

**TEXTILE AND CLOTHING INDUSTRY COMPETITIVENESS
IN THE SOUTHERN AFRICAN REGION**

BY

MWAMAYI KIBUNJI ADAM

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Supervisor: Professor Richard Haines

Co-Supervisors: Professor Geoffrey Wood and Dr Michael Brookes

THIS THESIS IS DEDICATED TO:

God Almighty,

The source of my inspiration and strength,

Those who supported me spiritually, my brother Pastor Jose and my sister
Emerance for your prayers and fasting,

Achievements are inseparable from you guys.

You cannot reach higher without Jesus-Christ grace,

You cannot be a winner without Jesus-Christ in your corner,

Awesome God.

Mwamayi K.A

DEPARTMENT OF ACADEMIC ADMINISTRATION
EXAMINATION SECTION – NORTH CAMPUS



PO Box 77000
Nelson Mandela Metropolitan University
Port Elizabeth 6013
Tel. +27 (0) 41 504 3206 / 504 3392
Fax. +27 (0) 41 504 9206 / 504 3064

DECLARATION BY STUDENT

NAME: MWAMAYI KIBUNJI ADAM

STUDENT NUMBER: 208072419

QUALIFICATION: DOCTOR PHILOSOPHIAE IN DEVELOPMENT STUDIES

TITLE: Textile and Clothing Industry Competitiveness in the Southern African Region

DECLARATION:

In accordance with Rule G4.6.3, I hereby declare that the above-mentioned treatise/dissertation/thesis is my own work and that it has not previously been submitted for assessment to another University or for another qualification.

SIGNATURE:.....

MWAMAYI KIBUNJI ADAM

DATE: 21 April 2013

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ABSTRACT

This is a study of the relationship between approaches to people management and competitiveness, by examining the case of the textile and clothing industry in Southern Africa. The textile and clothing industry has historically played a major role in many national economies (including many southern African countries) contributing not only to overall economic growth, but also to the creation of significant numbers of relatively well-paid jobs. In the Southern African Region (SAR), the textile and clothing industry has undergone many structural pressures in the face of increased cheap imports from South-East Asian countries – above all, China and Bangladesh - which have resulted in the closure of many firms, and the significant downsizing of many survivors. This study seeks to explore the relationship between HR practice and organizational sustainability in the textile and clothing industry in Southern Africa region, with a particular emphasis on the cases of three countries: South Africa, Mauritius and the Democratic Republic of the Congo. Whilst at very different stages of national development, and with distinct political and developmental histories, all three countries were subject to active industrial policies, including the development of national clothing and textile industries. Again, all have faced the challenge of sustaining these industries in the face of liberalization and intensive competition from the Far East.

This study is based on a multi-method approach, combining in-depth interviews with national industry surveys, and the usage of relevant documentary sources. It takes cognizance of the increasing relevance of new HRM practices and discourses to the growing field of Development Studies in the 21st century.

The existing HRM literature suggests that there are a number of alternative people management strategies through which firms may secure their competitiveness, most notably strategic approaches to hard HRM (which treats people as an instrument to be strategically deployed to promote competitiveness), soft HRM (which promotes cooperative approaches to managing people) and traditional labour repression (managing people simply as a cost, to be managed in a short-term, unstrategic manner). The literature on HRM in Africa has suggested an alternative paradigm, which combines autocratic paternalism with elements of communitarianism. This study found that the bulk of firms encompassed by the study employed HR policies that recognizably fell within the soft HRM paradigm, enabling high value added production. However, an important exception lies in the area of security of tenure: firms tended to combine high levels of employee involvement and participation; as well as a commitment to human resource development, along with a persistent reliance on the usage of redundancies to adjust changes in the relative need for labour. Hence, this study highlights the limitations of theoretical approaches which see HR strategies as being necessarily coherent and self-reinforcing. Firms may broadly adhere to one approach, whilst adopting aspects of another as needs arise and in response to external pressures. An important exception to this was Mauritius, in which security of tenure appeared to be stronger, perhaps owing to the greater ease of enforcing regulations against illegal imports in a relatively small island

country by allowing firms to plan for the future with greater confidence. In contrast, firms in South Africa were characterized by much lower security of tenure, against a backdrop of declining profits, reflecting the competitive challenges posed not only by legitimate low cost imports, but also illegal imports and the proliferation of rural sweatshops. One again, this study highlights the relative fragility of the position of many firms and the continued importance of governmental support, most notably in terms of export incentives, support and facilitation in the adoption of new technologies, as well as better policing against illegal imports.

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ABBREVIATIONS AND ACRONYMS

AAMA	American Apparel Manufacturers Association
ACP	African Caribbean and Pacific
AGOA	African Growth and Opportunity Act
AIDS	Acquired Immune Deficiency Syndrome
AMSA	Apparel Manufacturers of South Africa
ANAPI	Agence Nationale de la Promotion des Investments
ATC	Agreement on Textile and Clothing
ATMI	American Textile Manufacturers Institutes
BCC	Banque Centrale du Congo
CCA	Cape Clothing Association
CDRP	Corporate Debt Restructuring Committee
CEC	Commission of the European Communities
CMT	Cut Make & Trim
CSP	Customised Sector Programme
CTFL	Clothing, Textile, Footwear and Leather
DCC	Duty Credit Certificate
DGI	Direction Générale des Impôts
DPRU	Development Policy Research Unit
DRC	Democratic Republic of Congo
DTI	Department of Trade and Industry
ECP	Eastern Cape Province

ERP	Economic Rehabilitation Programme
EPZ	Export Processing Zone
EPZDA	Export Processing Zone Development Authority
EU	European Union
FDI	Foreign Direct Investment
FEC	Fédération Congolaise des Entreprise
FILTISAF	Filatures & Tissage Africains
GATT	General Agreement on Tariffs and Trading
GCC	Global Commodity Chains
GDP	Gross Domestic Product
GNP	Gross National Product
GSP	Generalized System of Preferences
HIV	Human Immunodeficiency Virus
HPO	High Performance Organization
HR	Human Resource
HRM	Human Resource Management
HRMDC	Human Resource Management Development Council
ICT	Information and Communication Technology
ILO	International Labour Organization
IMF	International Monetary Fund
ITUC	International Trade Union Conference
IRES	Institute for Economic and Social Research
IVTB	Industrial and Vocational Training Board

JIT	Just-in-Time
KZN	KwaZulu Natal
LDC	Least Developed Country
LTA	Long Term Agreement
MFA	Multi-Fibres Arrangement
MIDA	Mauritius Industrial Development Authority
MNC	Multinational Corporations
NMMU	Nelson Mandela Metropolitan University
NPI	National Productivity Institute
ONEM	Office Nationale de l' Emploi
OTEXA	Office for Textile and Apparel
PICT	Policy Intervention Committee on Textile
PRSP	Poverty Reduction Strategy Papers
PPMS	Productivity Performance Monitoring Schema
RAID	Rights & Accountability in Development
RATES	Regional Agricultural Trade Expansion Support
RBV	Resource-Based View
RCD	Research Capacity & Development
R&D	Research and Development
RoO	Rules of Origin
SA	South Africa
SACTWU	South African Clothing and Textile Workers Union
SACU	Southern African Custom Union

SADC	Southern African Development Community
SAP	Structural Adjustment Policy
SAR	Southern African Region
SARLI	Southern African Labour Research institute
SARS	South Africa Revenue Service
SETA	Sector Education and Training Authority
SMIG	Salaire Minimum Interprofessional Garanti
SOMO	Centre for Research on Multinational Corporations
SOTEXKI	Société de Textile de Kisangani
SPSS	Statistical Package for Social Sciences
SSA	Sub Saharan Africa
STA	Short Term Agreement
TEST	Textile Emergency Support Team
TEXFED	Textile Federation
TQM	Total Quality Management
UK	United Kingdom
UNIDO	United Nations Industrial Development Organisation
UNIKIN	University of Kinshasa
US	United States
USTR	United States Trade Representative
UTEXAFRICA	Usines Textiles Cotonnière de Kinshasa
WIT	Work Improvement Teams
WTO	World Trade Organization

CHAPTER ONE: INTRODUCTION

This chapter has seven main sections. Section 1.1 provides a brief rationale and background to the study. Section 1.2 provides the context. Section 1.3 presents the aims and objectives of the study. Section 1.4 gives different propositions of the study, while Section 1.5 discusses the significance of the study and its motivation. Section 1.6 provides the scope and delimitation of the study. The last section contains chapter outlines.

1.1 Rationale and background of the study

This study is about competitiveness in the Southern African textile and clothing industry. In the Southern African Region (SAR), the textile and clothing industry has undergone many structural pressures in the face of increased low cost competition from South-East Asian countries. As a result many firms in the SAR have closed. Despite wholesale firm closures, certain firms have survived. This study seeks to explore what enables a firm to survive in the textile and clothing industry in the Southern Africa Region. It then focuses on firms that have survived or new entrants in the textile and clothing industry. In addition, it will investigate this industry's performance during the past five years from 2005 to 2010, by looking at what works in the industry, how it works and what can be done to ensure that things in the industry will perform efficiently in the future. The textile and clothing industry is an important contributor to the increase of national economic development as it plays a key role in Gross Domestic Product (GDP) formation, investment, foreign exchange earnings, exports and employment creation. TRALAC (2010) found that the South African textile and clothing industry accounts for 11% of the total manufacturing employment in 2008; 0.6% of exports and contributes about 0.6% of the GDP. In contrast, Nowbutsing and Ancharaz (2011) show that the Mauritius textile and clothing industry accounts for 73% of total exports in 2010 and contributes about 9.1% of the GDP.

