chain consists of a list of target-oriented production factors that create a marketable product or service from its conception to final use (ILO, 2006). Value chain activities can be located within single or different firms, single geographical location or spread over wider areas. Before the 1990s, Malawi had an integrated cotton, textiles, and garment value chain with intra-sector linkages. However, changing trading conditions in the 1990s, then decline and subsequent collapse of the remaining textile company in Malawi broke the chain into three separate entities. These separate entities include cotton, textiles, and garments, with textiles no longer functioning (RATES, 2003). The textile value chain was responsible for production of yarn and fabric.

The fragmentation of the cotton value chain meant that apparel manufacturers no longer relied on domestic fabric to produce apparel for export. Figure 4 adapted from RATES (2003) describes the cotton textile and garment value chain in Malawi. The boxes and flows in color show the Textile Value Chain, which has not been in operation since July 2003. The Textile Value Chain involves a series of processes that convert raw materials (in this case cotton) to fabric or other forms used for garment production. The major processes involve spinning, weaving, and dyeing/printing/finishing. The term *kaunjika* in the figure refers to second hand clothing.

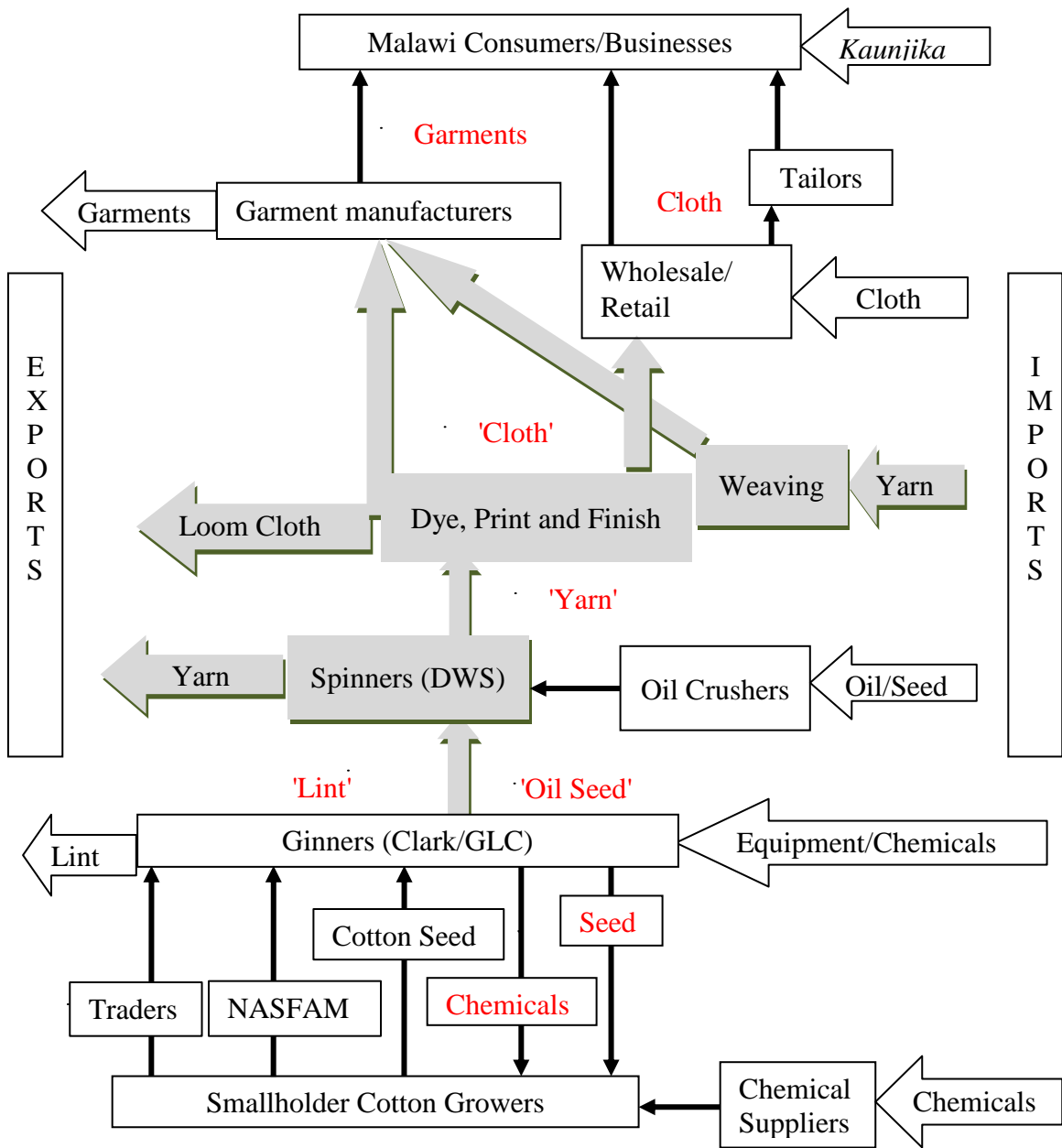


Figure 4. The Malawian cotton textile garment value chain illustrating that portion of the chain missing since July 2003.

Poor Working Conditions in Malawi

Most scholars acknowledge that apparel manufacturing industries in developing countries including Malawi have poor working conditions (Davis, 2008; Fukunishi, 2008; Moody & Goshawk, 2001). Moody and Goshawk (2001) recommended creating a safe and clean working environment in most Malawian apparel companies. According to Moody and Goshawk (2001) and Jauch (2002), Malawi offers very cheap labor in comparison to other developing countries as a competitive edge for attracting foreign investment; however, retention of these investors is a challenge (Adhikari & Yamamoto, 2005; Chatima, 2007; Chikhasu, 2007; Mbekeani, 2007). Foreign investors in EPZs sometimes demand that host countries meet several requirements such as, removal of labor laws, and low environmental and social standards (De Haan & Stichele, 2007; Jauch, 2002; SOMO, 2003; Traub-Merz & Jauch, 2006) which makes enforcement of labor laws challenging (Civil Society Research and Support Collective, 2004). Moody and Goshawk (2001) noted that most developed countries are aware of the need to conform to ethical standards in all manufacturing industries.

Davis (2008) also pointed out that, in order to ensure that manufacturing companies uphold ethical standards; buyers from developed nations must trace the country of origin of apparel products. Since most investors are from developed nations, it follows that they are aware of the need to provide safe and healthy working environments. Therefore, it is surprising that investors in EPZs in Malawi demand lower standards for the employees. Could this be a special arrangement to help developing economies by offering investment to the host country and employment opportunities to people who live below the poverty line?

Other Domestic Challenges in Malawi

Muradzikwa (2001b) stated that Malawi has no policies to ensure sustainability and growth of the clothing and textile industry. Furthermore, there is no strong voice to lobby for favorable quota and trade agreements terms (Chirwa, 2002; NWGTP, 2009; RATES, 2003). Chatima (2007) also observed that the manufacturing industry lacks market information, diversification strategies, quality assurance, quality control standards, and capital for businesses. The industry requires expertise and technical skills, capacity building, a strong garment and textile manufacturers association and foreign direct investment (Chatima, 2007; Chikhasu, 2007; Kazembe & Namizinga, 2007; NWGTP, 2009). Despite the existing challenges, the government of Malawi has tried to improve the apparel manufacturing industry through several initiatives, as follows.

Attempts by Malawi Government to Improve the Apparel Manufacturing Industry

The Malawi government participates in several trade agreements and attracts foreign investors (Mapemba, 2009; Muradzikwa, 2001b; Traub-Merz & Jauch, 2006). According to Muradzikwa (2001a), Malawi offers institutional support through the Malawi Export Promotions Council (MEPC), Development of Malawi Enterprises Trust (DEMAT), Malawi Bureau of Standards (MBS) and many others. These institutions train various firms in trade and industrial development in the country as well as checking that manufacturing companies adhere to quality standards. While the efforts of these institutions are worthy recognizing, to what extent have they assisted in the improvement of the apparel manufacturing industry?

Conclusion

The reviewed literature provided contrasting views about factors affecting the growth and competitive advantage of the apparel manufacturing industry in Malawi. This study attempts to investigate factors responsible for the slow growth and lack of competitiveness of the industry producing for export. Porter's Competitive Advantage Theory laid the foundation for assessing the status of the Malawian apparel manufacturing industry and its competitive advantage. The study objectives include the following: 1) examine the current status of the apparel manufacturing industry in Malawi, 2) identify problems faced by the apparel manufacturing industry in Malawi, 3) identify strategies put in place by the Government of Malawi and other stakeholders to address the challenges faced by the apparel manufacturing industry in Malawi, 4) assess the extent to which the strategies put in place by the Government of Malawi have helped to improve the apparel manufacturing industry, and 5) suggest other strategies that may be useful to improving the apparel manufacturing industry in Malawi.

CHAPTER 3

Research Methods

Chapter Overview

This chapter describes the methods used to collect and analyze data. The major sections in the chapter include description of the respondents (n=20), study's research questions, assumptions about data collection and analysis, sampling process, instrumentation, data analysis and issues of consent and confidentiality. Despite being an expensive and time-consuming exercise, it was vital for this particular study to collect primary information than to rely on secondary sources. In addition, conducting the interviews was necessary in order to probe more on the information provided and to seek clarification on imprecise issues.

Research Questions

There were several research questions about the Malawian apparel manufacturing industry, given Porter's Competitive Advantage Theory as presented in Table 2. To address these research questions, data were collected from government and industry representatives using questionnaires and interviews, which were analyzed under major themes as described later in the chapter. Table 2 provides a summary of the research questions used to collect data.

Table 2

A summary of the research questions for data collection.

| Number | Research Objective |
|--------|---|
| One | Examine the status of the apparel manufacturing industry in Malawi. |
| Two | Identify problems faced by the apparel manufacturing industry in Malawi. |
| Three | Identify strategies put in place by the government of Malawi and other stakeholders to address the challenges faced by the apparel manufacturing industry in Malawi |
| Four | Assess the extent to which the strategies put in place by the government of Malawi have helped to improve the apparel manufacturing industry |
| Five | Suggest other strategies that may be useful to improving the apparel manufacturing industry in Malawi. |

Respondents

Respondents : Paper and Pen Questionnaires (n=11)

The number of respondents who completed the paper and pen questionnaire is eleven (n=11). All respondents that completed the questionnaire were employees from Company A. Ten employees who perform different jobs completed the employee questionnaire and one personnel responsible for managerial issues completed the manager's questionnaire, as shown in Table 3.

Respondents: In-Depth Oral Interviews

Of the total number of respondents (n=20), nine (n=9) participated in the in-depth oral interviews. Out of the nine participants, five were government representatives from different departments and who are directly involved in both domestic and international trade. Three respondents were owners of Company A, B and C. The expert in Garment and Textile Manufacturers Association (GTMA) issues also participated in the in-depth oral interviews as shown in Table 3. The respondents and company names were represented by codes and letters respectively in order to preserve their identity. Company A is the only one producing apparel for export. Companies B and C are currently producing for domestic consumption. Even though most companies had ceased producing for export, collecting information from the owners of some of these companies was necessary because they had experience with exporting and would therefore provide information relevant to this study.

Table 3.
A Summary of Respondents.

| <i>Respondent</i> | <i>Description</i> | <i>Instrument Used</i> | <i>Remarks</i> |
|-------------------|---|--------------------------|---|
| 001 | Company A | Completed Questionnaire | Personnel responsible for managerial issues in Company A |
| 002-011 | Company A | Completed Questionnaire | Sewers, cutters, pattern developers, quality inspection team, technicians, supervisors, pressers randomly selected by one of the personnel in the company |
| 012 | Owner Company A | In-depth oral interviews | From company still producing for export. Company identifies own market |
| 013 | Owner Company B | In-depth oral interviews | Produces textiles for domestic consumption |
| 014 | Owner Company C | In-depth oral interviews | Company produces apparel for domestic consumption Company has access to water pumps called boreholes |
| 015 | GTMA Representative | In-depth oral interviews | Expert in GTMA issues in Malawi |
| 016 | Government Ministry Representative | In-depth oral interviews | Expert in World Trade Organization issues |
| 017 | Government Ministry Representative | In-depth oral interviews | Expert in Export Processing Zone issues |
| 018 | Export Promotion Council Representative | In-depth oral interviews | Expert in export promotion issues |
| 019 | Import Promotion Agency Representative | In-depth oral interviews | Expert in import issues |

| <i>Respondent</i> | <i>Description</i> | <i>Instrument Used</i> | <i>Remarks</i> |
|-------------------|---|--------------------------|--------------------------------|
| 020 | Representative of Malawi Confederation of Chambers of Commerce and Industry | In-depth oral interviews | Expert in general trade issues |

Assumptions

Assumption about Competitive Advantage Theory

There were several assumptions regarding Competitive Advantage Theory in relation to the apparel manufacturing industry in Malawi. It was assumed that the Malawi apparel manufacturing industry has all the determinants of Competitive Advantage Theory. Second, apparel manufacturing industries can thrive without government's involvement. Third, chance factors do not affect the performance of apparel manufacturing industries. Fourth, supporting and related industries are not crucial to the competitive performance of the apparel manufacturing industry. Lastly, Malawi does not have influential, sophisticated and demanding consumers.

These assumptions were met by developing valid and reliable research questions that addressed the objectives of the study. After data collection and analysis, results of the study were fitted into the determinants of Competitive Advantage Theory to assess how well the Malawi apparel manufacturing industry model meets the criteria of competitiveness.

Assumptions Regarding Data Collection and Content Analysis

Assumptions associated with content analysis were as follows. Words or concepts mentioned during the interviews are straightforward and frequent. It was assumed that counts of these words or concepts reflected the greatest concerns of the apparel manufacturing industry in Malawi. However, the interviews provided varied and numerous data which had to be transcribed and coded to identify major themes before conducting a word count. This study illustrated that content analysis is not simply counting words; other crucial steps such as transcribing and coding the data as well as identifying major themes come into play. It was also assumed that certain words have multiple meanings and might affect interpretation of the results. During interviews, respondents provided multiple meanings for the concept *political will*. In this study, political will was described as government's commitment to improving the apparel manufacturing industry. Terms or phrases with similar meaning were used to provide a more detailed understanding of the concept. Lastly, when using content analysis, it is assumed that more than one researcher will code the content to ensure reliability and validity of the results. In this study only one person handled the data, this might have affected generalization of the results. However, use of major themes, derived from the interviews and questionnaire, as well as doing a word count to establish frequencies, helped to reduce subjectivity.

Instrumentation

This study used questionnaires and in-depth interviews as data collection instruments. Questionnaires were developed and administered to the manager and ten employees of Company A. Items used to develop the questionnaire were adopted from a study conducted for the Sri Lankan (Kelegama & Epaarachchi, 2002) and the Swaziland (Zwane, Richards, & Edmond, 2002) apparel manufacturing industries. Some questions on the African Growth and Opportunity Act (AGOA) came from a study by Keith Noble (Noble, 2006). Questions on Export Processing Zones were adapted from studies conducted by Mwariri (2007) and Virgill (2009), while the ones on the World Trade Organization derived from the Dagne (2009) study. These questions were replicated because of similarities in the objectives of the current study with the previous ones.

The data collection instruments were modified to suit the objectives of the current study. This modification took two forms: first, any questions that did not address the objectives of the current study were not included. For example, questions on the African Growth and Opportunity Act were adopted from a study conducted for the Ghanaian industry. This study omitted any questions specific to the Ghanaian industry. Second, additional questions on demographic factors, challenges facing the apparel manufacturing industry and strategies employed by the government of Malawi to improve the industry were formulated to ensure coverage of the current study objectives. During the planning phase, three instruments were identified for data collection as follows, in-depth oral interviews, questionnaires, and focus group discussions. However, during data collection, the focus group discussions did not take place because the policy of Company A does not permit researchers to interact with the employees. Therefore, the focus group discussion

questions were converted into a questionnaire that had both open and close-ended questions. Initially, the study aimed at collecting data from eighty employees, and eight managers randomly selected from the eight companies identified in the review as producing apparel for export.

As of summer 2010, there were only six export-oriented companies in the Malawian apparel manufacturing industry. However, five of these companies were no longer producing for export due to various reasons. Thus, the number of employees able to respond to the questionnaire numbered ten. The data collected from the employee questionnaire were not used in this study for several reasons. First, the number of employees who completed the questionnaire did not form one third of the employee population and so results could not be generalized to employees in Company A or the entire employee population in the apparel manufacturing industry. Company A had 1531 employees. Even if the sample size for employees was increased, the results could still not be generalized to all companies producing for export. Second, this study was not a case study for company A. Rather, it targeted all companies producing apparel for export. Third, involvement of a third party to administer the questionnaire on behalf of the researcher may have affected the validity and reliability of the results. The employee data are provided in Appendix B.