According to Muradzikwa (2001), the clothing and textile industry is a very strategic sector for Southern Africa, as it is in other regions of the world. The reasons are that it is an industry with significant forward and backward linkages, coupled with a huge employment-creating capacity in both the formal and informal sectors. Furthermore, it tends to benefit developing countries at various stages of development due to its cross-sectoral linkages with agriculture and other industrial sectors (for example leather, footwear and vehicle upholstery). Muradzikwa further indicates that the clothing and textile industry in the Southern African Development Community (SADC) has a long history of tariff (and quota) protection and is considered as a 'sensitive' sector because of its impact on GDP formation and employment creation. Almost every single country in Southern Africa, in one form or another, has some sort of textile and/or clothing manufacturing activity taking place (Muradzikwa, 2001:3).

To augment the importance of the textile and clothing sector in the SAR, current and past studies have focused on a wide range of variables related to this industry. To mention but a few examples, Muradzikwa (2001) looks at key issues and policy perspectives with regard to the textile and clothing industry in the SADC. He found that prospects for the clothing and textile

industry in the SADC depend on how firms respond to the opportunities and threats that characterise the changing trade and business environment in that region. Although the SADC Trade Protocol will result in some benefits for member states, the benefits are relatively smaller than those to be gained by the SADC forming a free trade area with the European Union (EU) (Muradzikwa, 2001:13). Sasore (2005) examined a survival strategy for Africa's textile industry. He proposed that a rescue plan should try to address the textile value chain by curbing illegal imports which hinder domestic industry expansion and branding in Africa (Sasore, 2005:19). Naumann (2002) focused on the textile and clothing industry in the SADC region, with specific reference to the economic and spatial characteristics of these two industry sectors by providing a presentation of clothing and textile industry location in the SADC region. He found that clothing and textile production in this region was highly polarised, with the industries being drawn to the more developed markets, as well as to the surrounding lower (labour) cost countries (having ready access to the South African market) (Naumann, 2002:i).

In addition to the above, Joomun (2006) focused on the Mauritius textile and clothing industry. He found that the Mauritius textile and clothing sector certainly faces a crisis which is deepening every day with news of further factory closures. Joomun suggested that the Mauritius government should restructure the sector to make it more efficient, productive and competitive (Joomun, 2006:209). It should also assist local industry development. The success of the textile and clothing industry therefore lies in the capacity of all stakeholders to rapidly adapt to the changing economic environment and on their will to meet the new challenges ahead of them together (Joomun, 2006:210).

Mwamayi (2004) tried to investigate the problematic of investment in the DRC textile industry. He found that there was a lack of investment incitation in the textile sector, which was merely surviving. This was mainly due to internal and external challenges as regards its competitiveness (Mwamayi, 2004:29).

Vlok (2006) looked at the textile and clothing industry in South Africa. He found that the magnitude of the challenges confronting the South African clothing and textiles industries are clear and that the international environment is incredibly demanding. This occurred because of the removal of quotas which provided an entirely new operating framework for clothing and textile manufacturers alike (Vlok, 2006:245). Vlok's study also revealed that, given intensive global competition and unfavourable domestic operating conditions for clothing and textiles manufacturers, it is perhaps not surprising that these industries have declined over the last few years (Vlok, 2006:245).

Salm (2002) has focussed on the South African garment industry subsector. He found that the industry has been through a period of consolidation and has readjusted well to the heightened competition it has been exposed to, by taking advantage of the African Growth and Opportunity Act (AGOA) preferences (Salm, 2002:42). Kaplan (2004) examined the manufacturing industry in South Africa over the last decade. He found that, in general, South Africa's manufacturing growth and export performance has been weak. It is important to note that firms have utilised

different support measures. The indications are that they have not been very effective. Coherent and integrated sector strategies are similarly not evident (Kaplan, 2004:642).

Additionally, Westhuizen (2006) looked at trade and poverty issues in the South Africa clothing industry. He also discovered that the survival of the South African clothing industry hangs in the balance. This industry has responded to the increase of global competition through adjustments at various levels. The predominantly female workers have had fewer options to adjust to the changes, with the consequence that restructuring has been acute for these workers (Westhuizen, 2006:2-3). Furthermore, the findings revealed that, prior to their loss of employment; these workers were low wage-earners. As these employees were usually the breadwinners, many households were plunged into poverty. In cases where workers could find no work, evidence points to negative impacts such as reduced food consumption in the household, the withdrawal of children from education; and an increase in social ills such as alcoholism and drug abuse (Westhuizen, 2006:12-13).

More recently, Naumann (2009) examines the importance of AGOA which grants African countries unprecedented market access, particularly for its clothing exports. He further underlines the reality outside low-cost textile producing countries in South-East Asia. The sustainability of the textile and clothing sector depends largely on international market access. AGOA has granted African countries unprecedented market access, particularly for its clothing exports; and, more recently, the EU has followed suit with revised Rules of Origin (RoO) in the context of its Economic Partnership Agreements that are as flexible, if not more so, than those under AGOA (Naumann, 2009:15). However, many of these studies have neglected to examine what constitutes a firm's survival.

This study seeks to fill the gap by looking at the relationship between labour repression and value added production paradigm as two important alternative strategies used in the production process on how to help firms that have survived or new entrants in the textile and clothing industry. An effort will be made to clarify whether HRM relates to Development Studies (theory and policy). Many development theories and practices in Development Studies are critical to issues which relate to social and human capital, industrial development, economic growth and poverty alleviation, as well as HIV/Aids control and other cross-sectional linkages. Incentive policies are required to help firms survive and remain competitive. This study will attempt to explore the foundations of competitiveness in an industry which has experienced severe crises; and whether or not this competitiveness has anything to do with HR practices or labour policies. One of the major contributions tries to investigate whether there is any causal relationship between HR practices and firms' performance to maintain firms' survival by using a single test (Chi-square test). It will explore how many firms have survived in this study, revealing which types of firm are surviving? And, furthermore, what is the principal reason for these firms' survival? For example, is there any relationship between HR practices and performance? Are any firms using labour repression in order to survive and remain competitive? And how many firms are using it? To what extent has value added production paradigm contributed to these firms' competitiveness; and in which firms has this occurred? This study attempts to explore what enables a firm to survive in the textile and clothing industry, by looking at what works in

the industry, how it works and what can be done to ensure that things in the industry will perform efficiently in the future.

This thesis forms part of a doctoral study in Development Studies. It is important to note that Development Studies is an interdisciplinary field across the social sciences, economics, politics, conflict management, sociology, geography, history and environmental sciences. It is one of the growing disciplines of the 21st century. Additionally, a number of scholars have been writing about the textile and clothing sectors and publishing their findings in the *Journal of Development Studies*. Another important contribution to this study clarifies the links and complementarity between HRM and Development Studies (theory and policy) by discussing pertinent issues related to social and human capital, industrial development, economic growth and their relevance to development theory. This study also examines issues related to de-industrialisation, labour cost cutting or retrenchment; as well as value added production paradigm and whatever else works well in the textile and clothing industry as regards the survival of a firm – in particular, its competitiveness and survival. How can we ensure what works best to safeguard a firm's survival? Development Studies (theory and policy) has an important role to play in terms of the theoretical framework of this thesis.

This thesis discusses certain developmental and economic theories which are used to explain the competitiveness of the textile and clothing industry in the Southern African region. Thus development theory was selected and used so as to explain the institutional basis of the economy with precise emphasis on business system theory by scholars such as Richard Whitley, North, Wood and Frynas (see page 91). It is important to note that each State plays an important role in promoting development. Another contribution was made (see page 89) in which economy theory explains firms' competitiveness by scholars such as Porter, Barnes and Mike Morris, Piore and Sabel. Thus, it is worth considering whether or not there is a connection between Development Studies (theory and policy); and, if HRM, as a human resource management practice, constitutes a new 'paradigm' for industrial relations. This thesis discusses important issues related to HRM, such as soft HRM approach which is a developmental humanist approach and hard HRM approach which is aligned with strategic HRM (see page 17). A complexity paradigm, as invoked by Haines and Hurst (2011:24), suggests that Development Studies can now be seen as an institutionalised discipline with the interdisciplinary flexibility to adapt to the demands of a perpetually changing world in which primary, contemporary developmental challenge is posed by the social, economic and environmental crises that have brought humanity to the brink of global disaster. Clark (2006:xxviii quoted in Haines 2012:12) adds that no single discipline can adequately deal with the breadth or complexity of development. He argues that if we want to deepen our understanding of development issues, we need to combine tools from different disciplines. Other significant contributions to this study will be discussed in chapter five, six and seven.

The following paragraphs discuss and provide a brief understanding of value added production paradigm and labour repression, as two important alternative strategies used in the production process on how to help firms survive and become competitive. Concerning these alternative strategies, chapter three provides an in-depth discussion and critical analysis of value added production paradigm and labour repression.

What differentiates this study from earlier works is that the researcher tries to explore the competitiveness of the textile and clothing industry in the SAR by examining what enables a firm to survive. Comparing this with previous studies, we note that the researcher decided to use the Chi-square test to investigate whether there is any causal relationship between HR practices and firms' performance, so as to ensure a firm's survival. It then provides an understanding of two alternative strategies used in the production process amongst the surviving firms which include value added production and labour repression. It is important to note that the criteria for measuring labour repression in this study is to promote an understanding as regards whether or not there was any sign or indication of abusive retrenchment and other poor working conditions and to closely examine the extent of strike manifestation and its patterns. Strikes give rise to concern about dissatisfaction and instability in the workplace which may have a disrupting effect on the production process and thus impact negatively on a firm's performance. Labour compliance simply reflects a lack of alternative employment options and reluctance by workers to risk their jobs.

This study proposes to investigate what contributes towards a firm's survival in South Africa, the DRC and Mauritius. According to Blair, Kruse and Blasi (2000), survival in this study means that a company continues to exist as an independent public trading company. In other words, a survivor is defined as a company that did not experience merger, acquisition, bankruptcy, liquidation, or privatization (Blair et al., 2000, cited in Rhokeun, Kruse & Sesil, 2004:16). This was confirmed four years later in a study, entitled, 'Does employee ownership enhance firm 'survival' by (Rhokeun, Kruse & Sesil, 2004:10). The former further indicate that the term 'survival' does not necessarily mean greater economic success than non-survival, since successful firms are sometimes bought out (Rhokeun, Kruse & Sesil, 2004:31).

In fact, Sinamela (2008) revealed that forced labour, contributions and removals are major constituents of the regime of extra-economic coercion in Swaziland. Sinamela's study reveals that Texrey, a textile factory fully-owned by Taiwanese businessmen has become a grim picture of labour repression, characterized by the extreme exploitation of workers. In this textile factory, tendencies towards aggression, inhumane treatment of workers, irregular working hours, unsafe working conditions, suspensions and arbitrary sacking are some of the many issues addressed (Sinamela, 2008:461-462). The latter, attracted to Swaziland by low wages and access to Southern African markets, was aided and abetted by one of the world's absolute monarchies. But Velia, Robbins, Velodia and Lebani (2006:44) found that Kwa-Zulu Natal (KNZ) province has made important progress relative to South Africa, as well as over time. The expansion of value added in KZN is notable in some sectors and there might, moreover, be a link between the current changes and export performance in different sectors. They further indicate that there are also clear signs that the expansion of value added in KZN (which is outpacing that of South Africa) is for the benefit of the domestic market.

The findings of Sinamela, Velia et al., are relevant, relating well as they do to the importance of value added production paradigm as an alternative strategy used in the production process, and KZN, the one South African province covered in this study. Lastly, this work illustrates the pertinence of labour repression as another alternative strategy used in the production process by investigating if such practice has been used in these three countries for firms' survival and competitiveness. The above two managerial strategies constitute the important alternative strategies used in the production process so as to keep firms surviving and competitive.

According to Wood and Brewster (2007), the dominance of neo-liberal ideologies in establishing government policies in Africa has generally resulted in the positive aspects of unionism being ignored; rather, through labour market deregulation, or more commonly, through poor enforcement of existing labour laws, unions have been forced into the defensive, a process exacerbated by wholesale job losses in manufacturing and state sectors continent-wide (Wood & Brewster, 2007:18). Unions can play a role of inestimable value on the continent: for example - as campaigners to promote democracy within the wider society, challenging authoritarian regimes and providing mechanisms for voicing a broad range of social concerns when formal political structures are moribund or semi functional (Wood, 2004b cited in Wood & Brewster, 2007:18). At the workplace, they have a vital role in deflecting employers away from low-wage, low-skill production paradigms, towards high value added models. As employers are precluded from reaping gains accruing from labour repression, they are forced towards more cooperative labour relation paradigms characterized by high wages and high skills (Wood & Glaister, 2006 cited in Wood & Brewster, 2007:18).

As in Velia et al., and Wood's works, the researcher sought to investigate the veracity of reports regarding labour repression and value added production paradigm as two important alternative strategies used among the surviving firms. These two alternative strategies will be discussed in detail in chapter three; and the chapters which convey the findings of (chapters five, six and seven) will clarify their contribution to these firms' survival and competitiveness.

The first alternative refers to labour repression which comprises issues such as the abusive reduction of labour production costs, bad working conditions, wage repression, exploitation of workers, arbitrary sacking, repression of workers' rights, reduction of worker benefits, forced labour, exploitative salaries, deprivation, abusive retrenchment and inhumane treatment, as issues that have given the industry an unfair cost advantage. Are there any firms involved in labour repression in this study and how many firms are using it? This study will try to respond to this question in chapters five, six and seven. It is important to note that one of the challenges the researcher experienced was that many of the firms involved in labour repression were not willing to respond to questions, thus affecting the sampling approach.

The second alternative refers to value added production paradigm as a transformation of inputs into marketable items of a higher market value. According to Velia et al., (2006:13), the term “value added” is used to provide some insight into the degree of transformation which occurs within industries. Though it is associated with the notion of productivity, this concept is distinct insofar as the focus is on the product as opposed to the factor of production and on how these are combined to yield the output. The concept of “value added” has traditionally been associated with process-oriented industries, but has become more widespread as an analytical concept in other fields of manufacturing.

In addition to the above information, good policy implementation in the textile and clothing industry is an important vehicle for industry-development and prosperity. But in the Southern African region, the effectiveness of these policies remained critical and problematic on how to promote the industry’s competitiveness and sustainability. Nevertheless, most firms in the region are performing quite well. There are concerns about the survival of certain firms, due to challenges as regards promoting competitiveness which may result in job losses, retrenchments, stagnation production and decreased exports. One of the biggest challenges is constituted by the increase in Chinese imports. It is felt that retrenchments are a production of such Chinese imports, rather than being a separate challenge.

Rapid governmental intervention provides a possible solution to help the textile and clothing industry in SAR in order to remain surviving and being competitive. But this intervention needs to be limited to short-time governmental intervention in order to help firms boost their performance and competitiveness. This could be mainly due to the impossibility and complication of any long-term governmental intervention, given the structure and pressures imposed by the World Trade Organization (WTO) and International Financial Institutions. According to Stevenson (2002), Asian countries have included heavy governmental involvement as regards nurturing industries and companies that could become globally competitive and stimulate job growth.

Amsden (1992) adds that the industrial policy-successes of the fastest-growing late industrializing countries such as South Korea, Taiwan, Malaysia and Thailand can be attributed to extensive government intervention to subsidize factory prices and to ‘discipline businesses’. Such heavy intervention is not possible in Southern Africa today due to the pressure exerted by the WTO and International Financial Institutions. Amsden furthermore states that the state intervenes with subsidies deliberately to distort relative prices in order to stimulate economic activity. However, the state has exercised discipline over subsidy recipients. In exchange for subsidies, the state has imposed performance standards on private firms. Subsidies have not been giveaways, but instead have been dispensed on the principle of reciprocity. With more disciplined firms, subsidies and protection have been lower and more effective than otherwise (Amsden, 1992:8-9).

According to Storper and Salais (1997), the dynamics of industrial production is that - in the process of producing and exchanging - each person confronts uncertainty with respect to his or her own actions, as well as those of others. This uncertainty assumes radically different forms for each type of product, thus posing different dilemmas for some actors with respect to others.

However, this must be resolved for production to succeed (p.26). They further indicate that the key dynamic of this world is to take a specific kind of knowledge and make it generic, in the sense of being widely applicable: the tension between novelty and acceptance is central. Thus, industrial production is organized around the fabrication of particular products; it is in specific product markets that competition takes place. Moreover, this specialization is not a function of differential access to major production-process technologies. As Pavitt and Patel show, major firms in advanced countries have access to a wide, similar range of production technologies but stick to a much narrower range of products (Storper & Salais, 1997:5). It is important to note that there is a growing divergence between the industrialized economies which are managing to grow and/or maintain their industrial base and those (as regards, for example, many African economies) in which the countries in question are experiencing industrial decline or de-industrialization.

The main objective of this study is to explore what it is that underpins a firm's survival by looking at the significance of the value added production paradigm and labour repression contributions to the firms' survival and competitiveness. Also, this study will try to critically analyse the performance of the different textile and clothing firms in the SAR and investigate whether this performance has anything to do with HR practices. What works in the industry? How does it work - and what can be done to ensure that things in the industry will perform efficiently in the future? The ultimate goal of this study is to understand the contribution of two alternative strategies used in the production process as regards how the latter contributes to the survival of firms and competitiveness, by carrying out a comparative analysis of two SAR countries: in particular, the success of both South Africa's challenges – as well as those of Mauritius. Furthermore, this study will attempt to reveal how much the DRC textile industry can learn from South Africa and Mauritius. Lastly, the researcher will propose some recommendations on how to help the textile and clothing industry become competitive and sustainable.