Sampling Process

The Chairperson of the Garment and Textile Manufacturers Association of Malawi (GTMA) and the manager of Company A helped in the identification and recruitment of respondents in this study. The respondents identified for interviews were

contacted either by email or by phone to schedule dates for interviews and to complete consent forms. Some respondents provided dates for interviews while others did not. Consent forms and letters were sent to willing participants. Follow-ups in the form of phone calls were sent to non-respondents to schedule dates for interviews and to complete consent forms. The arrangement with the employees was rather different from the government and industry representatives identified for interviews. Since Company A's policy does not allow researchers to interact with employees, the manager of the company was trained and requested to randomly select employees and engage only those willing to complete the questionnaire and to sign the consent forms. After obtaining consent from all respondents, interviews were conducted and questionnaires were administered. The questionnaires were collected one week later.

Data Analysis

Content analysis was used to analyze the usable data. Content analysis transposes qualitative data into quantitative data. It is a useful method for tabulating results of interviews and open-ended questions (The Texas State Auditor's Office, 1995). To achieve this, researchers count various aspects of the content identified under a particular theme, and present results as numbers and percentages (Busch et al., 2005). Counting the number of responses for each theme helps to remove any subjectivity and simplify the identification of relationships, similarities, and differences within each identified theme. According to Taylor-Powell and Renner (2003), content analysis is useful for analyzing and interpreting narrative data. Interviews with government and apparel manufacturing industry representatives yielded numerous and varied data, that had words and phrases

that shared a commonality (Graneheim & Lundman, 2004), but needed to be translated into major themes (United States General Accounting Office, 1996), hence the use of content analysis (Elo & Kyngäs, 2008). Trochim (2000) and Stemler (2011) observed that content analysis is an unobtrusive and relatively rapid method for analyzing data. The use of interview and questionnaire responses to create the database agreed with Trochim's and Stemler's unobtrusive characteristic of content analysis.

Content Analysis Major Themes

In this study, all interviews were transcribed, coded, and classified into major themes. The data under each theme were counted to determine their frequencies, which were converted into percentages and presented as figures and tables. The major themes identified during the analysis included status of the apparel manufacturing industry, contributing factors to that status, government's strategies to improve the apparel manufacturing industry, and suggestions for further improvement.

Paper and Pen Questionnaires

The paper and pen questionnaires were administered to the personnel responsible for managerial issues and 10 employees of Company A. The company produces blouses for export to the US market. As of summer 2010, Company A was the only company producing and exporting apparel under the EPZ status in Malawi. The Centre for Language Studies in Malawi transcribed the employees' questionnaire into *Chichewa*, a vernacular language spoken in Malawi. The questionnaires were pretested and adjusted accordingly to suit the objectives of the study. Please see Appendix A.

In-Depth Oral Interviews Question Guides

Several questions were formulated for data collection on trade agreements, trade liberalization policies and the WTO. Questions on AGOA, EPZs, and the WTO as well as trade liberalization in general helped to provide some insights into the impact of trade agreements and the WTO on the apparel manufacturing industry in Malawi. Questions on the status and challenges facing the apparel manufacturing industry were useful for identifying the human and non human resources available in the apparel manufacturing industry as well as determining the industry's competitive advantage. Appendix A presents a sample of questions for interviews conducted with the government and industry representatives as well as the expert in Garment and Textile Manufacturers Association (GTMA) issues in Malawi.

Consent and Confidentiality

Before collecting data, approval was obtained from the Institutional Review Board (IRB) of Oklahoma State University. In addition, written consent was sought from the respondents before conducting each interview and administering questionnaires. Participation in the study was voluntary; respondents could withdraw anytime they so wished. The respondents did not receive any incentives, and interviews were conducted in private rooms. Use of letters and coding of the key demographic elements helped to preserve the unique identity of the respondents, thereby ensuring their confidentiality. Furthermore, audiotapes and questionnaires did not bear any names or identifying information for the same reason. Appendix C provides consent forms for all participants and approval forms from Oklahoma State University Institutional Review Board.

Conclusion

In conclusion, this chapter provides information on the research methods used to collect data about factors related to the improvement of the apparel manufacturing industry in Malawi. Porter's Competitive Advantage Theory was applicable because its four elements guides nations to assess whether they have the required material and non material resources to boost and maintain their manufacturing industries' competitive advantage as they produce for domestic consumption and export. All aspects of Porter's model relate to the current study of the apparel manufacturing industry in Malawi. Data collected using interviews and questionnaires (open/closed ended questions) are examined via content analysis. The next chapter presents major findings of this study.

CHAPTER 4

Results

Meeting Research Questions and Assumptions

Various assumptions and research questions in Chapter 3 about the apparel manufacturing industry in Malawi were satisfied by analyzing data under major thematic areas namely; status of the apparel manufacturing industry, contributing factors to the current status, government's strategy to improve the industry, and suggestions for further improvement. These major themes were then fitted into the four elements and other factors of Competitive Advantage Theory to provide a diagrammatic view of the human and non human resources available in the apparel manufacturing industry in Malawi and to determine the industry's competitive advantage.

Sample Size Used for Data Analysis (n=10)

The sample size of ten (n=10) consisted of five government officials, owner of Company A, personnel responsible for managerial issues in Company A, owners of Company B and C, and the expert in Garment and Textile Manufacturers Association of Malawi (GTMA) issues. As noted in chapter 3, the initial plan was to collect data from five government officials directly involved in international trade, owners, managers, and employees of eight companies indicated in the literature as producing apparel for export. The sample size during the planning phase was 102. However, during data collection, it

was found that all companies except Company A ceased producing for export. This development brought changes in the sample size and data collection procedures. As such, data were collected from three companies, namely A, B, and C. Companies B and C no longer produce for export. The reduction in the number of companies was because most companies had closed, relocated to other countries or embarked on domestic consumption. During data collection, it was also noted that two companies that were included in the list of eight companies as producing apparel for export (Common Market for East and Central Africa, 2008), were not garment manufacturers, but rather produced other products such as blankets and textiles for export. The reduction in the number of export producing companies led to conducting interviews with owners of two companies that were currently producing apparel for domestic consumption but had exported before.

Even though these companies were no longer producing for export, they had relevant information about exporting. Furthermore, only one personnel responsible for managerial issues and working for Company A completed the questionnaire initially prepared for the eight managers. As noted earlier, the initial plan was that data would be collected from eighty employees in the eight companies producing for export. Ten employees from each company were scheduled to complete the employee's questionnaire. Since the number of exporting companies had reduced to one, the number of employees to complete the questionnaire numbered ten. Results from the employee questionnaires were not used in this study because the number of employees who completed the questionnaire was not a true representation of the employee population in the apparel manufacturing industry and so results could not be generalized to other companies. However, results of the employee questionnaire are included in the appendix (See

Appendix B). Even though only one personnel completed the manager's questionnaire, the data was used in this study because the respondent formed one third of the personnel in the managerial position. The personnel provided useful and varied information about Company A, which ranged from general issues about the company and its employees, garment production processes to other company procedures.

Sources and Presentation of Data

This chapter provides results of the study based on the manager's questionnaire and interview responses from the government and apparel manufacturing industry representatives as well as the expert in the Garment and Textile Manufacturers Association of Malawi (GTMA) issues in Malawi. The data are presented under two major sections namely: paper and pen questionnaire and in-depth oral interview results. Figures 5 and 6 are based on views of all respondents (n=10).

Status of the Apparel Manufacturing Industry in Malawi

Figure 5 presents results of the study from the manager's pen and paper questionnaire and in-depth oral interviews with government and industry representatives and the expert in GTMA issues in Malawi (n=10). Respondents described the industry using multiple terms as shown in Figure 5. There were no major differences in the percentages of respondents who categorized the industry as being uncompetitive, experiencing slow growth, and having potential for growth as shown in Figure 5. Even though all respondents indicated that the industry is currently struggling, they acknowledged that it has potential for growth.

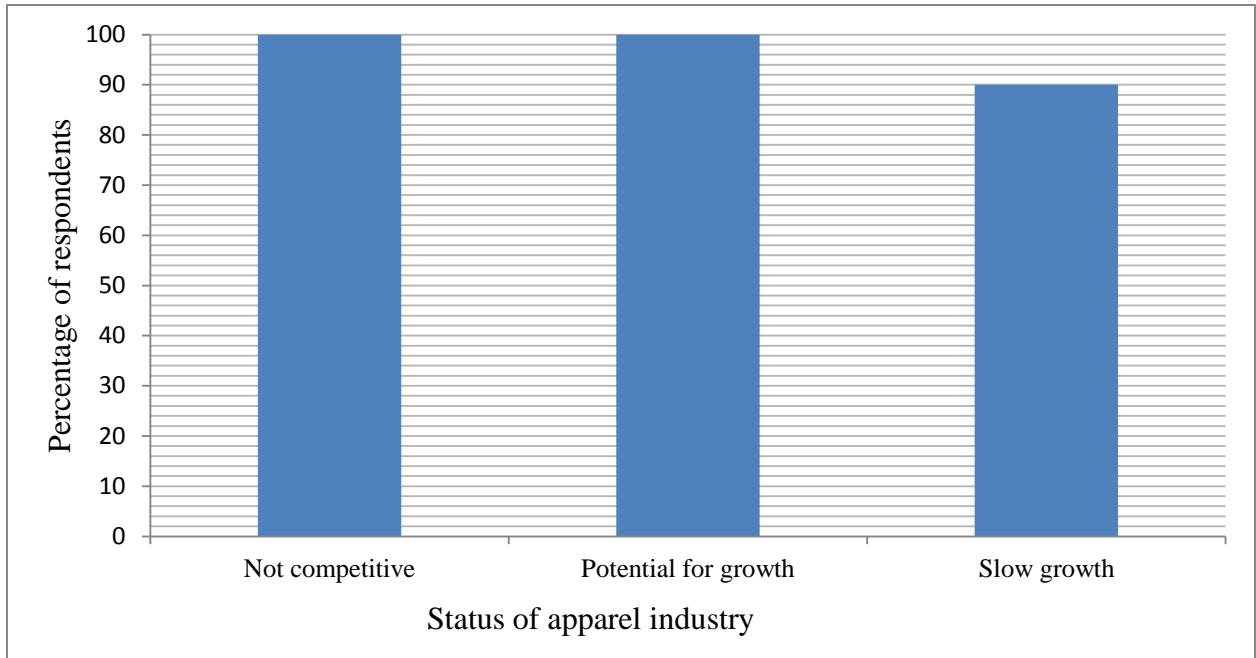


Figure 5. Respondents views of status of the Malawi apparel manufacturing industry.

Results of the Manager Paper and Pen questionnaire

Tables 4, 5 and 6 summarize results of the paper and pen questionnaire administered to the personnel responsible for managerial issues in Company A. Table 4 provides information on the location of Company A, a description of employee characteristics, and the type of training provided. It is interesting to note that this company has labor that is more skilled and a large number of employees in the operator’s category. The company only trains operators and technicians within its premises. Besides the demographic factors, Company A also has internet access and 1,200 sewing machines.

Table 4.

Paper and pen questionnaire results: Managerial Personnel Company A: Location, employee characteristics, and training provided.

| Item | Description |
|---|--------------|
| Location of company | Blantyre |
| Number of employees | 1,531 people |
| Skilled labor | 920 people |
| Semi-skilled labor | 300 people |
| Training | 311 people |
| Operator grade | 1,200 people |
| Technician grade | 25 people |
| Management grade | 50 people |
| Training outside Malawi | None |
| Training within Malawi | None |
| Training within the company (Operators and Technicians) | 500 people |

Table 5 provides information on the type of apparel produced by Company A, how the company sources raw materials and where it exports apparel products. In addition, challenges of importing raw materials are presented in this table. These results are based on the responses to the paper and pen questionnaire administered to the personnel responsible for managerial issues in Company A.

Table 5.

Paper and pen questionnaire results: Managerial Personnel Company A: Sourcing of raw materials, apparel produced, and exporting country

Type of apparel produced: Ladies blouses

Sourcing of raw materials: Import

Reasons for importing raw materials:

- Domestic suppliers offer products of insufficient quality
- Insufficient domestic supply of fabrics and other accessories
- There is no company in Malawi that manufactures the type of fabric the company uses to make its products

Challenges company faces due to importing raw materials:

- High transportation costs
- Late supply of materials for production
- Failure to meet delivery schedules

Exporting country: United States

Table 6 is a summary of salaries, employee benefits, and morale-building activities as presented by the personnel responsible for managerial issues in Company A. Employees receive their wages every two weeks and the company provides several

employee incentives as shown in the table. The payment range presented in the table and in Malawian currency (*Kwacha and Tambala*) is equivalent to a range of \$14.50 to \$20.14 in the United States Dollar (USD). Based on these results, employees in Company A earn between \$1 and \$1.44 per day.

Table 6.

Paper and pen questionnaire results: Managerial Personnel Company A: Salary, benefits, and morale building activities

Two week payment range (operators and technicians): K2,205-K3,062 (\$14.50- \$20.14)

Morale building activities: Meals, Transport, Recognition and/or awards

Other benefits: Health insurance

Contributing Factors to the Slow Growth of the Apparel Manufacturing Industry

Figure 6 is a summary of responses describing contributing factors to the status of the apparel manufacturing industry in Malawi. Once again, these results are based on responses from the paper and pen questionnaire administered to personnel responsible for managerial issues in Company A and interviews with government and industry representatives as well as the expert in Garment and Textile Manufacturers Association of Malawi (GTMA) issues. The respondents provided multiple responses to the paper and

pen questionnaire and the interview questions. According to the respondents, the major contributing factors to the slow growth of the industry include poor infrastructure, electricity and water shortages, lack of raw materials, high transportation costs, and imported apparel products. Though not highly rated, one respondent indicated that apparel manufacturing is not a government's priority for Export Processing Zones. This observation was contrary to the reviewed literature about EPZs in Malawi. Even though imported products were rated high, they do not have a direct impact on export-oriented apparel manufacturing in Malawi. Notice the clear contrast between the role of domestic challenges (purple) and non-domestic challenges (green) to the slow growth of the industry. The abbreviations *Tl* and *ta* stand for trade liberalization and trade agreement.

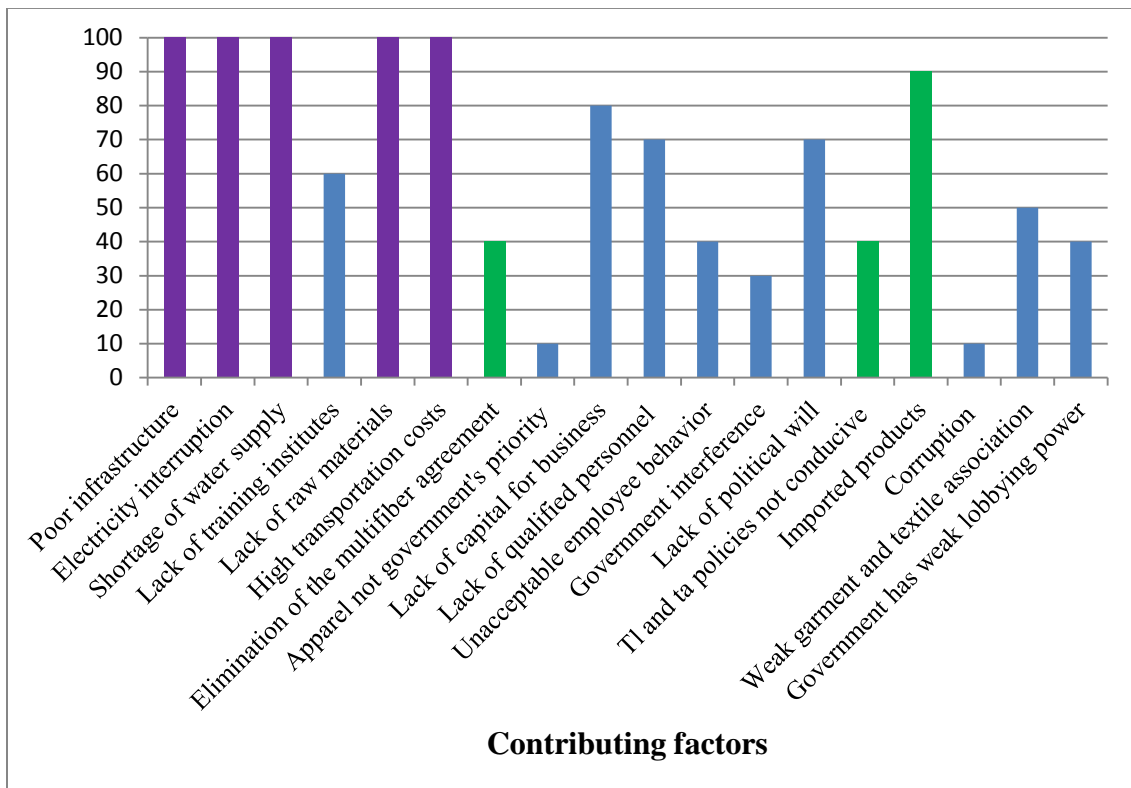


Figure 6. Percentage of respondents who identified a factor as contributing to the status of the Malawian apparel manufacturing industry.