1.2 Context of the study

In the Southern African Region, the industry has undergone serious structural problems. The main problem is the market being flooded by cheap textiles and clothing from the Far East. This situation has resulted in the textile and clothing industry in the SAR declining and facing a serious threat to compete effectively in the local and global market. Thus, this study proposes to carefully examine what constitutes and underpins a firm's survival; as well as that of the overall performance of the textile and clothing industry in the SAR during the past five years from 2005 to 2010. This study will also try to explore the foundations of competitiveness in an industry which has experienced severe crisis and will consider whether or not this has anything to do with HR practices or labour policies.

In the following chapters, the researcher will critically analyse the differing performance indicators and examine value-added production paradigm and labour repression as regards how this has helped firms to survive and remain competitive. This study seeks to explore what enables a firm to survive in the textile and clothing industry in the SAR, by looking at what

works in the industry, how it works and what can be done to ensure that things in the industry will perform efficiently in the future?

In fact, Vlok (2006:233) points out that the current crisis was largely caused (and the long-term survival of the industry seriously threatened) by a sharp surge in imports, especially from China. Other issues are the relationship between China and the political elites in certain economies, where there are distinct signs of collusive behaviour. According to Kingah and Bongkiyung (2012:4-5), while the African Union (AU) has adopted important anti-corruption measures, the political will which it has to enhance transparency at the national level is weak. One of the problems that beset Africa and cuts through any explanations of the problems clawing through the continent's genuine and promising efforts at development relates to bad leadership. Efforts are still needed to strengthen the fight to shelve aside leaders who still act as hurdles toward the optimistic trends in the continent. Question one should ask: How can firms cope with this situation? Which types of firms have survived and how many have survived? Are there any firms involved in labour repression and how many of them are making use of it? Is such value added production and labour repression helping the firms to become sustainable and competitive? To what extent has value added production paradigm contributed to the firms' competitiveness? Can best labour practice contribute to the firms' survival and competitiveness? What constitutes a best labour practice?

Indeed, Chinese penetration into Africa has had a negative impact on local industry and poses serious threats to the future of the textile and clothing industry. This has resulted in a number of firms closing, many job losses and other collateral consequences. Jauch and Traub-Merz (2006:128) further indicate that the continent of Africa has lost more than 250 000 jobs in the clothing and textile sector over the past few years, especially during the late 1990s and early 2000s, with large numbers of job losses in Lesotho, South Africa, Swaziland, Nigeria, Ghana, Mauritius, Zambia, Madagascar, Tanzania, Malawi, Namibia and Kenya. This means that more than a million African family-members have lost the stable source of their livelihood. This affects not only their capacity to provide the necessities of life, such as food, shelter, healthcare and education, but also affects their dignity.

In view of the above, Jauch and Traub-Merz (2006:9) declare that the African textile and clothing industry is really in a major crisis and is affecting a vast majority of people and nations across the continent of Africa. Domestically, this industry is hit by imports (in particular from Asian countries) with which it is difficult to compete. Is this true for all the countries? The researcher proposes to look at three Southern African countries but does not focus on traditional textile producers like Egypt. Owing to logistical reasons, the researcher proposes to look at South Africa and Mauritius because of their successful stories in their sectors; easy accessibility of data; budgetary constraint; availability of transport and communication. The choice for including the DRC, to form part of the present study, is a result of the researcher's honours degree which was completed in 2004 by looking at the current situation, resiliency for survival, lessons and experiences of other countries in the region. The criteria surrounding the research design and methodology was influenced by the close proximity of the different areas on how to facilitate easy data collection in a short time. Another important criterion of selecting the three countries was the opportunity to learn.

1.3 Aim and objectives of the study

The central aim of this study was to explore what allows a firm to survive in the textile and clothing industry by critically analysing the significance of value added production paradigm and labour repression on how to enable firms to survive and be competitive. In order to achieve the main objectives, the study seeks to do the following:

Firstly, it intends to explore the foundations of competitiveness in an industry which has experienced severe crisis and consider whether this has anything to do with labour policies. The study will try to understand how many firms have survived and also to consider the contribution made by any HR practices. Thus, the researcher explored the significance of labour repression and value-added production paradigm as two important alternative strategies used in the production process on how to help the industry survive and remain competitive;

Secondly, this research tries to understand and critically analyse the relationship between value added production paradigm and labour repression on how they contributed to the firms' survival by looking at and comparing the actual performance of the textile and clothing industry in the Southern African region (SAR) of which South Africa, the DRC and Mauritius are part of;

Lastly, the study is expected to explore the implications of HR practices and firms' performance for key stakeholders and suggest how to promote competitiveness and sustainability of the textile and clothing industry in the region.

1.4 Research propositions of the study

This study attempts to explore the following propositions which will lead the researcher to discuss the policy options for the industry development and to further explore the theoretical implications of the findings. The first proposition is to consider why the industry has become more stratified between low and high value added production paradigms since 1990. This proposition will help the researcher investigate why firms are focussing on value-added production paradigm and if value added production paradigm can help firms survive in face of increased low cost competition. What constitutes a value added production paradigm and how many firms are using it? This study will explore and critically analyse firms who have survived or new entrants in the textile and clothing industry in the SAR from 2005 to 2010 by looking at what works in the industry, how it works and what can be done to ensure things in the industry will perform efficiently in the future?

The second proposition is based on firms that are facing a stark choice between labour repression and involvement in value added production paradigms. This is the case for many industries. This proposition will help one to better understand why value added production paradigm and its effectiveness on firms' survival and competitiveness. This proposition looks more closely at labour repression in the textile and clothing industry, how many firms are involved in labour repression and how sustainable this model is.

The last proposition reveals which firms are involved in labour repression or best labour practice. This proposition will help better understand how best labour practice can contribute to the firms' survival and competitiveness. Then, it will help discuss the overall performance of the industry and critically analyse if best labour practice has contributed to industry survival and competitiveness. What constitutes a best labour practice and its contribution to firms' performance? Can best labour practice help firms remain survival and competitive?

How can firms cope with low costs and be competitive? What types of firms are surviving? What is the principal reason for firm survival? How many firms have survived? What enables these firms' survival? Are there any firm involved in labour repression and how many firms are using it? What is the characteristic of labour repression in this study? Can best labour practice contribute to the firms' survival and competitiveness? What constitutes a best labour practice? Is labour repression and value added repression helping firms remain survival or become competitive? Can value added production and labour repression help firms to become sustainable and competitive? To what extent has value added production paradigm contributed to firms' competitiveness and in which firm has this happened? What is the nature of value added in the sector? Does firm survival or competitiveness have anything to do with human resources (HR) practices? Is there any relationship between HR practice and firms' performance? Can government policy intervene to help, encourage and promote the local industry's competitiveness? Does government intervene in terms of industrial development?

1.5 Significance of the study

This thesis should contribute to opening up a new line of studies on the links between Development Studies (theory and policy) and HRM. This will refine the research framework, which then hopefully be applied, both nationally and internationally. The pertinence of this study is to clarify the link and complementarity between HRM and Development Studies (theory and policy) by discussing pertinent issues related to social and human capital, industrial development, economic growth and their relevance to development theory. In many developing economies, the textile and clothing industry is a source of sustainable economic growth and job creation. This study examines issues related to de-industrialisation, labour cost cutting or retrenchment, value added production paradigm, what works in the textile and clothing industry, firms' survival and competitiveness, what can be done to ensure things in the industry will perform efficiently in the future.

The significance of this study consists of understanding the basis of sustainable industrial activity. The pertinence of local industry promotion, national development and good policies implementation are playing an important role in promoting the textile and clothing industry's competitiveness. This industry is an important contributor to the increase of economic activities which plays a major role in GDP formation, investment, foreign exchange earnings, exports and employment creation. How much did the textile and clothing industry contribute to the economy? Responding to this question, the researcher proposes to critically describe only two variables (GDP formation and employment creation) in two countries of the SAR namely South Africa and Mauritius - due to easy accessibility of information.

According to Nowbutsing and Ancharaz (2011:12), the Mauritian manufacturing accounted for 15.7% of its GDP in 2010 while the textile sector contributed 9.1% of Gross Domestic Product (GDP). For example in 2010, Mauritius exported mainly wearing apparel under the Africa Growth and Opportunity Act (AGOA). Over 80% of Mauritius exports to the US consisted of textiles and clothing, which benefit from duty-free access under the AGOA (p.19). Textile and clothing sub-sectors accounts for 73% of total direct exports in 2010. In 2001, 61200 women were employed in the textile and clothing industry whereas in 2010, 24400 which represents a huge decrease. Male employment has remained more or less constant, 28900 in 2001 and 24400 in 2010 (Nowbutsing and Ancharaz, 2011:24). Textile and clothing sub-sector also employs a high percentage of expatriate workers representing 31.6% of textile and clothing employment (David Clarke and Rupert Winchester, www.mbendi.com, Accessed, 12 November 2010). Additionally, Perman, Duvillier, David, Eden and Grumiau (2004:42) found that the export processing zone is now the main source of employment in Mauritius. Some 90,000 men and women are currently employed in the zone, including 75,000 in the garment industry.