Strategies Implemented by the Malawi Government

Figure 7 presents strategies employed by the government of Malawi to improve the apparel manufacturing industry despite observations by some respondents that the government is not committed to developing the industry. These results are based on the responses provided by the government and industry representatives and the expert in Garment and Textile Manufacturers Association of Malawi (GTMA) issues (n=9).

In addition, the figure illustrates government's commitment to improving transport infrastructure both within and outside Malawi. Respondents pointed out that the current leadership in Malawi has developed most roads in the urban areas of the country. Respondents also acknowledged how Malawi facilitated the Shire Zambezi Waterways project, which will take care of transportation needs of several countries such as, Zambia, Zimbabwe, Malawi, Mozambique, and Tanzania. Furthermore, Figure 7 illustrates the value government attaches to trade agreements and foreign investment as catalysts for the development of the apparel manufacturing industry. All respondents (n=9) acknowledged government's participation in several trade agreements and efforts to attract foreign investors. On the other hand, the figure shows that the government has not given much attention to water and electricity problems, which are drivers of most apparel manufacturing processes.

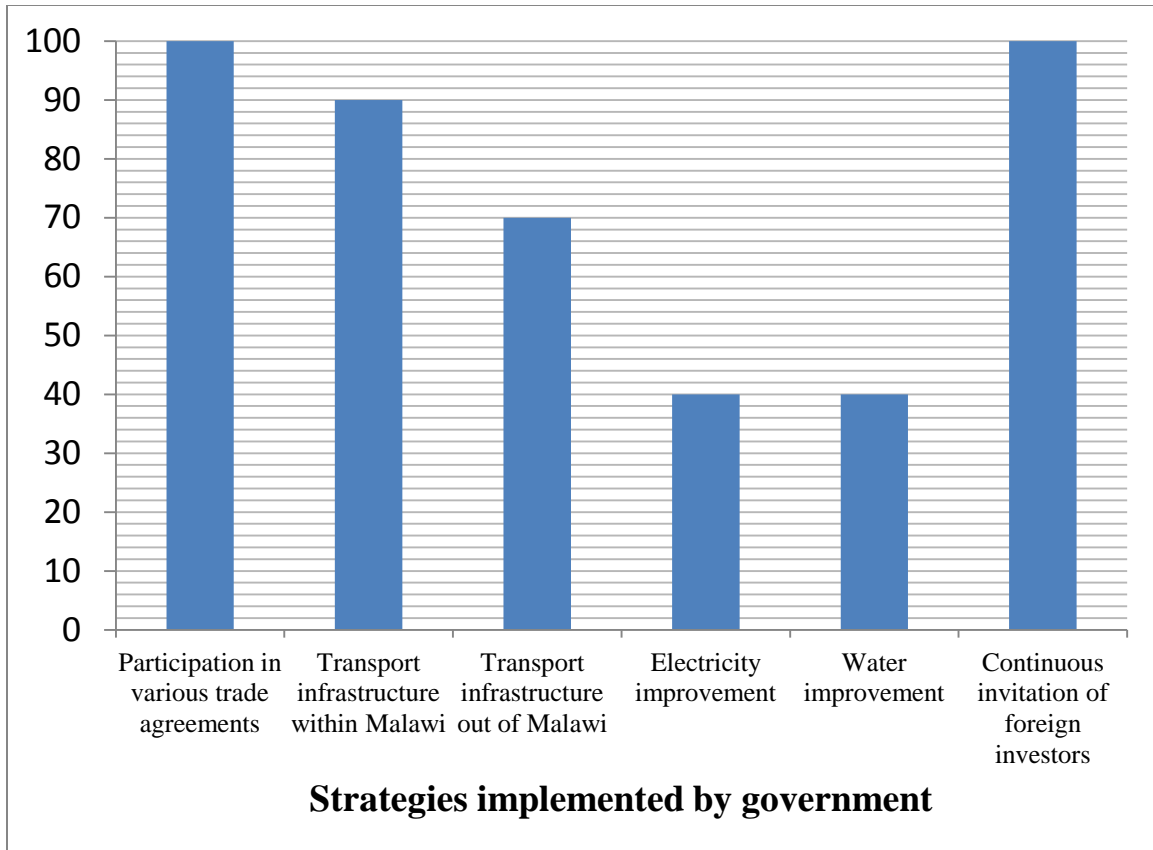


Figure 7. Percentage of respondents who identified strategies implemented by the Malawian government to improve apparel manufacturing industry.

Improving the Apparel Manufacturing Industry in Malawi

Suggestions from Paper and Pen Questionnaire

The personnel responsible for managerial issues in Company A made the following suggestions for the improvement of the apparel manufacturing industry in Malawi. First, the Shire Zambezi Waterways must be opened fast to cut down high transportation costs which are currently affecting the apparel manufacturing industry. Opening of the waterway implies that goods will get directly to Malawi without passing

through the port of Durban in South Africa thus reducing production and transportation costs. Second, the government must attract foreign investors so that different companies become competitive in terms of quality, production, labor, improvements on working conditions, and wages of employees. "Currently the industry is not growing and there is no competition because our company is the only one producing apparel for export." When there is competition, companies strive to be creative and innovative in order to produce quality products and to remain in business. Lastly, the personnel indicated that the country needs companies that produce raw materials to reduce production inefficiencies and transportation costs. Availability of raw materials within the country would reduce sourcing costs and so enable companies to sell their apparel products at slightly lower prices at international markets.

Suggestions Derived from In-Depth Interviews

Suggestions for improvement as presented by the respondents (n=9) who participated in the interviews showed that the government of Malawi has a major role to play in the improvement of the apparel manufacturing industry as shown in Table 7. The respondents gave multiple responses to the question "What should be done to improve the apparel manufacturing industry?" It is interesting to note high percentages in regard to certain suggestions, such as, continued invitation of foreign investors, improving domestic industry, encouraging domestic investors to export, Malawi's participation in trade agreements within SSA, and reviving the cotton textile and garment value chain.

Table 7.

Suggestions from in-depth oral interviews for further improvement of the apparel manufacturing industry (n =9)

| Variable | Respondents |
|---|-------------|
| Need for a Malawian representative at the World Trade Organization (WTO) | 3 |
| Diversification | 4 |
| Lobby for appropriate trade agreement and trade liberalization policies | 7 |
| Improve domestic industry and encourage domestic investors to export | 8 |
| Apparel industry to learn from Chinese investors | 2 |
| Government must continue inviting foreign investors | 9 |
| Need for political will | 7 |
| Malawi should participate in trade agreements within Sub-Saharan Africa | 8 |
| Government must facilitate reduction of interest rates in lending institutions | 7 |
| Revive cotton textile and garment value chain and encourage domestic production | 8 |
| Create training institutions | 6 |
| (N=9) | |

Diagram of the Malawian Apparel Manufacturing Industry

Figure 8 presents results of the study using the four determinants and other factors of Porter's Competitive Advantage Theory (1990). This model was developed using the views of respondents who participated in in-depth oral interviews and completed the paper and pen questionnaire. Commenting on factor conditions, respondents indicated that Malawi offers unskilled labor and relies on foreign expertise for jobs like designing,

quality inspection and pattern development using different computer software. They also pointed out that even though the Garment and Textile Manufacturers Association (GTMA) is the major resource base; it is still weak. Respondents also indicated that Malawi has poor infrastructure, poor electricity and water supplies, poor telecommunication networks and poor sewerage systems. However, they acknowledged that the government has embarked on several projects to develop infrastructure. It is important to note that respondents did not provide much information on government's efforts to improve water supply.

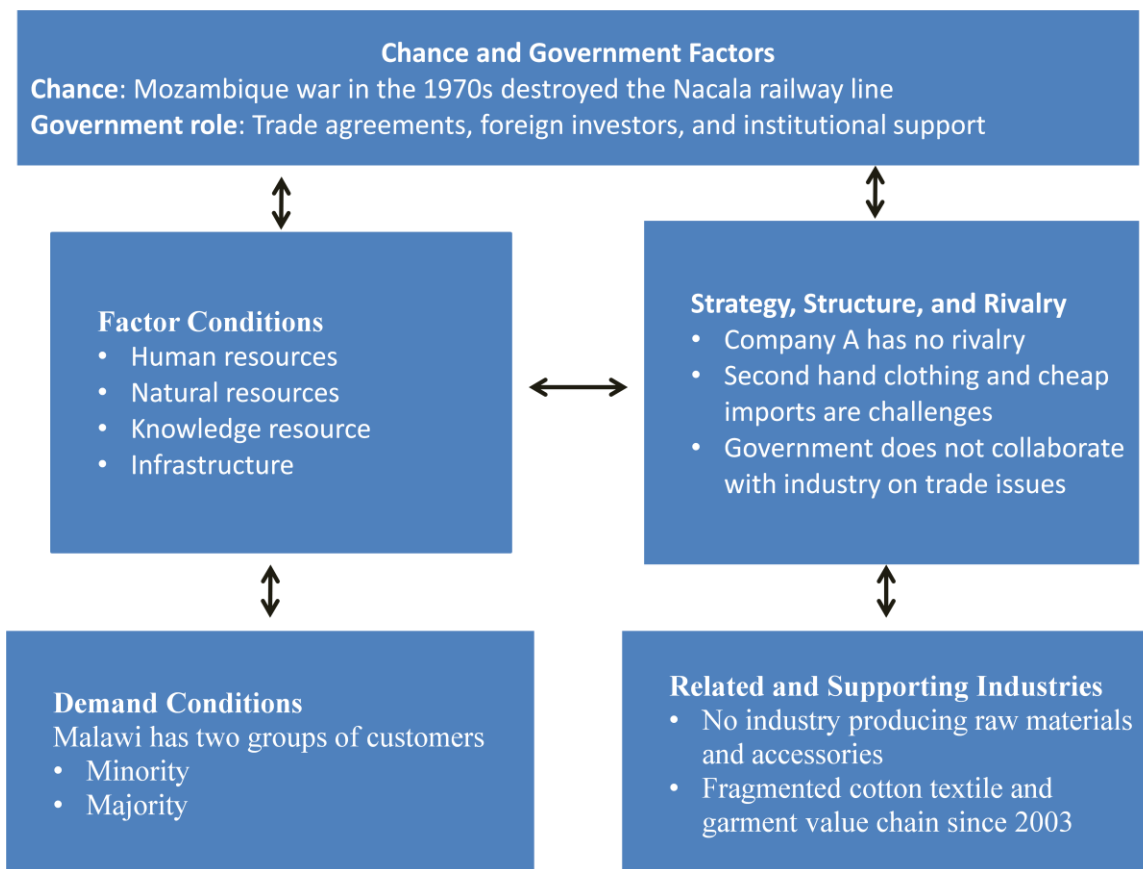


Figure 8. The Malawian Competitive Advantage Model.

In addition, respondents explained that Malawi has two groups of consumers. Minority can afford new, expensive and fashionable clothing. Majority rely on second hand clothing, which is cheap and affordable.

Commenting on related and supporting industries, respondents pointed out that there is no industry in Malawi that produces raw materials and accessories for garment production. They also noted that the cotton textile and garment value chain is fragmented as indicated by RATES (2003). In terms of firm's strategy, structure and rivalry, respondents acknowledged that the company producing for export (Company A) has no rivalry and that the domestic manufacturers are challenged with low prices of second hand clothing and cheap products from Asian countries. Lastly, respondents observed that the government of Malawi has made strides to improve the industry by attracting foreign investors, participating in several trade agreements and offering institutional support. However, retention of foreign investors has been a challenge.

Respondents' remarks on trade agreements showed that the Malawian apparel industry is not exporting apparel to South Africa or the US under the African Growth and Opportunity Act. Representatives of Company A pointed out that the company does not export its products under AGOA; the company finds its own markets. In terms of chance factors, respondents alluded to the fact that the Mozambique war in the 1970s destroyed the Nacala railway line, a cheapest route for transporting Malawian apparel products to ports of shipment such as Durban in South Africa.

Based on the Malawian apparel model, results of this study show that the apparel manufacturing industry in Malawi does not have sufficient human and non human resources that determine an industry's competitiveness.

Conclusion

Results of this study have revealed that the apparel manufacturing industry producing for export is growing very slowly and is uncompetitive but it has potential for growth. The domestic challenges were the major contributory factors to the slow growth of the industry. Respondents acknowledged government's commitment to improving the industry through several initiatives such as, inviting foreign investors, participation in several trade agreements and improving transport infrastructure. Respondents also suggested several strategies for further improvement of the industry, such as, the need for political will, government to continue inviting foreign investors, reviving the cotton, textile and garment value chain, creating training institutes and many others. In addition, the Malawian Competitive Advantage Model showed that Malawi does not fully satisfy any of the determinants of Porter's Competitive Advantage Theory. Chapter 5 discusses results of this study in detail isolating similarities and differences between results of the study and the reviewed literature.

CHAPTER 5

Discussion

Chapter Overview

Recalling from Chapter 1, the objectives of the study included the following. First, examine the status of the apparel manufacturing industry in Malawi. Second, identify problems faced by the apparel manufacturing industry. Third, identify strategies put in place by the Government of Malawi and other stakeholders to address the challenges faced by the apparel manufacturing industry in Malawi. Fourth, assess the extent to which the strategies put in place by the Government of Malawi have helped to improve the apparel manufacturing industry. Fifth, suggest other strategies that may be useful to improving the apparel manufacturing industry in Malawi.

The literature review showed that the apparel manufacturing industry in Malawi faces both domestic and non-domestic challenges. One school of thought identified non-domestic challenges such as trade liberalization and trade agreement policies as the major factors that have led to the slow growth of the apparel manufacturing industry in Malawi. Another school of thought blamed domestic challenges, such as, poor infrastructure, shortage of water and electricity, poor working conditions and many others as major contributory factors. Such mixed views raised questions as to what exactly was responsible for the slow growth of the industry.

To achieve the stated objectives, Porter's four determinants and other factors of Competitive Advantage Theory (1990) were used to investigate the competitiveness of the apparel manufacturing industry and, to examine factors responsible for the slow growth of the apparel manufacturing industry in Malawi. This study has shown that the Malawian apparel manufacturing industry faces domestic challenges that need to be addressed in order to develop the industry. Once the industry is developed, Malawi will be capable of attracting and retaining foreign investors as well as competing favorably at international markets. It is important to note that results of this study do not rule out the fact that trade liberalization and agreement policies also have contributed to the slow growth of the Malawian apparel manufacturing industry. During data analysis, several important themes were identified for discussion. These themes include status, contributory factors, government's efforts to improve the industry, and suggestions for further improvement.

Malawian Apparel Export Production: Status and Contributing Factors

Nine respondents (n=9) stated that the industry responsible for apparel export in Malawi experiences slow growth. All respondents (n=10) said the industry is not competitive but it has potential for growth. Even though there is potential for growth, as also indicated in the literature, the industry has not been growing. There has not only been slow growth but also a reduction in the number of apparel manufacturing companies producing for export as of summer 2010. The reviewed literature showed variations in the number of companies producing apparel for export (MCCCI, 2008; Nakagawa, et al., 2009; NWGTP, 2009; Weathers, 2003). Results of this study revealed that as of summer

2010, only one company was producing apparel for export to the US. This company produced ladies blouses. Previous literature suggested that the Malawian apparel industry in the past supplied apparel to the EU, US and South African markets. As of summer 2010, the only remaining market for apparel exporters in Malawi was the US. This status is a cause for concern for a country that would take advantage of existing business opportunities to grow. The respondents provided several factors hindering growth of the industry as discussed in the sections that follow. All respondents (n = 10) indicated that Malawi has poor infrastructure. The term infrastructure denotes fundamental facilities and systems such as transportation and communication systems, power plants and educational institutions among others. Results of this study reinforced observations made in the literature review that Malawi has poor infrastructure just like most Sub-Saharan African countries. Poor transportation, electricity and water shortages, and training institutes were major areas of concern that respondents identified under infrastructure.