According to TRALAC (2010), the contribution of manufacturing to GDP remained stable during the period under review, despite a decline from 17.2% in 2002 to 15.9% in 2008. The same organisation further indicated that the contribution of the textile and clothing industry to GDP was not substantial (0.6% in 2008), but the industry is amongst the most labour-intensive in South Africa, employing approximately 100 000 people in 2008, down from 127 000 (11% of total employment in manufacturing) in 2007, hence the continued support from the Government. State intervention in the manufacturing sector remains substantial. Incentives are one of the South Africa's key industrial policy instruments: a wide range of schemes continue to benefit manufacturing. These include general incentive schemes and structural adjustment programmes for specific industries (e.g. automotive, and textile and clothing), innovation, and research (TRALAC, 2010:338).

The highest rate of protection continues to apply to textiles, wearing apparel and leather industries with 21.2% (TRALAC, 2010:340). Tariff protection in these industries also shows positive escalation (i.e. raw materials receive lower levels of protection than final products), which is consistent with South Africa's industry policy of protecting and targeting certain "important" industries, such as textile and clothing, for further development (p.340). The industry has been faced with a number of challenges; it has not been able to compete with low-cost imports due to its lack of competitiveness, caused by the low levels of investment; insufficient skills and innovation, and consequent decline in exports. Exports of textiles and clothing declined from 2.2% of total merchandise exports in 2002 to 0.6% in 2008 (TRALAC, 2010:341, accessed on 10th October 2012 from www.tralac.org/wp-conter). According to Official Employment Statistics, textiles and clothing employed almost 143,000 people in March 2005 and contributed 12% to total manufacturing employment. Of these, the majority are employed in the clothing sector (97,544 vs. 45,319 in textiles). If one includes informal employment in the statistics, employment could be estimated at about 200,000 (Vlok, 2006:229). Statistics SA data indicates that employment dropped in the clothing, textile and footwear industries from 206 947 in January 2003 to 142 203 in June 2006 (a loss of 64 744 jobs).

The motivation of this study is that the textile and clothing industry in the SAR has undergone many structural pressures and there is a need to explore and critically analyse the survival firms. Thus, the study will try to explore the foundations of competitiveness in an industry which has experienced severe crisis and consider whether this has anything to do with labour policies. This thesis seeks to explore what underpins a firm's survival in the textile and clothing industry and understand what works in the industry, how it works and what can be done to ensure things in the industry will perform efficiently in the future. Concerning the choice of the three countries under investigation, the researcher argues that South Africa and Mauritius choice were motivated by the fact that the two countries had a successful textile and clothing sector for a very long time and a lot could be learnt from them on how to adapt face to the changing environment. The DRC choice was very interesting because almost all the textile and clothing firms experienced severe crisis resulting on their closures. SOTEXKI is the only firm which survived. This study will help SOTEXKI and many African firms to learn from the South African and Mauritian successful story on how to keep firms going.

1.6 Scope and delimitation of the study

The focus of this thesis is about the competitiveness of the textile and clothing industry in the Southern African Region (SAR). The study looks at what underpins a firm's survival in the textile and clothing industry and the broader lessons to be learnt. The extent of this thesis covers three Southern African countries, especially by looking at South African experience, Mauritius and the DRC and providing a brief comparative analysis between the successful story behind the Mauritius industry and the South African industry.

A number of HR approaches exist such as soft and hard HRM, a paternalist African model, a mix-match approach and labour repression. This thesis will try later on to understand which HR approach is dominant. This study is limited to understand and critically analyse the relationship between labour repression and value added production paradigm as two important managerial strategies used in the production process for the firms' survival and see whether firms' survival were related to HR practices or if best labour practice has any relationship with firms' performance. These issues will be discussed in detail in subsequent chapters.

The period of the study was from 2005 to 2010. In South Africa, the study covered only two provinces which are the Eastern Cape Province (ECP) and KwaZulu Natal (KZN). In the Eastern Cape Province, the study covered areas such as Port Elizabeth, East London and Zwelitsha. In KZN, only the Durban area was covered. In the DRC, only Kinshasa area was covered as the only surviving firm is located in Kisangani Northern Province of DRC but its headquarters is in Kinshasa. Concerning Mauritius, the study only covered Port Louis, Quatre Borne, Mangalkhan, Coromandel and Phoenix. One of the reasons behind the choice of these areas is due to their close proximity which helped to collect easily data. For example, Kinshasa in the DRC was the only area covered due to the availability of the respondents in this thesis. Concerning South Africa, KwaZulu Natal Province was chosen due to a high concentration of the textile and clothing firms in the Durban area while three areas were chosen from the Eastern Cape Province with an average concentration of the textile and clothing firms in Port Elizabeth area. But, East

London and Zwelitsha areas helped to meet or obtain the required sample for the Eastern Cape Province. Lastly concerning Mauritius, the researcher chose five important areas due to their close proximity and high concentration of firms operating in the sector. Below, the researcher provided a map to illustrate the location of the different areas which were considered for data collection.

1.6.1 Map of Africa

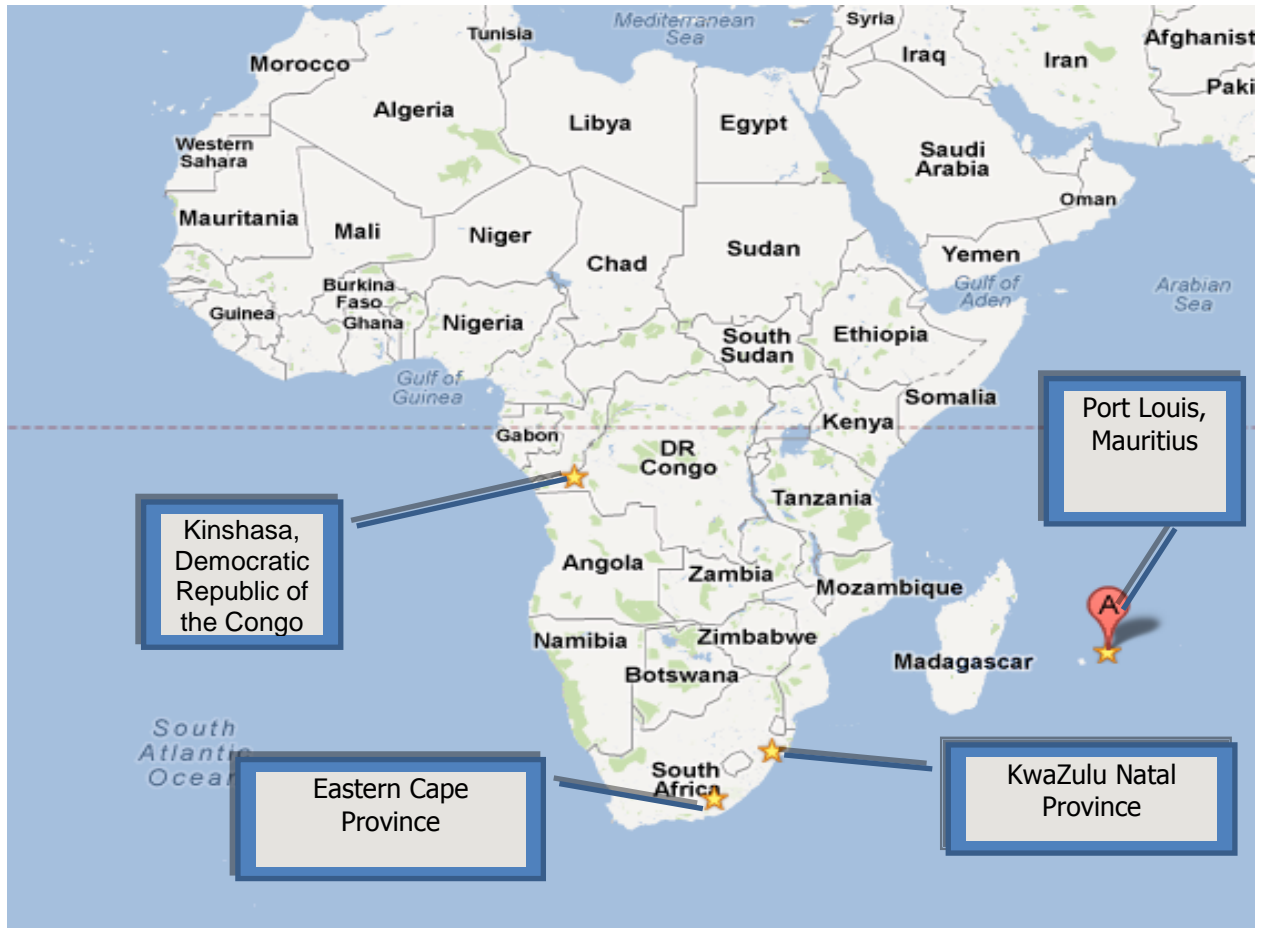


Figure 1.1 Map of Africa

1.7 Chapter outline

This study is divided into eight chapters.

Chapter one is the introduction (see page 1). This chapter provides brief background information of the textile and clothing industry, outlining the problem statement and the importance of the study. The aims and objectives, scope and delimitation of the study are also a part of this chapter.

An attempt is made in chapter two (see page 17) to provide a comprehensive literature review. The main sections in this chapter focus on the conceptual analysis and understanding of human resource paradigm. It then highlights and discusses the relevance of the Human Resource Management (HRM) in Sub-Saharan Africa. This chapter also provides an understanding of strategic HRM.