Contributing Factor: Transportation Networks

All respondents (n = 10) indicated that Malawi has poor transportation networks. These respondents reinforced observations evident in literature. According to nine respondents from GTMA, government and industry representatives (n = 9), the government of Malawi has attempted to address transportation and transit problems by improving road networks within Malawi, facilitating the Shire Zambezi waterway project, and embarking on several bilateral and multilateral agreements with transit and coastal neighbors. However as one government official noted, "trade is a give and take situation; all parties to the agreement must be willing to give up something." During the

interviews, the government official explained that Malawi at times, fails to maintain trade relations with neighbors because of failing to uphold trade agreements conditions.

According to the respondent, Malawi charges tariffs on products from trading partners in order to get import revenue. Charging tariffs is contrary to the terms of the agreements in a Free Trade Area (Mapemba, 2009). Related to the government official's observation, another interviewee lamented, "If only we cooperated, there is a lot of demand for clothing within Sub-Saharan Africa region." These observations gave the impression that lack of cooperation among neighboring countries that are trading partners may be a hindrance to successful trade among Sub-Saharan African countries.

Contributing Factor: Water and Electricity Supply

Infrastructure includes water and energy supplies. All respondents (n =10) acknowledged that the commercial cities of Blantyre and Lilongwe experience electricity and water shortages. These shortages affect production since most apparel production processes require frequent use of these resources. The reviewed literature indicated that most apparel manufacturing companies producing for export are located in the commercial cities of Blantyre and Lilongwe. However, during data collection, it was noted that all apparel manufacturing industries that used to or still export apparel were located in the city of Blantyre.

Following this finding, discussions in this chapter will focus on the apparel manufacturing companies located in Blantyre. During the interviews, the owner of Company C pointed out that to mitigate the water problem, the company constructed water pumps known as boreholes in its premises. On the contrary, the owners of

Companies A and B indicated that they do not have boreholes in their premises. The owner of Company B explained that the company does not have space for borehole construction. Companies A and B rely on provision from the Water Board, a body responsible for water management and distribution in Malawi.

Interviews with government officials showed that the Government of Malawi is making strides in addressing transportation, water, and electricity problems through a number of projects as noted in the reviewed literature. Bhalla et al. (2002) hoped that decentralization of the tapping and distribution of water to the Northern, Central and Southern Water Boards would meet the growing demand for water. However, results of this study showed that water shortage is still a major problem for home consumption and industrial use.

Contributing Factor: Lack of Training Institutes

Another area that Malawi has not seriously taken into consideration is provision and improvement of training institutes for various positions such as technicians, designers and other management professions that require expertise in apparel designing and production. Six respondents (n=6) explained that Malawi has no formal training institutes and most training is done on site. These findings confirmed observations made by Chatima (2007) and the NWGTP (2009). These respondents pointed out that due to lack of training institutes, the industry lacks qualified personnel to work in technician and designer positions.

Respondents further explained that most companies rely on foreign expertise, which is expensive and not dependable. These respondents noted that in most cases, expatriates demand very high salaries, and if they are not satisfied with the terms of the employment, they leave any time; this affects production capacity.

Contributing Factor: Lack of Raw Materials

All respondents (n=10) pointed out that importation of raw materials is a major impediment to competitiveness of the apparel manufacturing industry in Malawi. The personnel responsible for managerial issues in Company A provided reasons why the company imports raw materials. First, domestic suppliers offer products that are of poor quality and in limited quantity. Second, Malawi does not have companies that make fabric and accessories suitable for export-oriented apparel. According to the personnel of Company A and all the other respondents, importing raw materials leads to high transportation costs, late supply of raw materials for production, and failure to meet delivery schedules. These results confirmed what was noted in the review by Adhikari and Yamamoto (2005), Chatima (2007), and United States Agency for International Development (2004). In addition, these respondents indicated that the cotton, textile, and garment value chain, which is currently fragmented, has led to shortage of fabric for apparel production. This confirmed observations made by the RATES (2003). The respondents acknowledged that the fragmentation of the cotton textile and garment value chain forces apparel manufacturers to import raw materials.

The Ministry of Trade and Private Sector Development (2005) report acknowledged that, most exported apparel in Malawi have modest additive domestic

value limited to assembly, hence, the need to integrate the value chain from cotton to textiles to garment production. In agreement, eight respondents (n = 8) pointed out that reviving and strengthening the cotton, textile, and garment value chain is crucial for the Malawi apparel industry to achieve competitive advantage. However, as of summer 2010, the value chain was still fragmented which meant that Malawi would continue importing raw materials such as fabrics for garment construction. As noted in the review, importation of raw materials and transportation costs increase production costs. Consequently, foreign investors will likely flock to countries where production costs for apparel manufacturing are lower (Kazembe & Namizinga, 2007). Retention of investors in Malawi will continue to be a problem as long as apparel production costs are high.

Contributing Factor: Trade Agreements and Trade Liberalization Policies

Results of this study showed mixed views among respondents regarding trade liberalization and trade agreement policies. Four respondents (n = 4) indicated that the current trade policies are not conducive to promoting growth and development of the apparel manufacturing industry in Malawi. First, respondents felt that trade liberalization increases competitiveness and this is not feasible for developing countries like Malawi who have to compete with countries like China that are well advanced in technology and manufacturing.

Second, citing the case of the World Trade Organization, the respondents noted that trade liberalization policies favor developed nations. They were concerned that if developed nations support open policy indeed, why then do they give preferential treatment to developing nations on specific products and not all products? These

respondents felt developed nations take advantage of developing nations. This category of respondents embraced protectionist views, thus confirming observations by Baldwin (2004); Winters, et al. (2004); Rodriguez and Rodrik (2000), and Rodrik (1998). In contrast, five respondents (n=5) pointed out that there is nothing wrong with trade agreement and trade liberalization policies. 3 out of the 5 respondents were of the view that trade liberalization policies are good because they encourage competition, which is a driving force for quality apparel production. They felt that without competition, companies will not improve because they lack the motivation to do so. The personnel responsible for managerial issues in Company A, which is still producing for export, expressed the same sentiments. Such remarks reinforced observations by Ackah and Morrissey (2005), Kim, et al. (2006); Sevilla (2007) and Veronaeu (2007) that competitiveness leads to creativity and innovativeness. In addition, these respondents noted that open policy and trade agreements provide more business opportunities for economic development, thus reinforcing views by Tupy (2005) that countries that are more open to trade tend to exhibit greater economic development than countries that practice protectionist policies. The remaining 2 of the 5 respondents acknowledged that even though there is nothing wrong with trade agreements and trade liberalization policies, these policies work for countries that have good infrastructure, transportation networks, sound policy, and good financial base. This view consolidated what Winters, et al. (2004) noted in literature that the impact of trade liberalization depends on the environment in which it is carried out and the policies that accompany it.

Citing the case of AGOA, these respondents alluded to the fact that Malawi has not benefited from AGOA due to poor infrastructure and lack of raw materials for

garment construction. As one respondent noted earlier, Malawi does not realize that trade is a give and take situation because the country charges tariffs on imported products from trading partners like South Africa, and yet trading partners do not. Another respondent noted that countries in the SADC region need to cooperate if trade agreements are to work. Such responses gave the impression that the problem is not the policies being pursued, but rather domestic problems of a host country. Commenting on the Export Processing Zones in Malawi, one respondent said, "The apparel manufacturing industry is not a government's priority for EPZs, but rather for wood, macadamia nuts, tea and tobacco". This response from a prominent government official led to the conclusion that EPZs were created for other products and not necessarily apparel as stipulated in the literature (Chatima, 2007; Malawi Confederation of Chambers of Commerce and Industry, 2008). However, Nkhoma (2007) indicated that Malawi registered its first EPZs mainly in the apparel and textile sector in 1996.

Ten respondents (n=10) agreed that imported products such as second hand clothing and cheap products from Asian countries have crippled the apparel manufacturing industry in Malawi, confirming what was observed by Baden and Barber (2005), Frazer (2008), and the Civil Society Research and Support Collective (2004) report. While this observation may be true, these products do not affect apparel companies that export, but rather companies that produce for domestic consumption. However, domestic manufacturers were not part of the sample for this study. Therefore, examining the impact of second hand clothing and cheap products from Asian countries on the domestic apparel manufacturing industry in Malawi may be a good area for further research.

One of the issues that respondents raised is the elimination of the Multifiber Arrangement (MFA) on January 1, 2005. Through bilateral negotiations, the MFA established a system of quotas that limited each country's imports of textile and apparel products to the US markets (Harrigan & Barrows, 2009). Four respondents (n=4) recognized that elimination of this arrangement meant removal of country quotas to be exported to the US and EU markets. This development rendered Malawi uncompetitive because it had to compete with countries such as China in supplying apparel products to the US and EU markets. Morris (2006) acknowledged that China is the utmost beneficiary of the end of the MFA because not many countries are able to compete against it on prices. Elimination of the Multifiber Arrangement confirmed the Traub-Merz and Jauch (2006) observation that trade agreements can be eliminated any time and they put developing countries at a disadvantage. According to Appelbaum (2004), elimination of the textile and apparel quotas would benefit the few developing countries that have a technologically, well established and diversified apparel and textile manufacturing industry. Since the Malawi apparel manufacturing industry has not yet reached this level of sophistication, diversification, and production capabilities, as confirmed by the results of this study, competitiveness remains a challenge.

A critical analysis of the different responses led to the following conclusions about trade agreements and liberalization policies. First, trade agreement and trade liberalization policies alone cannot lead to growth of an industry. Before benefiting from existing trade policies, the host country has to create an environment conducive to domestic and foreign investment. Second, partners to the trade must be willing to give up something and be committed to the conditions of the agreements if both parties are to

realize economic and social benefits. Third, both developed and developing nations cannot fully liberalize their economies. They still practice protectionism on certain products. Two cases in the discussion led to this conclusion. First, respondents pointed out that the US does not accord developing nations preferential treatment on all products. Second, Malawi charges revenue on imported products from its trading partners.

Contributing Factor: Lack of Political Will

Some of the responses showed that the Government of Malawi is not fully committed to supporting the apparel manufacturing industry. Seven respondents (n=7) claimed that the Government of Malawi lacks political will to support the industry. When the respondents were asked to explain what they meant by *political will*, they gave varied answers. Four respondents (n=4) described *political will* as the ability of the government to have a strong voice when lobbying for foreign investment. These respondents pointed out that the country does not retain foreign investors due to weak lobbying power at the negotiating table. This reinforces Chirwa's (2002) observation that trade agreements are generally negotiated by government officials without or very little participation of the business community.

It therefore follows that government officials bring different agendas to the negotiating table that may not reflect the needs of the business community in the apparel manufacturing industry. Two respondents (n=2) described *political will* as lack of good policies for running the industry. These respondents reported lack of policies that can improve and sustain the apparel manufacturing business in Malawi. One respondent (n=1) said *political will* means no corruption. This respondent pointed out that "to do

business in Malawi, you have to know people. There is a lot of corruption going on, there are times management has been threatened by politicians (mostly holding prominent government positions) to close the company." This observation is contrary to most literature available on trade in the country which indicates that Malawi has a liberalized economy, and companies access opportunities without government's interference (Common Market for East and Central Africa, 2008; Malawi High Commission UK, 2011; Malawi Investment Promotion Agency, 1991). Even though respondents provided different interpretations for the term political will, one thing so clear from the literature review and interviews was that political will is an important influence for stimulating investment, trade and growth (Chirwa, 2002; Ministry of Economic Planning and Development, 2009). It is important to note that the views presented here are based on the respondents' description of the concept of political will, they should not be confused with the contributory factors in Figure 6, namely: trade agreement and trade liberalization policies not conducive, corruption and strong voice when lobbying for foreign investment.

Insufficient government support for the textile and garment industries as one of the key development sectors in the country may be an indication that the industry and government are operating at different levels in promoting growth of the industry. Therefore, all stakeholders should consider holding consultative meetings before lobbying for foreign investment.

Contributing Factor: Capital for Business

"Banks in Malawi charge high interest rates and sometimes it is so scary to borrow money for business. I am not surprised that most Malawian citizens do not want to engage in apparel manufacturing because it is a difficult and expensive endeavor." These were remarks made by the owner of Company C, a prominent businessperson in the apparel manufacturing industry in Malawi. In the same vein, eight respondents (n=8) expressed concerns over high interest rates, scarcity of foreign exchange, and high costs of borrowing in lending institutions in Malawi.

According to the Ministry of Trade and Private Sector Development (2005), high interest rates are a barrier for entry into the market for new business entities that have no access to funds and assets for investment. An industry that does not attract investors hinders economic growth and development of a country.

Respondents Suggestions to Improve Apparel Industry

Respondents provided suggestions for improvement of the industry, which are: hereby discussed under three major categories namely: (1) continued invitation of foreign investors, (2) the need for political will, and (3) the need for conducive trade liberalization and trade agreement policies as shown in Figure 9. It is important to note that the respondents, more especially government and industry representatives who participated in the in depth oral interviews provided multiple responses to the question "What should be done to improve the apparel manufacturing industry Malawi?"

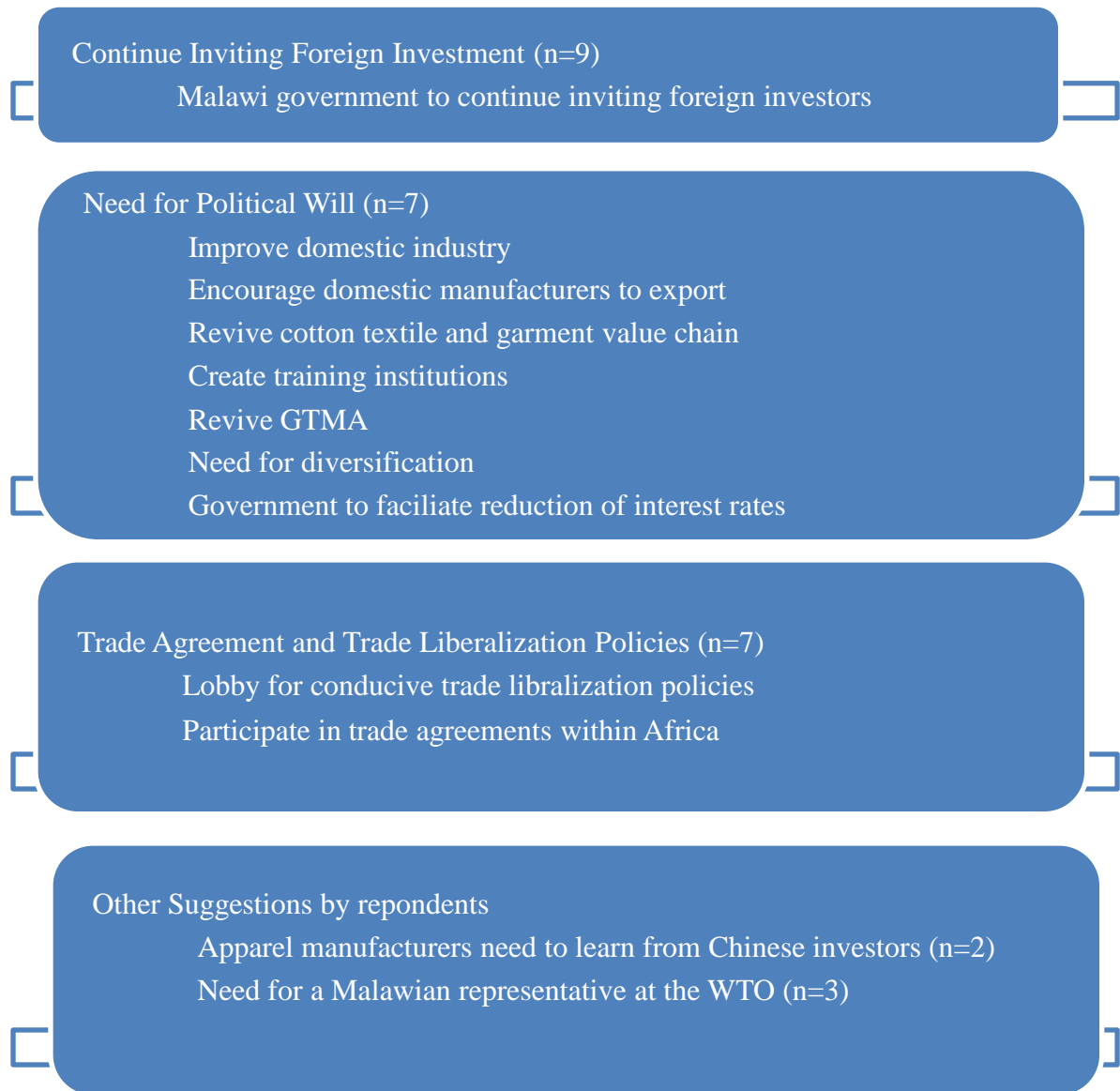


Figure 9. A summary of respondents’ suggestions to improve the apparel industry.