Chapter three (see page 49) examines the sustainability and competitiveness of the textile and clothing industry in the SAR. This chapter provides a brief historical development and policy background of the textile and clothing industry; presents the impact of the African Growth and Opportunity Act (AGOA) in the Sub-Saharan African textile and clothing industry. It then discusses the sustainability and competitiveness of the textile and clothing industry. It then provides the theoretical framework of the study.

This is followed by chapter four (see page 96) which presents an outline of the conceptual basic for the research methodology and techniques used in the study. The different sections of this chapter describe and justify the research design and methodology, the targeted population, the sampling procedure, the data collection procedure and the data analysis techniques used in this research. Importantly this research chose to use both qualitative and quantitative methods.

Chapter five (see page 118) provides the findings of the South African textile and clothing industry. This chapter presents the different findings and also records the different interviews and other findings related to this study. Lastly, the researcher proposes some recommendations about the textile and clothing industry competitiveness and sustainability.

Chapter six (see page 196) gives the findings of the Mauritius textile and clothing industry. This chapter presents the different findings about the study. It then proposes some recommendations on how to improve things in the future.

Chapter seven (see page 265) looks at the findings of the Democratic Republic of Congo textile and clothing industry. Here the researcher discusses the significance of the only surviving firm in the DRC and its socio-economic implication. It then proposes some recommendations on how to improve matters in that industry.

Chapter eight (see page 285) presents the conclusion and recommendations. Here, the researcher critically compares the overall performance and competitiveness of the industry in Mauritius and South Africa. More importantly, the researcher recommends that a close eye be kept on policy issues and their significance and implications to the textile and clothing industry prosperity and development.

1.8 Conclusion

This is a study about competitiveness in the Southern African textile and clothing industry. Chapter one has provided brief background information of the textile and clothing industry in the Southern African region. It then outlines the problem statement, research proposition and the importance of the study. The aims and objectives, scope and delimitation of the study were also a part of this chapter. This study seeks to explore what underpins a firm's survival in the textile and clothing industry in Southern Africa Region. It then focuses on firms that have survived or new entrants in the textile and clothing industry. Another important contribution of this study is that it seeks to clarify the link and complementarity between HRM and Development Studies (theory and policy) by discussing pertinent issues related to social and human capital, industrial development, economic growth and their relevance to development policy or theory. Development Studies is an interdisciplinary field across the social sciences, economics, politics, conflict management, sociology, geography, history and environmental sciences. The researcher proposed to consult a number of scholars with experience in the field of Development Studies about the textile and clothing sector.

The next chapter provides a comprehensive literature review.

CHAPTER TWO: LITERATURE REVIEW

This chapter has five main sections. Section 2.1 is the introduction. Section 2.2 focuses on the conceptual analysis and understanding of a human resource paradigm. Section 2.3 provides an understanding of strategic HRM. Section 2.4 highlights and discusses the relevance of HRM in Sub-Saharan Africa. Section 2.5 is the conclusion.

2.1 Introduction

The central focus of this chapter is to examine the state of existing knowledge to help improve an understanding and critical analysis of the impact of HRM practices on the textile and clothing industry in the Southern African Region. The researcher has looked at the relationship between labour repression as well as the value of an additional contribution for the survival of a firm's production-paradigm contribution. This has been achieved by exploring the effectiveness of two alternative strategies for the promotion of the textile and clothing industry's survival and competitiveness. This study explores the foundations of competitiveness in an industry which has experienced severe crises, taking into consideration whether this has anything to do with the way in which labour policies are being practiced. It is important to note that Development Studies (theory and policy) is an interdisciplinary field which is growing fast in the 21st century. Indeed, Development Studies (both theories and policy) relate to HRM. Thus, Development Studies (theory and policy) and HRM are complementary as they discuss critical issues such as social and human capital, industrial development, economic growth and other cross-sectional linkages.

Within the new global realities, firms and countries have to respond to rapid changes in investor strategies, technology, and consumer markets. Such responses necessitate a greater degree of flexibility: in other words, an ability to respond in several ways to a rapidly changing external environment (Storey, 1995:38). However, there are many different types of flexibility. Organizations have attempted to become flexible or 'agile' so that they can easily adapt to the competitive external environment and often aim at achieving flexibility by modifying the nature of employment relationships through restructuring and reducing the workforce, or using contract employees (Dyer & Shafer, 1999). A great deal of attention has been paid in recent years to forms of work organization and human resource management practices that are designed to provide employees with skills, incentives, information and decision-making responsibility which improves business performance and facilitates innovation (Kalleberg, 2001:481). The researcher supports the above scholars' ideas about the flexibility and adaptability of the textile and clothing industry. This could be due to challenges related to de-industrialisation and other constraints from a changing environment.

As suggested by Godard and Delaney (2000), a focus on such new work and human resource management practices constitutes a 'new paradigm' which is replacing unions and collective bargaining as a core-innovative force in industrial relations research (Godard & Delaney, 2000 cited in Kalleberg, 2001:481). Furthermore, Godard and Delaney suggest that HRM is

necessarily more unitarist, and harder for employees; this is different to Hitt, Keats and DeMarie (1998), who suggest that some forms of HRM are a positive development from employees. Hitt et al., further indicate that, in this twentieth-first century landscape of ours, firms must compete in a complex and challenging context that is being transformed by many factors, from globalization, technological development, and the increasingly rapid diffusion of new technology, to the development and use of knowledge (Hitt, Keats & DeMarie, 1998 quoted in DeNisi, Hitt & Jackson, 2003:3). DeNisi, Hitt and Jackson (2003:3) add that this new landscape requires firms to do things differently in order to survive and prosper. Specifically, they must look to new sources of competitive advantage and engage in new forms of competition. The above scholars have proposed different ways in which firms can be enabled to compete in this changing environment. These scholars put more emphasis on human resource management practice which is in line with the study objectives investigating whether de-industrialization or competitiveness of the textile and clothing industry has anything to do with labour policies.

2.2 Conceptual analysis and understanding of human resource paradigm

This section has four important sub-sections. The first sub-section provides an understanding of hard and soft human resource management. The second sub-section discusses HR in practice. The third sub-section is the importance of other related HRM issues about this study. The fourth sub-section provides an understanding of the survival of firms and human capital. The last sub-section looks at HR, mergers and acquisition.

2.2.1 Understanding Hard and Soft human resource management (HRM)

This sub-section has two main points. The first point provides an understanding of hard and soft HRM and the second presents a general discussion about hard and soft HRM.

2.2.1.1 Understanding of Hard and Soft HRM

In this study, the researcher found five important people-management approaches such as soft HRM, hard HRM, labour repression, paternalist or African model and lastly a mix-match approach. Thus, this study proposes to discuss three predominant HR approaches which: labour repression (managing people as a cost, to be managed in a short-termist unstrategic manner), soft HRM (which promotes cooperative approaches to managing people) and hard HRM (which treats people as an instrument to be deployed to promote competitiveness). Labour repression will be discussed in chapter three and the finding chapters (five, six and seven). Two opposites of HR practice are discussed in this section 2.2.

Two opposites of HR practice are discussed in this section. The ‘hard’ variant of human resource management considers employees only as resources of the organisation. Therefore, it argues that employees should be used effectively in order to achieve organisational goals which, under hard HRM, employees can be paid well - unlike labour repression. Thus, hard HRM is not the same as simply paying low wages, and treating workers badly.

The 'soft' HRM stresses the 'human' aspects of HRM. Its main concerns are with commitment, communication and development - and is associated with the organization's goals of flexibility and adaptability. This thesis forms part of a doctoral study in Development Studies. Development Studies is an interdisciplinary field across the social sciences and shows that there is a complementarity between Development Studies (theory and policy) and HRM; as soft HRM approach is a developmental humanist approach and hard HRM approach is aligned with strategic HRM. Both Development Studies (theory and policy) and HRM put more emphasis on social and human capital, industry development and their effectiveness to help the textile and clothing industry to achieve its organisational goals. It is important to note that there is a relationship between Development Studies (theory and policy) and HRM, as human resource-management practices constitute a new 'paradigm' for industrial relations.

The 'soft' human resource management considers employees first and foremost as human beings who contribute to the organisation (Maund, 2001). According to Manning and Worland (2005), the 'hard' variant of human resource management focuses on cost reduction and containment, as well as links with strategy and the role of HRM in furthering the competitive advantage of the organisation. Typically labelled 'soft' HRM builds on human relations traditions and stresses the importance of the subjects as a means of furthering employee satisfaction and a range of other related human objectives that are achievable *vis-a-vis* insights into systematic studies within HRM (Manning & Worland, 2005:6).

According to Storey (1992), soft HRM is associated with the human relations movement and the utilization of individual talents; and this has been equated with the concept of a 'high commitment work system' (Walton, 1985b), 'which is aimed at eliciting a commitment so that behaviour is primarily self-regulated rather than controlled by sanctions and pressures external to the individual, as well as relations within the organization which are based on a high level of trust' (Wood, 1996:41). The soft model emphasizes that this commitment will be generated if employees are trusted, trained and developed; and if they are allowed to work autonomously and have control over their own work (Guest, 1987; Kamoche, 1994; Tyson 1995a). Soft HRM is also associated with the goals of flexibility and adaptability, thus implying that communication plays a central role in management (Storey & Sisson, 1993). The soft version assumes that employees will work best (thereby increasing organizational performance) if they are fully committed to the organization (Legge, 1995a; Guest, 1987).