Respondent Suggestions: Government to Continue Inviting Foreign Investors

To begin with, nine (n=9) emphasized the need for the government of Malawi to continue inviting foreign investors. Results of this study showed that the Government of Malawi is already proactive in inviting foreign investors but fails to retain them. Perhaps

an important question worth exploring is "how can the apparel manufacturing industry retain foreign investors?" Kazembe and Namizinga (2007) observed that Malawi needs to lower the cost of doing business in order to attract and retain foreign investors. The reviewed literature highlighted strides made by the government of Malawi to attract and retain foreign investors through provision of a number of incentives. While such efforts may have worked for other industries, it has not been so for the apparel manufacturing industry as evidenced by results of this study. Challenges of infrastructure, high transportation costs, high production costs, and lack of raw materials for apparel production have contributed to failure to retain foreign investment. While the government of Malawi has attempted to address some of the challenges within its reach, it has no control on other challenges such as transit infrastructure to maritime ports.

Respondent Suggestions: Need for Political Will

Another area that respondents suggested for improvement is the government's need for political will. In this section, this concept denotes government's support to improve the apparel manufacturing industry. Thus, suggestions such as creation of training institutions, reviving the cotton, textile and garment value chain, encouraging domestic manufacturers to export, reviving the GTMA), diversification and many others are discussed under the umbrella of political will.

Respondent Suggestions: Strengthening Domestic Industry to Export

To begin with, eight respondents (n=8) suggested that the government of Malawi should strengthen the domestic apparel manufacturing industry and encourage domestic manufacturers to export. Since the government is unable to retain foreign investors in the industry, this might be a viable option. However, it is envisaged that domestic manufacturers would face similar challenges as far as producing for export is concerned. Alternatively, respondents suggested reviving the cotton, textile, and garment value chain in order to address the problem of high transportation costs that result from imports and exports. If reviving the cotton, textile and garment value chain within Malawi is not possible at present, the government should consider regional integration. For instance, under the SADC Free Trade Area, cotton produced in Malawi could be exported to neighboring countries such as Zambia, processed into yarn and fabric, and then shipped back to Malawi for garment construction. Importing fabric from Zambia would at least reduce high transportation costs because these two countries are neighbors. Domestic or regional availability of raw materials would reduce transportation and production costs and perhaps facilitate attraction of foreign investors once again. It is worth pointing out that the government of Malawi through the Malawi Cotton Company in Balaka district has embarked on constructing a new spinning and weaving factory with help from the Chinese investors (NWGTP, 2009). Even though the company offers employment opportunities to Malawians, all products from this plant are exported to China and therefore contributing nothing to the value chain in Malawi (NWGTP, 2009). As a result, the problem of raw materials still exists.

Respondent Suggestions: Create Training Institutes

While respondents suggested creating training institutions for apparel and technical designers and other managerial positions that require expertise in apparel design and production, it is worth noting that Malawi has several training institutions. However, their curriculum is not well advanced to take care of these training needs. Furthermore, these institutions lack technology for computer-aided designing as pointed out by Muradzikwa (2001b). Therefore, the government of Malawi should reflect on exploring ways of upgrading the curriculum and providing the required technology. Alternatively, the government may consider constructing a skills academy as suggested by the NWGTP (2009) report. The report proposed that the Malawi's Entrepreneurial, Vocational Education and Training Authority (TEVETA), other training institutions already present in the country and international agencies should help to develop strategic, management, marketing and technical skills that are at present lacking in the industry. Constructing the skills academy is subject to availability of funding. Therefore, use of existing institutions for skill development would be a better option.

Respondent Suggestions: Revive the Garment and Textile Manufacturers Association of Malawi

Results of the interviews confirmed observations made in the literature review that the Garment and Textile Manufacturers Association of Malawi is not active. Some participants reported that they did not view the association as helpful because it does not address their needs. This observation was contrary to the objectives of the association in 1996. The association was created to provide a forum for addressing various issues in the apparel and textile industry in Malawi (Moody & Goshawk, 2001). From a different

angle, previous sections noted that the needs of the business community were not represented at the negotiating table. Perhaps reviving the association would be an important step towards addressing the problem of representation when lobbying for foreign investment. This observation agrees with the recommendation made by the NWGTP (2009) report that there is need for a strong GTMA representative that will lobby for business transactions on behalf of the industry.

Respondent Suggestions: Lending Institution Interest Rate Reduction

The proposition that the government of Malawi should influence banks to charge lower interest rates so that apparel manufacturers would access cheaper loans for running their businesses is subject to debate. This is because the global economy determines monetary and fiscal issues. For countries like Malawi, linkage to the global credit market is weak and hence interest rates in the country depend on what happens to the Central Bank's key lending rate. The Central Bank in Malawi is the Reserve Bank of Malawi. The Central Bank's rate influences interest rates in Commercial Banks. Although the Central Bank is supposed to be independent of government, it often is not the case, and so interest rates may be affected by the government's decisions. Perhaps what the government in consultation with lending institutions would do is, to establish lower cost financing facilities or attract foreign investment to create a broader and competitive environment in lending institutions (Bhalla, et al., 2002; NWGTP, 2009). The government may also consider the option of government subsidy, in the form of absorption or payment of interest on small business loans.

Respondent Suggestions: Diversification

Considering the challenges facing the apparel manufacturing industry in Malawi, the issue of diversification may not be a practical option. However, if the major challenges facing the industry are to be addressed, manufacturers might consider diversification of apparel exports. In a well developed apparel manufacturing industry, diversification offers several advantages such as lowering instability in export earnings, expanding export revenues and value addition among others (Chikhasu, 2007).

Respondent Suggestions: Conducive Trade Agreement and Trade Liberalization Policies

Commenting on trade agreements and trade liberalization policies, respondents proposed that the government of Malawi should lobby for policies that are conducive to the country's economic development. While this observation might be true in some respects, it is important to realize that foreign investment depends on willingness of parties to the agreement to meet investment conditions as well as the motive behind the investment (Ajayi, 2006). If one party falters, or fails to obtain desired needs, the other party will likely give up and explore other investment avenues. To illustrate this point, some respondents pointed out that in December 2009, the apparel manufacturing industry in Malawi lost market in South Africa because of the government's failure to meet trade agreement conditions under the SADC Free Trade Area (FTA) launched in August 2008. Under this agreement, SADC countries agreed to eliminate tariffs on imported goods. Three respondents (n=3) pointed out that the Government of Malawi failed to meet this requirement for fear of losing revenue and exposure to import competition. Mapemba (2009) made similar observations. Such actions are damaging to the economy because

credibility of the governmental policies becomes questionable (Mapemba, 2009). Returning to the information on trade agreements and trade liberalization policies presented in chapter 4, results of this study showed that the needs of the business community in the apparel manufacturing industry were not represented at the negotiating table. If this observation is true, perhaps the problem is not the trade liberalization policies per say, but rather weak lobbying power on the part of the government as noted by respondents and other reports (Chirwa, 2002; NWGTP, 2009). Therefore, the government should consider engaging the business community when lobbying for foreign investment.

In order to benefit from trade agreements, respondents further proposed that it is better for the government to participate in trade agreements within Sub-Saharan Africa region as opposed to global participation. They based this proposition on Malawi's inability to benefit much from AGOA despite the preferential treatments accorded to the country. The implication for participating in trade agreements within Sub-Saharan Africa only are reduced transaction costs of trading, as it may be cheaper to trade within the SADC region as compared to trading with the US or EU. Even though this proposition seems appealing, it has several implications on the development of the apparel manufacturing industry in Malawi. Countries within Sub-Saharan Africa are still developing. They may not have the technology, expertise or donor funding that accompanies trade agreements with developed nations. Therefore, severing trade relations with developed nations may not be a feasible option. It is important to note that the government of Malawi recognizes the significance of foreign investment in the economic development of the country (Chatima, 2007; Kazembe & Namizinga, 2007).

Other suggestions that respondents made, such as the need for a representative at the WTO, and apparel manufacturing firms learning from Chinese investors, require the government of Malawi and all stakeholders to be proactive and use every opportunity available to develop the industry.

Researcher's Suggestions

Even though there is potential for growth, results of this study showed that the Malawian apparel manufacturing industry is struggling to participate in international trade and meeting the conditions of foreign investment. Perhaps the government may consider the following suggestions. First, setting up a school of design and encouraging the universities in Malawi to collaborate with international universities that offer Computer Aided Design programs to help with training employees in the industry. Second, while negotiating for trade agreements and foreign investment; the government may consider lobbying for technology transfer as one of the conditions for foreign investment in Malawi. Third, the government may also reflect on asking for donor support to improve infrastructure in the apparel manufacturing industry. Fourth, since retention of foreign investment is challenging due to several domestic challenges as presented by the respondents, the government might think about providing loans to domestic manufacturers to facilitate the export process. Lastly, there are several companies in Malawi producing apparel for domestic consumption. Perhaps the companies might consider pooling their resources, marketing, and exporting under one name.

Conclusion

The Malawian apparel manufacturing industry responsible for export does not satisfy any of the criteria of Porter's theory of Competitive Advantage. Results of this study have shown that the Malawi apparel manufacturing industry responsible for export is uncompetitive and faces many domestic challenges, which need to be addressed if the industry is to compete effectively in international markets. Even though the government has made strides in addressing some of the challenges facing the industry, more needs to be done in the area of infrastructure, transportation, raw materials, capital, and qualified personnel among others. The government can continue to invite foreign investors as suggested; however, as long as the domestic problems exist, investors will relocate to other countries that offer more favorable investment conditions. Therefore, the government should consider lobbying for donor support to improve infrastructure that will benefit the industry.

CHAPTER 6

Conclusion and Implications

Findings, Limitations, and Implications for Future Research

Findings

The apparel manufacturing industry in Malawi responsible for export is small, uncompetitive, and experiences slow growth. Even though the industry has more business and employment opportunities, it has not been growing. The reviewed literature provided opposing views on factors affecting the industry's growth. From developed countries' point of view, the industry fails to flourish because developing countries, including Malawi, have domestic problems. On the other hand, developing countries blame trade liberalization and trade agreement policies as not conducive to the growth of the apparel manufacturing industry in Sub-Saharan Africa. The results of this study showed that the apparel manufacturing industry in Malawi faces more domestic problems that need to be addressed. Some respondents also indicated that trade agreement and trade liberalization policies have contributed to the decline of the industry. At the time of data collection, only one company out of the eight reported in literature was producing and exporting apparel to the US market. Furthermore, the industry was no longer exporting to the EU and South Africa markets. This reduction in the number of apparel manufacturing companies and market destinations implies that the industry is losing employment and business opportunities accrued from foreign investment and participation in various trade

agreements. In addition, Malawi is also losing its links with international markets and this has a bearing on foreign currency. A major domestic problem, which has also led to failure to attract and retain foreign investors, is low quality and insufficient infrastructure. While the government of Malawi has addressed some of its domestic problems, it is important to note that other problems are beyond its control because they are outside its sphere of influence. Therefore, some of these challenges will still exist. Furthermore, results of this study showed that participation in several trade agreements and pursuing trade liberalization policies alone do not facilitate growth of the industry. Therefore, a good investment environment is a combination of sufficient and good quality infrastructure and policies that are conducive to investment in the host country.

Limitations of the Study

Even though the reviewed literature identified eight companies producing apparel for export under the Export Processing Zone status, results of this study revealed that, there were only six companies producing apparel and out of the six only one company was still exporting. Therefore, data from this company could not be generalized to all apparel manufacturing companies in Malawi. Second, the sample size did not have adequate numbers for different categories of employees in the apparel manufacturing sector for the same reason. Therefore, this study lacks information on working conditions and views of employees in the apparel manufacturing sector. The small sample size and lack of employee information may have affected the validity and reliability of the results of the study. Third, this study focused on apparel manufacturing companies involved in international trade only. Therefore, results of this study could not be generalized to all

apparel manufacturing companies. Domestic manufacturers are thus an area worth researching on in future. Lastly, this study focused on Malawi's participation in trade agreements outside Sub-Saharan Africa. Any inferences drawn in this study are applicable to the WTO and trade agreements outside Sub-Saharan Africa, particularly, AGOA and EPZs and would therefore not be generalized to all trade agreements. Following this line of thought, the impact of Sub-Saharan Africa trade agreements on the Malawian apparel manufacturing industry would be another area for further research.

Future Research

During the planning phase, this study aimed at collecting data from three levels of the apparel manufacturing industry. Data used in this study were from policy makers' and managerial levels. Future studies may consider doing an in-depth examination of the working conditions. In addition, the owners of the apparel manufacturing industry indicated that their needs were not represented when the government negotiates for foreign investment in the industry. Perhaps there is need to find ways of reviving the Garment and Textile Manufacturers Association of Malawi (GTAM) to act as a mouthpiece for the industry. **Since retention of foreign investors in the industry is challenging, the government might consider encouraging domestic investors to export apparel to existing international markets. Considering that the textile value chain in Malawi is still fragmented, and that some neighboring countries like Zambia have several textile manufacturing companies, the government of Malawi might consider negotiating with the government of Zambia to produce yarn and fabric from cotton grown in Malawi, and send the products back to Malawi for use in the industry. Since this study mostly**

focused on the World Trade Organization (WTO), Export Processing Zones (EPZs) and the African Growth Opportunity Act (AGOA), future studies may target trade agreements within Sub-Saharan Africa. Furthermore, the apparel manufacturing industry in Malawi is classified into two categories. One category produces apparel for domestic consumption and another for export. This study only dealt with companies that produce apparel for export. Therefore, companies that produce apparel for domestic consumption are another area for future research. One other important factor for future research is looking at the possibility of other companies in the Export Processing Zones merging with the apparel and textile industry to create better and stronger business opportunities. Alternatively, the textile and apparel industry could merge to restructure and strengthen the industries' strategies, operations and market processes, thus eliminating the shortcomings of individual companies. Besides the industries joining forces, they could work with universities in Malawi to explore ways in which the industry's needs could be met through collaborative research and resource sharing.

Final Observations

With reference to the other factors and the four determinants of Competitive Advantage theory, the apparel manufacturing industry in Malawi does not meet any of the criteria for competitiveness. Even though the literature provided opposing views about what factors derailed the industry's growth, this study has shown that the domestic challenges in Malawi are the major contributory factors to the slow growth and uncompetitive nature of the Malawian apparel manufacturing industry. Since Malawi offers cheap labor, grows its own cotton, and participates in several trade agreements, the

industry should seek to capitalize on these available resources to function in the short term. However, long term goals should target exploring other avenues to address problems of infrastructure, lack of capital, qualified personnel, and support and related industries among others. Above all, continuous evaluations must be encouraged in all industries to ensure that the set goals are fulfilled.

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APPENDIX A

Data Collection Instruments

Questionnaire for Managers

ADMINISTERED TO MANAGERS

A Questionnaire on the Factors Related to the Improvement of the Apparel Manufacturing Industry in Malawi

| |
|-----------------------|
| Survey Code No. |
|-----------------------|

- 1 Is your company registered under the Malawi Confederation of Chambers of Commerce Trade and Industry?
 Yes
 No

- 2 In what city is your company located?
 Blantyre
 Lilongwe

- 3 How many people does your company currently employ? _____

- 4 Is your company owned by:
 Malawians
 Foreign Investors
 Both Malawians and Foreign Investors

- 5 What type of apparel does your company produce? (Tick all that apply.)
 T-shirts and Jeans
 Shirts (Not T-shirts) and Jeans
 Sportswear
 Shirts (Not T-shirts) and Trousers
 Work wear
 Police and Army Uniforms
 Other (Specify) _____

- 6 How does your company source raw materials?
 Import
 Access Locally

If you chose "Access Locally" in question 6, please skip to question 7.

ADMINISTERED TO MANAGERS

- 6a Why does your company import raw materials?
 Domestic suppliers offer products of insufficient quality.
 There is an insufficient domestic supply of fabrics and other accessories.

Other (specify)

6b What challenges does the company face due to importing raw materials?

- High transportation costs
- Late supply of materials for production
- Failure to meet delivery schedules
- Termination of contracts
- Other: _____

7 **To what countries does your company export apparel?**

What percentage of your total production goes to this country?

Technology and Sewing Equipment Available

8 Does your company have internet access?

- Yes
- No

9 How many sewing machines does your company currently utilize? _____

10 Does your company have any computer-aided programs and equipment?

- Yes
- No

11 Name the computer-aided design (CAD) software programs your company uses.

ADMINISTERED TO MANAGERS

12 Name the computer-aided equipment your company owns.

- a _____
- b _____
- c _____

13 Do you think your company has enough equipment for designing and production?

- Yes
- No

If you answered Yes to question 13, please skip to question 15.