Additionally, the soft version of HRM sees employees as 'valued assets and as a source of competitive advantage through their commitment, adaptability and high level of skills and performance'. It has, however, been observed by Truss (1999) that 'even if the rhetoric of HRM is soft, the reality is often hard, with the interests of the organization prevailing over those of the individual'. Furthermore, research carried out by Gratton, Hope-Hailey, Styles & Truss (1999) found that in the eight organizations they had studied, a mixture of hard and soft HRM approaches was identified.

Therefore, hard HRM on the other hand stresses the quantitative, calculative and business-strategic aspects of managing the "the headcount resource" in as "rational" a way as with any other factor of production, as associated with an utilitarian-instrumentalist approach (Storey,

1992:29). Hard HRM focuses on the importance of 'strategic fit', where human resource policies and practices are closely linked to the strategic objectives of the organization (external fit), and are coherent among themselves (internal fit) (Storey & Sisson, 1993). Under the hard model, control is more concerned with performance systems, performance management, and tight control over individual activities - the ultimate goal being to secure the competitive advantage of the organization (Guest, 1995).

Indeed, the soft HRM stands in contrast with the hard variant (Collings & Wood, 2009: 2). Thus, the soft school emphasizes the importance of aligning HR policies with organizational strategy, emphasizing the role of employees as a valuable asset and source of competitive advantage through their commitment adaptability and quality (Legge, 1995; D' Art, 2002 quoted in Collings & Wood, 2009:2). Hence it is sometimes conceptualized in terms of strategic interventions designed to develop resourceful employees and to elicit their commitment to the organizational goal (Storey, 1992 quoted in Collings & Wood, 2009:2). In other words, soft HRM is about trying to encourage firms to be 'nicer' to their people, on the basis that such 'niceness' is likely to translate into greater commitment and productivity - and hence, even more profits (Collings & Wood, 2009:2).

However, such approaches discount the value of long term commitment and organization-specific knowledge (Harcourt, Roper & Wood, 2006). Indeed, Storey (1989) has made a distinction between the hard and soft forms of HRM, typified by the Michigan and Harvard models respectively. 'Hard' HRM focuses on the resource side of human resources. It emphasizes costs in the form of 'headcounts', thus placing control firmly in the hands of management. The latter's role is to manage numbers effectively, keeping the workforce closely matched with requirements in terms of both bodies and behaviour. 'Soft' HRM, on the other hand, stresses the 'human' aspects of HRM. Its concerns are with communication and motivation. People are led rather than managed. They are involved in determining and realizing strategic objectives.

The soft version of HRM traces its roots to the human-relations school; it emphasizes communication, motivation and leadership (Armstrong, 2006:12). As described by Storey (1989) it involves 'treating employees as valued assets, a source of competitive advantage through their commitment, adaptability and high quality (of skills, performance and so on)' (Storey, 1989 quoted in Armstrong, 2006:12). It therefore views employees, in the words of Guest (1999a), as a means rather than an object, but does not go as far as following Kant's advice: 'Treat people as ends unto themselves rather than as means to an end' (Guest, 1999a cited in Armstrong, 2006:12). Armstrong (2006:12) adds that the soft approach to HRM stresses the need to gain the commitment (the 'hearts and minds') of employees through involvement, communication and other methods of developing a high-commitment, high-trust organization. Attention is also drawn to the key role of organizational culture. The above scholars provided a deep understanding of soft HRM which coincided with some of the pertinent research questions related to involvement, motivation and communication. It then discusses issues related to soft HRM such as training and developmental activities, reward systems in the firm regarding performance based pay, union involvement, engagement in collective bargaining, existence of

work council and lastly the existence of the different quality circles (use of team working, general workforce meeting, staff notice boards, suggestion boxes, etc.).

In this study, the researcher tried to find out what ensures a firm's survival, as well as being competitive in terms of approaches to people management. The debate regarding the "soft" model approach is a developmental humanist approach and, for the "hard" model approach, a situational contingent approach is followed, though not necessarily resolved (Storey, 1992; Legge, 1995; Boxall, 1996; Browning & Edgar, 2004). The "soft" approach can be summarized as HRM being effective when it involves a focus, such as employee motivation, commitment and development. It also reflects the role of management in creating a work environment which allows the employee at work level to participate in communication, gain effective training and become of value (Kane, 2001; Boxall, 1996).

The "hard" approach is seen as being aligned with strategic HRM and HRM effectiveness and appears to be more contingent upon cost minimization instead of a more significant investment in human resources (Ulrich, 1997; Legge, 1995; Purcell, 1995; Truss, Gratton, Hope-Hailey, Mc Govern & Styles, 1997; Storey, 1995; Burton, 2003). In terms of the "hard" approach the HR profession approach needs to bring a strategic view to the management function in organizations according to the literature and empirical research. The empirical research of Beaver, Nel and Du Plessis (2003) and Burchell (2002), for example, found that HR managers must endeavour to create and maintain an organization that should be able to deliver the plan and strategy of the business by ensuring that HR strategy is continually aligned with business strategy. Lipiec (2001) and Kane (2001) again believe that HRM managers need to focus more on the strategic management role of HR.

Comparing the two HRM approaches, Legge (1998) pointed out that the 'hard' model of HRM as a process emphasizing 'the close integration of human resource policies with business strategy which regards employees as a resource to be managed in the same rational way as any other resource being exploited for maximum return'. Thus, Kochan and Osterman (1994:45) describe that firms treat human resources as a source of competitive advantage and do so in a manner that preserves high standards of living: "high commitment", "excellent", "best practice", "high performance", "salaried", or "transformation". Kochan and Osterman are arguing for soft HRM. The above scholars tried to compare the two HRM approaches: hard HRM regarding employees as a resource and soft HRM regarding employees as a source of competitive advantage. This coincides well with two important issues discussed in study, namely labour repression and best labour practice on how to keep the textile and clothing industry survival and competitive.

In addition to the above, Beer, Spector, Lawrence, Quinn-Mills and Walton (1984) indicate that 'hard' HRM focuses on managing and controlling employees so as to achieve the organization's strategic goal, whilst soft HRM gives more recognition to the needs of employees and the importance of their commitment to the organization. Collings and Wood (2009:2) add further that while soft HRM emphasizes the human element of HRM, the emphasis of the hard approach relies very much on the resource as a means of maximizing shareholder value over the short-term. The duty of managers is quite simply to make money for owners and a focus on other

issues such as employee rights is simply a distraction: rather, by focusing on returns, the organization will perform most efficiently, which is ultimately in the interests of all.

Briefly, the study found two opposites of HR practice. The 'hard' variant of human resource management considers employees only as a resource of the organisation. Therefore, it argues that employees should be used effectively in order to achieve organisational goals in which, under hard HRM, employees can be paid well, unlike in the case of labour repression. The 'soft' HRM stresses the 'human' aspects of HRM. Its main concerns are with commitment, communication and development - and is associated with goals of flexibility and the adaptability of the organisation. This thesis forms part of a doctoral study in Development Studies. It then provides an understanding of hard and soft HRM. The study tries to explore whether there is any complementarity between Development Studies (theory and policy) and HRM - as soft HRM approach is a developmental humanist approach and hard HRM approach is aligned with strategic HRM. Thus, labour repression and best labour practice are the principal issues which the following chapters will look at.

2.2.1.2 General discussion about hard and soft HRM

Firms may differentiate themselves through a high speed of product development and delivery (Portales, 2001:132) within the organization. This would correspond to a "hard HRM"/calculative HRM paradigm, characterized by numerical flexibility and instrumental approaches to people management (Storey, 2001; Gooderham, Nordhaug & Ringdal, 1999). In practical terms, this would translate into individual and consultative mechanisms for employee involvement: that is to say, employees would communicate through team briefings, notice boards and opinions solicited, without management being under any obligation to act on them as regards contingent pay (Wood & Brewster, 2007; Gooderham et al., 1999).

Various authors have noted (Nel et al., 2004; Swanepoel et al., 2003; Brewster et al., 2000) that new demands on human resources management are evolving, regardless of the "hard" and "soft" approach model. This seems to emphasise the strategic and professional role and functions of human resource managers as a business partner in organizations. The research of Lipiec (2001) focussed on the future role of human resources management for the next decade (namely 2010+) based on a survey of human resources practitioners. The results revealed that a greater emphasis must be placed on the strategic role of human resources management and international and multi-cultural management, as well as change management. It is also clear that the profession must play a greater direct role in an organization's pursuit of its goals when it is involved at various levels of management (Birchfield, 2003; Dahmen, 2002; Glade, 2002). The above scholars highlighted the developmental dimensions of HRM which relate more to the strategic and professional roles of HRM as well as international and multi-cultural management and change management. There is a complementarity between HRM and Development Studies (theory and policy). Thus, these two disciplines play an important role in this new paradigm shift as most of the stakeholders' contributions are crucial in promoting the local industry. This study, to some extent, implicitly covers the influence of development theory and policy on HRM.