14 Please list the equipment your company would like to have.

- a _____
- b _____
- c _____
- e _____
- f _____

15 Rate the condition of your company's equipment.

- Excellent
- Very Good
- Good
- Satisfactory
- Poor

16 How many units or pieces of apparel does your company typically produce each day?_____

Marketing Strategy / Advertising Mechanism

17 How does your company advertise its products?

ADMINISTERED TO MANAGERS

18 What is the capacity of your company's employee cadre? (Your answer should focus on the following categories; Operators, Technicians and Managers)

| Level | Number of Workers |
|--------------|--------------------------|
| Skilled | |
| Semi-Skilled | |
| Training | |

19 How many workers does your company employ in the following categories?

| Job Category | Number of Workers |
|---------------------|--------------------------|
| Operator Grade | |
| Technical Grade | |
| Management Grade | |
| Other Grades | |

20 How many employees does your company train per annum?

| Mode of Training | Number of Workers per Annum |
|-----------------------------|------------------------------------|
| Training Outside Malawi | |
| Training Within Malawi | |
| Training Within the company | |

21 Which category of employees undergo training?

- Operators
- Technicians
- Managers

Any other specify: _____

22 What percent of your company's annual budget is spent on training of personnel in various positions in your company _____

23 What amenities and/or morale building activities does your company provide its employees? (Tick)

- | | |
|--|---|
| <input type="radio"/> Meal(s) Provided | <input type="radio"/> Sports teams |
| <input type="radio"/> Transport Provided | <input type="radio"/> Employee parties/events |
| <input type="radio"/> Hostel Facility Provided | <input type="radio"/> Recognitions/Awards |
| <input type="radio"/> Recreation Facility Provided | |
| <input type="radio"/> Any other specify _____ | |

24 Does your company provide health insurance for its employees?

- Yes
- No

ADMINISTERED TO MANAGERS

25 Are the majority of your company's employees paid a salary or an hourly wage?

- Salary
- Hourly Wage

26 What is your company's pay period?

- Two Weeks
- One Month

27 How much are your employees paid in a typical pay period?

| Category | AMT(2wks) | AMT(month) |
|-----------------|------------------|-------------------|
| Operators | | |
| Technicians | | |
| Managers | | |

28 Does your company provide protective clothing to the workers?

- Yes
- No

29 Do employees of your company get overtime pay when they work on weekends and at night?

- Yes
- No

If you answered No to question 29, please skip to question

30 Please specify your company's overtime pay rates.

| Category | Overtime Pay per Hour |
|-----------------|------------------------------|
| Operators | |
| Technicians | |
| Managers | |

31 Does your company have a recognized workers' union?

- Yes
- No

32 Are employees of your company allowed to join trade unions and participate freely?

- Yes
- No

If you answered Yes to question 32, please skip to question 34.

ADMINISTERED TO MANAGERS

33 Why does your company restrict its employee's ability to participate in trade unions?

34 How many times have the following events occurred at your company, during the last 5 years (2005 to 2010)?

| Event | Number of Incidents |
|--------------|----------------------------|
| Strike | |
| Lockout | |
| Go Slow | |
| Boycott | |
| Picketing | |

35 Do workers work to full potential?

- Yes
- No

36 If your answer to Que. 35 is No, explain why workers do not work to their full potential

37 Which challenges are applicable to your company? (*Tick all that apply.*)

- Poor Infrastructure
- Outdated Technology
- Politicization of Labor
- Lack of Capital
- Lack of Good Training Institutes
- Lack of Skilled Labor
- Poor Working Conditions
- Lack of Diversification Strategies
- Lack of Quality Assurance
- Lack of Quality Control Standards
- Lack of Market Information
- Lack of Research & Development Activities
- Lack of Labor Laws
- Any other (specify)

38 Write any other views on what could be done to improve the apparel manufacturing industry in Malawi?

Employee Questionnaire

A Questionnaire on the Factors Related to the Improvement of the Apparel

Manufacturing Industry in Malawi

| |
|--|
| To be completed by Survey Administrator |
| Ownership of the Industry <input type="checkbox"/> Malawian <input type="checkbox"/> Foreign Investor <input type="checkbox"/> Joint Venture(Malawi and Foreign Investor) |

1. What type of job do you do? (*Check all that apply*)

| | |
|--|--|
| Pattern layout and cutting | |
| Assembling the garment | |
| Pressing/Ironing | |
| Checking finished products (to identify faults) | |
| Supervision | |
| Technician | |
| Other (specify) | |

2. Rate the condition of the your company's equipment, (*Tick*)

| | |
|--------------|--|
| Excellent | |
| Very Good | |
| Good | |
| Satisfactory | |
| Poor | |

Employee Questionnaire

3. Does your job require protective

| | | | |
|-----|--|----|--|
| Yes | | No | |
|-----|--|----|--|

 wear? (Tick)

(If you answered No to question, 3 skip question 4)

4. Does the company provide

| | | | |
|-----|--|----|--|
| Yes | | No | |
|-----|--|----|--|

 protective wear? (Tick)

5. How did you learn your job?

| | | | |
|---|--|-----------------------------------|--|
| Attended an in-house training | | Observed other workers | |
| Attended training at a training institute | | My job does not need any training | |
| <i>Any other specify:</i> | | | |

6. What amenities and/or morale building activities does your company provide for you (its employees)? *(Tick all that apply)*

| | | | |
|---------------------------------------|--|--------------------------------|--|
| Cafeteria /dining facility (provided) | | Recreation facility (provided) | |
| Transport (provided) | | Hostel facility (provided) | |
| Recognitions/awards | | Employee parties/events | |
| <i>Any other specify:</i> | | | |

7. Rate your relationship with your supervisors. (Tick)

| | |
|--------------|--|
| Excellent | |
| Very Good | |
| Good | |
| Satisfactory | |
| Poor | |

Employee Questionnaire

8. Do you work to your full potential? (Tick)

| | | | |
|-----|--|----|--|
| Yes | | No | |
|-----|--|----|--|

9. If your response to question 7 is NO, explain why you do not work to your full potential?

10. Do you have any plans to upgrade yourself? (Tick)

| | | | |
|-----|--|----|--|
| Yes | | No | |
|-----|--|----|--|

11. What are your career goals? Explain briefly

Chichewa version of Employee Questionnaire

Research Topic: An Examination of factors related to the Improvement of the Apparel

Manufacturing Industry in Malawi

| |
|---|
| To be completed by Survey Administrator |
| Ownership of the Industry <input type="checkbox"/> Malawian <input type="checkbox"/> Foreign Investor <input type="checkbox"/> Joint Venture (Malawi and Foreign Investor) |

1. Kodi mumagwira ntchito yanji? (*Chongani m'musimu*)

| | |
|--|--|
| Kuyala mapatani pa nsalu ndi kudula. | |
| Kusoka | |
| Kusita | |
| Kuona ngati zovala/katundu yemwe wasokedwa alibe vuto. | |
| Woyang'anila | |
| Wokoza Makina akawonongeka kapena zipangizo zosokera zikaonongeka. (m'misili) | |
| <i>Lembani ntchito yomwe mumagwira ngati pamdandanda wamwambawu palibe.</i> | |

2. Kodi zipangizo komanso makina amene mumagwiritsa ntchito pa malo antchito ano ndizabwino bwanji? (*Chongani m'musimu*)

| | |
|-----------------------|--|
| Zabwino kwambiri zedi | |
| Zabwino kwambiri | |
| Zabwino | |
| Zilibwino pang'ono | |
| Sizili bwino | |

Chichewa version of Employee Questionnaire

3. Kodi ntchito yanu imafuna zobvala zozitetezera pogwira ntchito? (*Chongani*)

| | | | |
|------|--|-----|--|
| Inde | | Ayi | |
|------|--|-----|--|

(Ngati yankho lanu la funso lachitatu ndi ayi, lumphani funso la chinayi, pitani funso lachisanu)

4. Kodi mumalandira zovala zozitetezera pogwira ntchito?

| | | | |
|------|--|-----|--|
| Inde | | Ayi | |
|------|--|-----|--|

5. Kodi ntchito yomwe mumagwira munaphunzira bwanji? (*Chongani m'musimu*)

| | | | |
|---|--|---|--|
| Ndi mawonera anthu ena akamagwira ntchito. | | Ndinaphunzira pamaphuziro okonzedwa pa kampani pompano. | |
| Ndinapita ku sukulu yokhudza ntchito yanga. | | Ntchito yanga siisowekela maphunziro | |
| <i>Ngati ntchito munaphunzira munjira inayake lembani m'musimu.</i> | | | |

6. Chongani m'musimu zinthu zimene kampani yanu imakuchitirani pokulimbikitsani pantchito.

| | | | |
|------------------------------|--|-------------------------------|--|
| Kampani ili ndi malo wodyera | | | |
| Kampani mapereka mayendedwe | | Kampani imatipatsa malo ogona | |
| Kampani imapereka mphotho | | Kampani imatikonzera phwando | |

Chichewa version of Employee Questionnaire

7. Ubale wanu ndi mabwana anu ndi wotani?. (*Chongani m'musimu*)

| | |
|-----------------------|--|
| Wabwino kwambiri zedi | |
| Wabwino kwambiri | |
| Wabwino | |
| Wabwino pang'ono | |
| Sulibwino | |

8. Kodi ntchito yanu mumagwira kufika pa mulingo/muyeso wozimva kuti mwafikapo?

| | | | |
|------|--|-----|--|
| Inde | | Ayi | |
|------|--|-----|--|

 (*Chongani*)

9. Ngati yankho lanu lafunso lachisanu ndi chiwiri ndi ayi, longosolani zifukwa zomwe simumagwirira ntchito kufika pamulingo/muyeso wozimva kuti mwafikapo.

10. Kodi muli ndi dongosolo lilonse lotukula maphuziro a ntchito yanu?

| | | | |
|------|--|-----|--|
| Inde | | Ayi | |
|------|--|-----|--|

 (*Chongani*)

11. Kodi muli ndi dongosolo lili lonse kapena mapulani ena alionse okhudzana ndi

| |
|--|
| |
|--|

12. Kodi ndi chiyani chimene dziko lathu la Malawi lingachite kuti makapani athu opanga zovala atukuke? (*Lembani m'musimu*).

Interviews Questions for Policy Makers (Government and Industry Representatives)

1. Why did Malawi become an export-oriented economy?
2. What are the benefits of Export Oriented economy?
3. What are the challenges of Export oriented economy?
4. How does the government of Malawi address such challenges?

African Growth Opportunity Act (AGOA)

1. When did Malawi sign the African Growth Opportunity Act (AGOA)?
2. Why did Malawi sign the African Growth Opportunity Act (AGOA)?
3. What are the benefits of AGOA?
4. Is the garment manufacturing industry in Malawi experiencing these benefits?
5. What mechanism exists to inform the apparel manufacturing industry about AGOA?
6. How is AGOA implemented in Malawi?
7. What challenges does the Malawi government face challenges in implementing AGOA?
8. How are these challenges handled?
9. Does the Malawi government feel that AGOA has benefited some Sub Saharan African countries more than others? Why?
10. What could Malawi do to benefit more from AGOA?

World Trade Organizations (WTO)

Malawi is also a member of the World Trade Organization.

1. When did Malawi become a member of the WTO? Why?
2. What benefits have occurred as a result of Malawi's membership to the WTO?
3. How has membership to the WTO assisted in improving the apparel manufacturing industry in Malawi?
4. What is your opinion regarding WTO policies? Are WTO policies biased towards developed countries and multinational corporations?
5. Do developing countries have less bargaining power at the WTO? Why?
6. Do all member countries participate in decision making at the WTO?
7. Are there any challenges that the apparel manufacturing industry faces because of Malawi's membership to the WTO?
8. How does the government of Malawi address such challenges?
9. In general, what is your overall assessment of Malawi's membership to the WTO in relation to the apparel manufacturing industry in Malawi?

Export Processing Zones (EPZs)

1. Why did Malawi decide to have Export Processing Zones?
2. When were Export Processing Zones established in Malawi?
3. How many companies are in the export Processing Zones?
4. What incentives does Malawi government offer to attract foreign investors in apparel manufacturing?
5. In an attempt to attract foreign investors, does the government of Malawi offer the following:
 - a. Tax holiday
 - b. Duty free import and export
 - c. Free repatriation of profits
 - d. Provision of infrastructure
 - e. Exemption from labor laws
6. How has the Malawi apparel manufacturing industry benefited from Export Processing Zones?
7. Have Export Processing Zones contributed to employment opportunities and working conditions?
8. What challenges does the apparel manufacturing industry in Malawi face as a result of operating under the Export Processing Zone status?
9. How does the government address such challenges?

Trade Liberalization and Trade Agreement Policies

1. In what ways has the apparel manufacturing industry benefited from trade agreements?
2. What challenges does the manufacturing industry face due to trade liberalization?
3. How does the government of Malawi address such challenges?
4. Does Malawi practice protectionism policies? Why or why not?

What is the status of the apparel manufacturing industry in Malawi at present?

What challenges does the apparel manufacturing industry in Malawi face?

(Interviewer checks all that apply)

| | | | |
|------------------------------------|--|---|--|
| Poor Infrastructure | | Lack of Quality Assurance | |
| Outdated Technology | | Lack of Quality Control Standards | |
| Politicization of Labor | | Lack of Market Information | |
| Lack of Capital | | Lack of Research & Development Activities | |
| Lack of Good Training Institutes | | Lack of Labor Laws | |
| Lack of Skilled Labor | | Unrealistic Trade Agreement Policies | |
| Poor Working Conditions | | Cheap Products from China and other Asian countries | |
| Lack of Diversification Strategies | | Second Hand Clothing Trade | |

What strategies have the government of Malawi and other stakeholders put in place to address those challenges?

Do you have any final thoughts on how the apparel manufacturing industry can be improved in Malawi?

Appendix B
Frequencies

Table 8.

Responses from Employee Questionnaire.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|------------------|-----------|---------|---------------|--------------------|
| Valid | Malawian | 1 | 10.0 | 50.0 | 50.0 |
| | Foreign Investor | 1 | 10.0 | 50.0 | 100.0 |
| | Total | 2 | 20.0 | 100.0 | |
| Missing | System | 8 | 80.0 | | |
| Total | | 10 | 100.0 | | |

Table 9.

What type of job do you do?

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|---|-----------|---------|---------------|--------------------|
| Valid | Pattern layout and cutting | 1 | 10.0 | 10.0 | 10.0 |
| | Assembling the garment | 1 | 10.0 | 10.0 | 20.0 |
| | Pressing/Ironing | 1 | 10.0 | 10.0 | 30.0 |
| | Checking finished products (to identify faults) | 2 | 20.0 | 20.0 | 50.0 |
| | Supervision | 3 | 30.0 | 30.0 | 80.0 |
| | Technician | 1 | 10.0 | 10.0 | 90.0 |
| | Other | 1 | 10.0 | 10.0 | 100.0 |
| Total | | 10 | 100.0 | 100.0 | |

Table 10.

Rate the condition of company's equipment.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|--------------|-----------|---------|---------------|--------------------|
| Valid | Excellent | 1 | 10.0 | 10.0 | 10.0 |
| | Good | 4 | 40.0 | 40.0 | 50.0 |
| | Satisfactory | 3 | 30.0 | 30.0 | 80.0 |
| | Poor | 2 | 20.0 | 20.0 | 100.0 |
| | Total | 10 | 100.0 | 100.0 | |

Table 11.

Does your job require protective wear?

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------|-----------|---------|---------------|--------------------|
| Valid | Yes | 7 | 70.0 | 70.0 | 70.0 |
| | No | 3 | 30.0 | 30.0 | 100.0 |
| | Total | 10 | 100.0 | 100.0 | |

Table 12.

Are you provided with protective wear when working?

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----|-----------|---------|---------------|--------------------|
| Valid | Yes | 0 | 0 | 0 | 0 |
| | No | 10 | 100.0 | 100.0 | 100.0 |

Table 13.

How did you learn your job?

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--|-----------|---------|---------------|--------------------|
| Valid | Attending an in-house training | 2 | 20.0 | 22.2 | 22.2 |
| | Attending training at a training institute | 1 | 10.0 | 11.1 | 33.3 |
| | Observed other workers | 5 | 50.0 | 55.6 | 88.9 |
| | My job does not need any training | 1 | 10.0 | 11.1 | 100.0 |
| | Total | 9 | 90.0 | 100.0 | |
| Missing | System | 1 | 10.0 | | |
| Total | | 10 | 100.0 | | |

Table 14.

What amenities and/or morale building activities does your company provide for you?

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|------------------------------|-----------|---------|---------------|--------------------|
| Valid | Transport provided | 2 | 20.0 | 28.6 | 28.6 |
| | Recreation facility provided | 1 | 10.0 | 14.3 | 42.9 |
| | Hostel facility provided | 2 | 20.0 | 28.6 | 71.4 |
| | Other | 2 | 20.0 | 28.6 | 100.0 |
| | Total | 7 | 70.0 | 100.0 | |
| Missing | System | 3 | 30.0 | | |
| Total | | 10 | 100.0 | | |

Table 15.

Rate your relationship with your supervisor.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|--------------|-----------|---------|---------------|--------------------|
| Valid | Excellent | 2 | 20.0 | 20.0 | 20.0 |
| | Good | 4 | 40.0 | 40.0 | 60.0 |
| | Satisfactory | 3 | 30.0 | 30.0 | 90.0 |
| | Poor | 1 | 10.0 | 10.0 | 100.0 |
| | Total | 10 | 100.0 | 100.0 | |

Table 16.

Do you work to your full potential?

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------|-----------|---------|---------------|--------------------|
| Valid | Yes | 1 | 10.0 | 10.0 | 10.0 |
| | No | 9 | 90.0 | 90.0 | 100.0 |
| | Total | 10 | 100.0 | 100.0 | |

Table 17.

If No, why do you not work to your full potential?

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|-----------------------------------|-----------|---------|---------------|--------------------|
| Valid | Lack of protective wear/equipment | 2 | 20.0 | 22.2 | 22.2 |
| | Overworking | 2 | 20.0 | 22.2 | 44.4 |
| | No future | 1 | 10.0 | 11.1 | 55.6 |
| | Low salaries | 4 | 40.0 | 44.4 | 100.0 |
| | Total | 9 | 90.0 | 100.0 | |
| Missing | System | 1 | 10.0 | | |
| Total | | 10 | 100.0 | | |

| Table 18. | | | | | |
|---|-------|-----------|---------|---------------|--------------------|
| <i>Do you have any plans to upgrade yourself?</i> | | | | | |
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Yes | 5 | 50.0 | 50.0 | 50.0 |
| | No | 5 | 50.0 | 50.0 | 100.0 |
| | Total | 10 | 100.0 | 100.0 | |

| Table 19. | | | | | |
|------------------------------------|--|-----------|---------|---------------|--------------------|
| <i>What are your career goals?</i> | | | | | |
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Increase salaries | 2 | 20.0 | 22.2 | 22.2 |
| | Our work is not productive /No future | 3 | 30.0 | 33.3 | 55.6 |
| | Our work does not require qualifications | 1 | 10.0 | 11.1 | 66.7 |
| | Upgrade my carrier | 3 | 30.0 | 33.3 | 100.0 |
| | Total | 9 | 90.0 | 100.0 | |
| Missing | System | 1 | 10.0 | | |
| Total | | 10 | 100.0 | | |

| Table 20. | | | | | |
|---|---|-----------|---------|---------------|--------------------|
| <i>What should your country do in order to develop our companies?</i> | | | | | |
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Govt' to increase salaries | 6 | 60.0 | 66.7 | 66.7 |
| | Govt' to abolish tax | 2 | 20.0 | 22.2 | 88.9 |
| | Should require education qualification when employing | 1 | 10.0 | 11.1 | 100.0 |
| | Total | 9 | 90.0 | 100.0 | |
| Missing | System | 1 | 10.0 | | |
| Total | | 10 | 100.0 | | |

Appendix C

Institutional Review Board Approval Forms

Oklahoma State University Institutional Review Board

Date: Thursday, June 10, 2010
IRB Application No HE1044
Proposal Title: An Examination of Factors Related to the Improvement of the Apparel Manufacturing Industry in Malawi
Reviewed and Processed as: Exempt

Status Recommended by Reviewer(s): Approved Protocol Expires: 6/9/2011

Principal Investigator(s):

| | |
|--------------------------|----------------------|
| Miriam K. Kumwenda | Lynne Richards |
| 88 S. Univ. Place Apt. 7 | 441 HES |
| Stillwater, OK 74075 | Stillwater, OK 74078 |

The IRB application referenced above has been approved. It is the judgment of the reviewers that the rights and welfare of individuals who may be asked to participate in this study will be respected, and that the research will be conducted in a manner consistent with the IRB requirements as outlined in section 45 CFR 46.

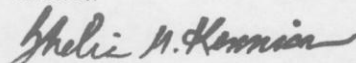
The final versions of any printed recruitment, consent and assent documents bearing the IRB approval stamp are attached to this letter. These are the versions that must be used during the study.

As Principal Investigator, it is your responsibility to do the following:

1. Conduct this study exactly as it has been approved. Any modifications to the research protocol must be submitted with the appropriate signatures for IRB approval.
2. Submit a request for continuation if the study extends beyond the approval period of one calendar year. This continuation must receive IRB review and approval before the research can continue.
3. Report any adverse events to the IRB Chair promptly. Adverse events are those which are unanticipated and impact the subjects during the course of this research; and
4. Notify the IRB office in writing when your research project is complete.

Please note that approved protocols are subject to monitoring by the IRB and that the IRB office has the authority to inspect research records associated with this protocol at any time. If you have questions about the IRB procedures or need any assistance from the Board, please contact Beth McTernan in 219 Cordell North (phone: 405-744-5700, beth.mcternan@okstate.edu).

Sincerely,



Shelia Kennison, Chair
Institutional Review Board

Informed Consent Forms

June2010

Miriam Kumwenda, Masters Candidate,

Department of Design, Housing and Merchandising, Oklahoma State University,

Stillwater, OK 74078

Dear.....,

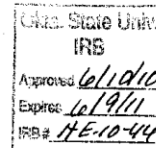
There is a great need for identifying factors which could contribute to the growth and strengthening of the apparel manufacturing industry in Malawi. Our aim is to examine challenges the industry is facing and identify ways of addressing those challenges. Such information is crucial for future decision making in the apparel industry and for economic development of Malawi.

The researcher will be contacting you in the next three weeks to schedule an appointment for the completion of a brief survey. We realize that your schedule is busy and your time is valuable. However, we know that your participation in this study will be valuable in assessing the status of the apparel manufacturing industry in Malawi.

Thank you in advance for your participation. If you have questions about the study, you can contact me at Chancellor College, Home Economics Department , P.O. Box 280, Zomba, Malawi , Tel 265- 011-1- 524- 222, Fax 011 265-1- 526-046,or e email, miriam.kumwenda@okstate.edu.

Yours truly,

Miriam Kumwenda



*Informed Consent Form: Chairperson of the Garment and Textile Manufacturers
Association of Malawi*

**INFORMED CONSENT FORM FOR THE CHAIRPERSON OF THE APPAREL
MANUFACTURING INDUSTRY ASSOCIATION IN MALAWI**

PROJECT TITLE

An Examination of Factors Related to the Improvement of the Apparel Manufacturing Industry
in Malawi

Investigators:

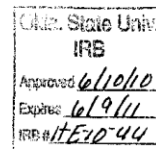
Miriam Kumwenda, Department of Housing Design and Merchandising, Graduate Researcher

Lynne, Richards, Ph.D., Design, Housing and Merchandising, Professor

Oklahoma State University

Purpose:

The purpose of this study is to examine factors related to the improvement of the apparel manufacturing industry in Malawi. Your views on challenges the industry is facing and how these challenges could be addressed will be collected. You will only be asked to provide information related to the job you are doing in the industry. No personal information will be required. The findings will be used to assess challenges the industry is facing and what could be done to address those challenges. This study will help various stakeholders in future decision making and economic development of Malawi.



Procedure:

Your participation in this study will involve participation in semi-structured interview which will be conducted in the company's premises. It is estimated that the interviews will take about 30 minutes. The interviews will be audio taped besides taking handwritten notes. The PI will be responsible for transcribing the audio taped responses.

Risks and Benefits of Participation:

There are no known risks associated with this study which are greater than those ordinarily encountered in daily life. There are no personal expected benefits to you either, except that when the apparel manufacturing industry is improved all of us as Malawians can benefit from economic development and better standard of living.

Confidentiality:

The data will be collected anonymously. You will not be required to provide any personal information during the interviews. The interview responses (handwritten notes) will be kept in sealed envelopes and kept in a safe located in Scott Hall room 325. The audio tape (used for the interview) will also be kept in the safe at Scott Hall. A safe computer with password only known to the researcher will be used for storing any information collected from the interviews. The computer's password is protected and can be accessed only by the researcher. In any sort of report the researcher may publish, she will not include information that will make it possible to identify an individual study participant or business, i.e., all data will be grouped and summarized for reporting purposes. Participant data and other information related to the study will be kept by the researcher up to two years for the purpose of analyzing and reporting. Thereafter, it will be destroyed.

| |
|---------------------|
| Office: State Univ. |
| IRS |
| Approved: 6/10/10 |
| Expires: 6/9/11 |
| IRB #: HE-10-44 |

Compensation:

There will be no compensation or payment for your involvement in this study. However should the venue of the interview change, your transport expenses related to participating in the semi-structured interviews would be paid assuming your participation required travel.

Contacts:

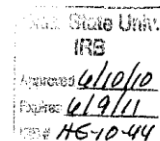
If you have any questions about this research, contact Miriam Kumwenda, Graduate Student, Department of Design, Housing and Merchandising, 441 HES, Oklahoma State University, Stillwater, OK, 74084, USA; Tel # 405 744 5053; email: miriam.kumwenda@okstate.edu or in Malawi Chancellor College, Home Economics Department, P.O. Box 280, Zomba, Tel 265- 011-1- 524- 222, Fax 011 265-1- 526-046 ; or Lynne Richards, Professor , HES 441, Department of Design , Housing and Merchandising, Oklahoma State University, Stillwater, OK, 74078, USA Tel # 405 744 9523 or email lynne.richards@okstate.edu;

If you have questions about your rights as a research volunteer, you may contact, Dr Shelia Kennison, IRB Chair , 219 Cordell North, Stillwater, OK, 74078, USA;Tel #405.744.3377 or email irb@okstate.edu

You can contact the researcher to confirm your participation in the study : Miriam Kumwenda Chancellor College, Home Economics Department , P.O. Box 280, Zomba, Tel 265- 011-1- 524- 222, Fax 011 265-1- 526-046.

Participants Rights:

Your participation in the study is voluntary and you can choose to withdraw at any time. No detrimental effects or reprisals are associated with opting not to participate in this study.



Signatures:

I have read and fully understand the consent form. I sign it freely and voluntarily. A copy of this form has been given to me.

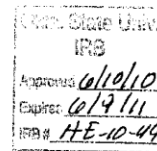
Signature of Participant

Date

I certify that I have personally explained this document requesting that the participant sign it.

Signature of Researcher

Date



Informed Consent Form: Five Government Officials

INFORMED CONSENT FORM FOR 5 GOVERNMENT OFFICIALS

PROJECT TITLE

An Examination of Factors Related to the Improvement of the Apparel Manufacturing Industry
in Malawi

Investigators:

Miriam Kumwenda, Department of Housing Design and Merchandising, Graduate Researcher

Lynne, Richards, Ph.D., Design, Housing and Merchandising, Professor

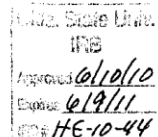
Oklahoma State University

Purpose:

The purpose of this study is to examine factors related to the improvement of the apparel manufacturing industry in Malawi. Your views on challenges the industry is facing and how these challenges could be addressed will be collected. You will only be asked to provide information related to the job you are doing in the industry. No personal information will be required. The findings will be used to assess challenges the industry is facing and what could be done to address those challenges. This study will help various stakeholders in future decision making and economic development of Malawi.

Procedure:

Your participation in this study will involve participation in a semi-structured interview. The interviews will be conducted in the Malawi Confederation of Chambers of Commerce and Industry premises in Blantyre and Capital Hill offices in Lilongwe. It is estimated that the



interviews will take about 30 minutes. The interviews will be audio taped besides taking handwritten notes. The PI will be responsible for transcribing the audio taped responses.

Risks and Benefits of Participation:

There are no known risks associated with this study which are greater than those ordinarily encountered in daily life. There are no personal expected benefits to you either, except that when the apparel manufacturing industry is improved all of us as Malawians can benefit from economic development and better standard of living.

Confidentiality:

The data will be collected anonymously. You will not be required to provide any personal information during the interviews. The interview responses will be kept in sealed envelopes and kept in a safe located in Scott Hall room 325. The audio- tape, used for the interviews will also be kept in a safe at Scott Hall room 325. A safe computer, with password only known to the researcher will be used for storing any information collected from the interviews. The computer's password is protected and can be accessed only by the researcher. In any sort of report the researcher may publish, she will not include information that will make it possible to identify an individual study participant or business, i.e., all data will be grouped and summarized for reporting purposes. Participant data and other information related to the study will be kept by the researcher up to two years for the purpose of analyzing and reporting. Thereafter, it will be destroyed.

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| Inst. State Univ. |
| IRB |
| Approved 10/10/10 |
| Expires 10/9/11 |
| Form HE-10-04 |

Compensation:

There will be no compensation or payment for your involvement in this study. However should the venue of the interview change, your transport expenses related to participating in the semi-structured interviews would be paid assuming your participation required travel.

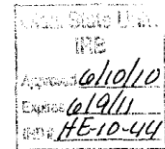
Contacts:

If you have any questions about this research, contact Miriam Kumwenda, Graduate Student, Department of Design, Housing and Merchandising, 441 HES, Oklahoma State University, Stillwater, OK, 74084, USA; Tel # 405 744 5053; email: miriam.kumwenda@okstate.edu or in Malawi Chancellor College, Home Economics Department, P.O. Box 280, Zomba, Tel 265- 011-1- 524- 222, Fax 011 265-1- 526-046 ; or Lynne Richards, Professor , HES 441, Department of Design , Housing and Merchandising, Oklahoma State University, Stillwater, OK, 74078, USA Tel # 405 744 9523 or email lynne.richards@okstate.edu;

If you have questions about your rights as a research volunteer, you may contact, Dr Shelia Kennison, IRB Chair , 219 Cordell North, Stillwater, OK, 74078, USA;Tel #405.744.3377 or email irb@okstate.edu

You can contact the researcher to confirm your participation in the study : Miriam Kumwenda Chancellor College, Home Economics Department , P.O. Box 280, Zomba, Tel 265- 011-1- 524- 222, Fax 011 265-1- 526-046.

Participants Rights:



Your participation in the study is voluntary and you can choose to withdraw at any time. No detrimental effects or reprisals are associated with opting not to participate in this study.

Signatures:

I have read and fully understand the consent form. I sign it freely and voluntarily. A copy of this form has been given to me.

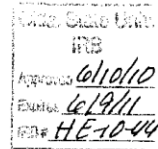
Signature of Participant

Date

I certify that I have personally explained this document requesting that the participant sign it.

Signature of Researcher

Date



Informed Consent Form: Employees

INFORMED CONSENT FORM FOR EMPLOYEES

PROJECT TITLE

An Examination of Factors Related to the Improvement of the Apparel Manufacturing Industry in Malawi

Investigators:

Miriam Kumwenda, Department of Housing Design and Merchandising, Graduate Researcher

Lynne, Richards, Ph.D., Design, Housing and Merchandising, Professor

Oklahoma State University

Purpose:

The purpose of this study is to examine factors related to the improvement of the apparel manufacturing industry in Malawi. Your views on challenges the industry is facing and how these challenges could be addressed will be collected. You will only be asked to provide information related to the job you are doing in the industry. No personal information will be required. The findings will be used to assess challenges the industry is facing and what could be done to address those challenges. This study will help various stakeholders in future decision making and economic development of Malawi.

Procedure:

Your involvement in this study entails participation in semi- structured focus group discussion. The focus group discussions will be conducted within the company's premises. It is estimated that the focus group discussions, which will involve ten employees from the manufacturing

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| APPROVED |
| DATE |
| APPROVED BY |
| DATE |
| PROJECT |
| NO. |

01/10/10
01/11/11
HE-10-44

company, and in the categories of operators, technicians and/or supervisors will take 30 minutes. The focus group discussions will be audio taped besides taking handwritten notes. The PI will be responsible for transcribing the audio taped responses.

Risks and Benefits of Participation:

There are no known risks associated with this study which are greater than those ordinarily encountered in daily life. There are no personal expected benefits to you either, except that when the apparel manufacturing industry is improved all of us as Malawians can benefit from economic development and better standard of living.

Confidentiality:

The data will be collected anonymously. During the focus group discussion, you will not be required to provide any identifying information such as your name or job title. The audio taped responses will be kept in a safe at Scott Hall room 325. In addition, the handwritten notes will be kept in sealed envelopes and kept in a safe as well in Scott Hall room 325. In addition, a safe computer with password only known to the researcher will be used for storing all the information collected. The computer's password is protected and can be accessed only by the researcher. In any sort of report the researcher may publish, she will not include information that will make it possible to identify an individual study participant or business, i.e., all data will be grouped and summarized for reporting purposes. Participant data and other information related to the study will be kept by the researcher up to two years for the purpose of analyzing and reporting. Thereafter, it will be destroyed.

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| IRB |
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| HE-10-44 |

Compensation:

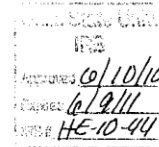
There will be no compensation or payment for your involvement in this study. However, in the event that the venue for focus group discussions has changed, your transport expenses related to participating in the semi- structured focus group discussion will be reimbursed. A communal lunch will be served following the focus group discussions.

Contacts:

If you have any questions about this research, contact Miriam Kumwenda, Graduate Student, Department of Design, Housing and Merchandising, 441 HES, Oklahoma State University, Stillwater, OK, 74084, USA; Tel # 405 744 5053; email: miriam.kumwenda@okstate.edu or in Malawi Chancellor College, Home Economics Department, P.O. Box 280, Zomba, Tel 265- 011- 1- 524- 222, Fax 011 265-1- 526-046 ; or Lynne Richards, Professor , HES 441, Department of Design , Housing and Merchandising, Oklahoma State University, Stillwater, OK, 74078, USA Tel # 405 744 9523 or email lynne.richards@okstate.edu;

If you have questions about your rights as a research volunteer, you may contact, Dr Shelia Kennison, IRB Chair , 219 Cordell North, Stillwater, OK, 74078, USA;Tel #405.744.3377 or email irb@okstate.edu

You can contact the researcher to confirm your participation in the study : Miriam Kumwenda Chancellor College, Home Economics Department , P.O. Box 280, Zomba, Tel 265- 011-1- 524- 222, Fax 011 265-1- 526-046.



Participants Rights:

Your participation in the study is voluntary and you can choose to withdraw at any time. No detrimental effects or reprisals are associated with opting not to participate in this study.

Signatures:

I have read and fully understand the consent form. I sign it freely and voluntarily. A copy of this form has been given to me.

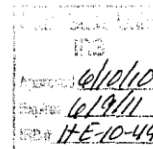
Signature of Participant

Date

I certify that I have personally explained this document requesting that the participant sign it.

Signature of Researcher

Date



Informed Consent Form: Managers

INFORMED CONSENT FORM FOR MANAGERS

PROJECT TITLE

An Examination of Factors Related to the Improvement of the Apparel Manufacturing Industry
in Malawi

Investigators:

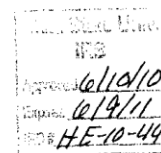
Miriam Kumwenda, Department of Housing Design and Merchandising, Graduate Researcher

Lynne, Richards, Ph.D., Design, Housing and Merchandising, Professor

Oklahoma State University

Purpose:

The purpose of this study is to examine factors related to the improvement of the apparel manufacturing industry in Malawi. Your views on challenges the industry is facing and how these challenges could be addressed will be collected. You will only be asked to provide information related to the job you are doing in the industry. No personal information will be required. The findings will be used to assess challenges the industry is facing and what could be done to address those challenges. This study will help various stakeholders in future decision making and economic development of Malawi.



Procedure:

Your participation in this study will involve filling a questionnaire. You will be given a day to fill the instrument at your convenience. It is estimated that completing the survey instrument will take about 30 minutes. The PI will collect the completed questionnaire the following day.

Risks and Benefits of Participation:

There are no known risks associated with this study which are greater than those ordinarily encountered in daily life. There are no personal expected benefits to you either, except that when the apparel manufacturing industry is improved all of us as Malawians can benefit from economic development and better standard of living.

Confidentiality:

The data will be collected anonymously. You will not place your name or name of the company on any other identifying information on the survey instrument/questionnaire. The survey instruments will be kept in sealed envelope and kept in a safe computer with password only known to the researcher. The computer's password is protected and can be accessed only by the researcher. In any sort of report the researcher may publish, she will not include information that will make it possible to identify an individual study participant or business, i.e., all data will be grouped and summarized for reporting purposes. Participant data and other information related to the study will be kept by the researcher up to two years for the purpose of analyzing and reporting. Thereafter, it will be destroyed.

| | |
|-----------|----------|
| Approved | 01/01/10 |
| Signature | 01/01/11 |
| Date | HE-10-44 |

Compensation:

There will be no compensation or payment for your involvement in this study.

Contacts:

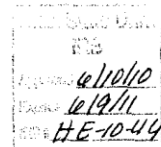
If you have any questions about this research, contact Miriam Kumwenda, Graduate Student, Department of Design, Housing and Merchandising, 441 HES, Oklahoma State University, Stillwater, OK, 74084, USA; Tel # 405 744 5053; email: miriam.kumwenda@okstate.edu or in Malawi Chancellor College, Home Economics Department, P.O. Box 280, Zomba, Tel 265- 011- 1- 524- 222, Fax 011 265-1- 526-046 ; or Lynne Richards, Professor , HES 441, Department of Design , Housing and Merchandising, Oklahoma State University, Stillwater, OK, 74078, USA Tel # 405 744 9523 or email lynne.richards@okstate.edu:

If you have questions about your rights as a research volunteer, you may contact, Dr Shelia Kennison, IRB Chair , 219 Cordell North, Stillwater, OK, 74078, USA;Tel #405.744.3377 or email irb@okstate.edu

You can contact the researcher to confirm your participation in the study : Miriam Kumwenda Chancellor College, Home Economics Department , P.O. Box 280, Zomba, Tel 265- 011-1- 524- 222, Fax 011 265-1- 526-046.

Participants Rights:

Your participation in the study is voluntary and you can choose to withdraw at any time. No detrimental effects or reprisals are associated with opting not to participate in this study.



Signatures:

I have read and fully understand the consent form. I sign it freely and voluntarily. A copy of this form has been given to me.

Signature of Participant

Date

I certify that I have personally explained this document requesting that the participant sign it.

Signature of Researcher

Date

RESEARCHER
NAME
ADDRESS
PHONE
DATE
10/19/11
HE-10-44

Informed Consent Form: Owners of Apparel Manufacturing Companies

**INFORMED CONSENT FORM FOR OWNERS OF THE APPAREL
MANUFACTURING COMPANIES**

PROJECT TITLE

An Examination of Factors Related to the Improvement of the Apparel Manufacturing Industry
in Malawi.

Investigators:

Miriam Kumwenda, Department of Housing Design and Merchandising, Graduate Researcher

Lynne, Richards, Ph.D., Design, Housing and Merchandising, Professor

Oklahoma State University

Purpose:

The purpose of this study is to examine factors related to the improvement of the apparel
manufacturing industry in Malawi. Your views on challenges the industry is facing and how
these challenges could be addressed will be collected. You will only be asked to provide
information related to the job you are doing in the industry. No personal information will be
required. The findings will be used to assess challenges the industry is facing and what could be
done to address those challenges. This study will help various stakeholders in future decision
making and economic development of Malawi.

| | |
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| Approved | 01/10/10 |
| Date | 01/19/11 |
| Signature | HE-10-49 |

Procedure:

Your participation in this study will involve participation in semi-structured interviews which will be conducted in the apparel manufacturing company's premises. It is estimated that the interviews will take about 30 minutes. The interviews will be audio taped besides taking handwritten notes. The PI will be responsible for transcribing the audio taped responses.

Risks and Benefits of Participation:

There are no known risks associated with this study which are greater than those ordinarily encountered in daily life. There are no personal expected benefits to you either, except that when the apparel manufacturing industry is improved all of us as Malawians can benefit from economic development and better standard of living.

Confidentiality:

The data will be collected anonymously. You will not be required to provide any personal information during the interviews. The interview responses will be kept in sealed envelopes and kept in a safe located in Scott Hall room 325. The audio-tape, used for the interview will also be kept in the safe at Scott Hall, same room. A safe computer with password only known to the researcher will be used for storing any information collected from the interviews. The computer's password is protected and can be accessed only by the researcher. In any sort of report the researcher may publish, she will not include information that will make it possible to identify an individual study participant or business, i.e., all data will be grouped and summarized for reporting purposes. Participant data and other information related to the study will be kept by the researcher up to two years for the purpose of analyzing and reporting. Thereafter, it will be destroyed.

| | |
|-----------|-----------|
| Approved: | 6/10/10 |
| Dated: | 6/19/11 |
| Form # | HE-10-114 |

Compensation:

There will be no compensation or payment for your involvement in this study. However should the venue of the interview change, your transport expenses related to participating in the semi-structured interviews would be paid assuming your participation required travel.

Contacts:

If you have any questions about this research, contact Miriam Kumwenda, Graduate Student, Department of Design, Housing and Merchandising, 441 HES, Oklahoma State University, Stillwater, OK, 74084, USA; Tel # 405 744 5053; email: miriam.kumwenda@okstate.edu or in Malawi Chancellor College, Home Economics Department, P.O. Box 280, Zomba, Tel 265- 011- 1- 524- 222, Fax 011 265-1- 526-046 ; or Lynne Richards, Professor , HES 441, Department of Design , Housing and Merchandising, Oklahoma State University, Stillwater, OK, 74078, USA Tel # 405 744 9523 or email lynne.richards@okstate.edu:

If you have questions about your rights as a research volunteer, you may contact, Dr Shelia Kennison, IRB Chair , 219 Cordell North, Stillwater, OK, 74078, USA;Tel #405.744.3377 or email irbi@okstate.edu

You can contact the researcher to confirm your participation in the study : Miriam Kumwenda Chancellor College, Home Economics Department , P.O. Box 280, Zomba, Tel 265- 011-1- 524- 222, Fax 011 265-1- 526-046.

Participants Rights:

Your participation in the study is voluntary and you can choose to withdraw at any time. No detrimental effects or reprisals are associated with opting not to participate in this study.

6/10/10
6/9/11
HE-10-44

Modified Consent Form for Employees

Oklahoma State University Institutional Review Board

Date: Wednesday, July 21, 2010 Protocol Expires: 6/9/2011
IRB Application No: HE1044
Proposal Title: An Examination of Factors Related to the Improvement of the Apparel Manufacturing Industry in Malawi
Reviewed and Processed as: Exempt
Modification
Status Recommended by Reviewer(s) **Approved**
Principal Investigator(s):
Miriam K. Kumwenda Lynne Richards
88 S. Univ. Place Apt. 7 441 HES
Stillwater, OK 74075 Stillwater, OK 74078

The requested modification to this IRB protocol has been approved. Please note that the original expiration date of the protocol has not changed. The IRB office **MUST** be notified in writing when a project is complete. All approved projects are subject to monitoring by the IRB.

✳ The final versions of any printed recruitment, consent and assent documents bearing the IRB approval stamp are attached to this letter. These are the versions that must be used during the study.

The reviewer(s) had these comments:

The modification request to alter the data collection procedures is approved.

Signature :



Shelia Kennison, Chair, Institutional Review Board

Wednesday, July 21, 2010
Date

INFORMED CONSENT FORM FOR EMPLOYEES

PROJECT TITLE

An Examination of Factors Related to the Improvement of the Apparel Manufacturing Industry
in Malawi

Investigators:

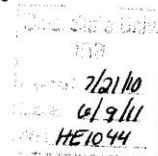
Miriam Kumwenda, Department of Housing Design and Merchandising, Graduate Researcher
Lynne, Richards, Ph.D., Design, Housing and Merchandising, Professor
Oklahoma State University

Purpose:

The purpose of this study is to examine factors related to the improvement of the apparel manufacturing industry in Malawi. Your views on challenges the industry is facing and how these challenges could be addressed will be collected. You will only be asked to provide information related to the job you are doing in the industry. No personal information will be required. The findings will be used to assess challenges the industry is facing and what could be done to address those challenges. This study will help various stakeholders in future decision making and economic development of Malawi.

Procedure:

Your participation in this study will involve filling a questionnaire. Depending upon the availability of space and time at your place of employment, you either will complete this questionnaire within the company's premises (when ever possible), or you will be given the



questionnaire to complete and return on the following day. It is estimated that the completion of this questionnaire will take approximately 30 minutes. No personal information (such as your name) should be placed on the questionnaire.

Risks and Benefits of Participation:

There are no known risks associated with this study which are greater than those ordinarily encountered in daily life. There are no personal expected benefits to you either, except that when the apparel manufacturing industry is improved all of us as Malawians can benefit from economic development and better standard of living.

Confidentiality:

The data will be collected anonymously. You should not indicate your name or job title on the questionnaire. The survey instruments will be kept in a sealed envelope, and on a safe computer with a password known only to the researcher. The computer's password is protected and can be accessed only by the researcher. In any sort of report the researcher may publish, she will not include information that will make it possible to identify an individual study participant or business. All data will be grouped and summarized for reporting purposes. Participant data and other information related to the study will be kept by the researcher up to two years for the purpose of analyzing and reporting. Thereafter, it will be destroyed.

Compensation:

There will be no compensation or payment for your involvement in this study.

7/21/10
6/9/11
HE1044

Contacts:

If you have any questions about this research, contact Miriam Kumwenda, Graduate Student, Department of Design, Housing and Merchandising, 441 HES, Oklahoma State University, Stillwater, OK, 74084, USA; Tel # 405 744 5053; email: miriam.kumwenda@okstate.edu or in Malawi Chancellor College, Home Economics Department, P.O. Box 280, Zomba, Tel 265- 011- 1- 524- 222, Fax 011 265-1- 526-046 ; or Lynne Richards, Professor , HES 441, Department of Design , Housing and Merchandising, Oklahoma State University, Stillwater, OK, 74078, USA Tel # 405 744 9523 or email lynne.richards@okstate.edu;

If you have questions about your rights as a research volunteer, you may contact, Dr Shelia Kennison, IRB Chair , 219 Cordell North, Stillwater, OK, 74078, USA;Tel #405.744.3377 or email irb@okstate.edu

You can contact the researcher to confirm your participation in the study : Miriam Kumwenda Chancellor College, Home Economics Department , P.O. Box 280, Zomba, Tel 265- 011-1- 524- 222, Fax 011 265-1- 526-046.

Participants Rights:

Your participation in the study is voluntary and you can choose to withdraw at any time. No detrimental effects or reprisals are associated with opting not to participate in this study.

7/21/10
6/19/11
11/2/099

Signatures:

I have read and fully understand the consent form. I sign it freely and voluntarily. A copy of this form has been given to me.

Signature of Participant

Date

I certify that I have personally explained this document requesting that the participant sign it.

Signature of Researcher

Date

7/21/10
6/9/11
HE1044

VITA

Miriam Khataza Kumwenda

Candidate for the Degree of

Master of Science

Thesis: AN EXAMINATION OF FACTORS RELATED TO THE
IMPROVEMENT OF THE APPAREL MANUFACTURING INDUSTRY
IN MALAWI

Major Field: Apparel Design and Production

Biographical:

Personal Data: Born in Lilongwe, Malawi. Daughter of Frank and Timale
Lowole

Education: Completed the requirements for the Master of Science in
Apparel Design and Production at Oklahoma State University,
Stillwater, Oklahoma in December, 2011.

Completed the requirements for the Postgraduate Diploma in
Distance Education at Indira Gandhi National Open University, New
Delhi in 2007.

Completed the requirements for the Bachelor of Education in
Humanities at the University of Malawi, Chancellor College, Zomba,
Malawi in 1993.

Name: Miriam Khataza Kumwenda

Date of Degree: December, 2011

Institution: Oklahoma State University

Location: Stillwater, Oklahoma

Title of Study: AN EXAMINATION OF FACTORS RELATED TO THE
IMPROVEMENT OF THE APPAREL MANUFACTURING
INDUSTRY IN MALAWI

Pages in Study: 166

Candidate for the Degree of Master of Science

Major Field: Apparel Design and Production

The apparel manufacturing industry has potential for growth and therefore its improvement may mean more business and employment opportunities for Malawians. Existing literature provided opposing views as to why the industry has not been growing. The purpose of this study is to examine the status of the apparel manufacturing industry in Malawi in terms of challenges, prospects, and strategies for improvement. Porter's Theory of Competitive Advantage guided this study. Government officials, owners of companies producing for export, as well as the employees completed questionnaires and participated in in-depth oral interviews. Content analysis is used to analyze data. Results of this study showed that domestic challenges are a major hindrance to the economic growth and development of the apparel manufacturing industry in Malawi. In addition, the Malawian apparel manufacturing industry does not meet any of the criteria of competitive advantage. Since Malawi offers cheap labor, grows its own cotton, and participates in several trade agreements, the industry should seek to capitalize on these available resources to function in the short term. However, long term goals should target exploring other avenues to address problems of infrastructure, lack of capital, qualified personnel, and support and related industries among others. Recommendations are made for future research.

INDEX WORDS: Malawi, apparel, apparel manufacturing industry, export, labor intensive industries

Advisor's Approval Dr. Gina Peek