Another analysis of the future competency of HRM was identified by Gratton in Burton (2003) who stressed three major challenges facing human resources professionals in organizations, namely: firstly, human resources managers need to become more vocal and influential in the boardroom alongside the financial and marketing directors. Secondly, quantitative skills such as the measurement of human worth and the understanding of organizational structures and dynamics need to be increased in order for human resources managers to provide effective service in organizations. Thirdly, human resources managers need to develop a new set of skills and competencies around visioning, systems thinking, organizational development and change management. They should therefore execute a visionary and leadership role in the future, which must be strategic in nature. Specific competencies, however, have also been identified as: foreign language capability; higher level computer literacy; knowledge of intellectual capital resources; experience in key business areas; specialised HR knowledge; line management experience; focus on issues outside of the organization's social responsibility; enhancing teamwork in organizations and becoming a major role player in the change management process.

According to Saidy Khan and Ackers (2003:13), the SSA context is based on an analysis of the employment management problem in largely rational economic terms. The employment problem is seen simply as an economic problem that requires economic solutions. Workforces need to be reduced and the demand for formal sector employment needs to be suppressed. Storey (1989:8) states that most formulations show HRM as having 'soft' and 'hard' versions. The first scholar tried to contextualise the issues related to HRM and the second scholar showed that the essence of HRM lies between soft and hard HRM to help organisations achieve their goals.

As suggested by a number of studies, two distinct clusters of people management practices have been identified (see Storey, 2001; Applebaum, Bailey, Berg & Kalleberg, 2000; Kochan & Ostermann, 1994). Soft HRM can be much more than simple motivation or promotion of employees but can even go further than that by empowering and investing in employees. This situation gives high commitment, helping to keep employees in the same firm for a long time. First, there are the "high value added" approaches that base competitiveness on high levels of employee-employee interdependence and delegation to employees (Pfeffer, 1994; Ulrich, 1997; Applebaum et al., 2000; Kochan & Ostermann, 1994). Such approaches are characterized by high levels of investment in training and development, high levels of job security and innovative reward systems. In turn, these facilitate greater levels of participation and involvement (Applebaum et al., 2000). Permanent employment reduces turnover, whilst investing in people and job redesign, thus enhancing organizational commitment and providing fertile ground for far-reaching involvement programmes (Lincoln & Kalleberg, 1990). Second, there are approaches that seek advantage over competitors by cost-cutting measures, such as downsizing, reducing security of tenure and investment in training and development and the greater use of sub-contracted labour (Storey, 2001:14).

However, it should be noted that the high/low road debate is focused on the strategic choices open to firms. According to Osterman (1994:179), researchers have made a distinction between "low road" strategies that focus on cost reduction and "high road" strategies tending to focus on quality, variety, or service. Lincoln and Kalleberg (1990) argued that whilst there is considerable evidence that many firms adopt the low road or "bleak house" scenario, it is important to note

that the low road paradigm is not the same as hard HRM. Hard HRM can be quite sophisticated (for example, appraisals, contingent pay, share options, etcetera), compared to simply labour repression (low wages, etcetera). There is less evidence showing that significant numbers of firms have implemented integrated high road/high commitment sets of human resource policies - rhetoric and formal policy commitments. In different institutional and cultural settings, other combinations are likely to emerge (Lincoln & Kalleberg, 1990).

Indeed, it could be argued that this outlook corresponds to the “softer” more pluralist varieties of HRM. However, critics of the “softer” HRM paradigm have suggested that in practice, it differs little from hard HRM: that is to say, it is top-down, and geared towards the bottom line, at the expense of employees (Guest, 2001; Legge, 2001). These above scholars provided a brief understanding of “softer” HRM which differs little from hard HRM. The study tries to look at these pertinent issues related to labour repression and best labour practice for textile and clothing industry competitiveness.

Additionally, it has been argued that, in the tradition of Taylorism and Fordism, employees are viewed as a factor of production that should be rationally managed and deployed in quantitative and calculative terms, in line with business strategy (Tyson & Fell, 1986; Storey, 1992 quoted in Collings & Wood, 2009:2). However, rather different to classical Taylorism or Fordism, job security in the new hard HRM is seen as an unnecessary luxury, whilst pay rates are to be kept to the lowest level which the external labour market would permit: there is little mention in the literature illustrating how hard HRM echoes Henry Ford’s famous commitment to a five dollar-a-day wage (Collings & Wood, 2009:2). This emphasises that, under hard HRM, employees can be paid quite well, unlike under labour repression.

By contrast, Kochan and Osterman (1994) pointed out that achieving competitiveness at high standards-of-living requires a high rate of growth in productivity, product innovation and adaptability to changing markets. This in turn requires corporate strategies that give high priority to developing, and fully utilizing, the skills of the workforce. Indeed, “strategic” decisions have a profound effect on employment relations and are part of the domain of human resources and labour-management relations practitioners. Concerning a firm’s competitive strategy, it is essential that it does not depend solely on low costs, especially low wages, salaries and benefit levels, but rather on such sources of competitive advantage as affordable quality, innovation, flexibility, speed, and customer service. They further indicated that high employee commitment is impossible to sustain over time unless a company has a competitive strategy that requires the commitment, loyalty and motivation of its employee in order to succeed (Kochan & Osterman, 1994:56).

As indicated by Rarick (1987), the secret to increased productivity lies not so much in simply keeping employees happy, but rather in satisfying their universal need for personal growth and development. The basic assumption behind the human resource paradigm is that employees are capable of exercising more responsibility, creativity and initiative than their present jobs permit. Participative management and job enrichment become the major tools by which management gains have increased employee commitment and output. Quality circles are set up by management to give employees a feeling of contribution and control over their work

environment. Jobs are redesigned to increase feedback to employees, strengthen task identity and significance, provide task variety, and allow for a degree of job autonomy (Rarick, 1987:48). This thesis supports the above scholar in some of the points he has raised above. The researcher will investigate motivational, communicational and developmental elements on how to help the industry to remain competitive. Such elements include training and developmental activities, a reward system in the firm regarding performance-based pay - and lastly, the existence of different quality circles (such as use of team working, general workforce meetings, staff notice boards, suggestion boxes, etc.).

The view of what makes a “successful” organization is changing. The organization of the future will be one in which every worker has some say in the planning and control of his or her job: an organization in which every employee enjoys the right to privacy and freedom within and outside the organization; an organization in which an employee has a right to speak out against unethical practices and to challenge a supervisor if he or she should deem it necessary; an organization in which employees share managerial responsibility and ownership of the enterprise; an organization in which employees determine their own destiny (Ewing, 1985:25). The latter suggestions provide insights into what might characterize a successful and sustainable organization. To achieve this, organization should have a competitive strategy which satisfies the fundamental needs of the employee regarding personal growth and development. Thus, positive employee commitment is a pre-requisite of success. This study does not cover the above issues and further research intimates that the latter should be investigated

Additionally, it can be argued that approaches most likely to be conducive to high degrees of human capital development are founded on long-term employee buy-in, concentrating on the importance of collective deal-making which limits managerial autonomy (see Wood and Brewster, 2007; Thelen, 2001). In such cases, it is easier to work towards continuously improving products than to radically change the terms and conditions of employment and the deployment of labour and workforce sizes in order to encourage firms to adopt higher value added production paradigms (see Thelen, 2001; Portales, 2001). The above scholars argued that competitive strategy can promote employee high commitment and high degree human capital development (but that this should be on a long-term basis]. This study does not cover the above issues. Further research into this area is suggested.

Globally, the current crisis of competitiveness has certainly caused firms to be more aware of the need to experiment with more flexible techniques of work organization, even if this has not always amounted to much in practice (Smith and Wood, 1998:479). As Portales (2001:130) notes, cost leadership approaches to HR are more compatible with broader organizational strategies centering on static efficiency. This would represent a “low road” paradigm which is not necessarily the same as hard HRM, centering on cost cutting, commonly associated with third world sweatshops and low value-added service sector work in the developed world. In practical terms, such a strategy would translate into top down management and little in the way of involvement and participation of a collective or individual nature.

In addition to the above, Webster and Wood (2005:382), indicate that most firms have not reverted to the “low road”/“bleak house” model that has become a feature of people management in specific sectors within advanced societies. Indeed, low road or “bleak house” is not the same as hard HRM. Hard HRM is aligned with strategic HRM while “low road” paradigm centering on cost cutting and labour repression is aligned with profit maximisation in a manner that is not necessarily strategic.

Illustrating the above situation, Wood and Frynas (2006) pointed out that the South African experience underscores the extent to which greater regulation of the employment contract (through law and unions) can be complementary to high value-added employee participation-orientated strategies and robust export performance. In contrast, the absence of other forms of institutional mediation and deregulation may actually encourage firms to seek to cut costs and avoid risks in an environment of great external uncertainty.

2.2.2 HR in Practice

“Best practice” approaches to strategic HRM assumes that objectively there are better ways of managing people of a specific organizational type. Best practice can be hard or soft HRM (Storey, 2001). Harder, more conservative versions of this approach assume that this will include a reliance on external labour markets for skills, insecure contracting in order to ensure that surplus or unproductive labour can be readily disposed of and more productive workers incentivized to work harder - with pay being linked closely to individual performance, the latter closely measured. It was argued that given that such approaches were inevitably superior, firms would naturally drift in this direction; those that did not do so would find themselves in an uncompetitive situation and possibly facing extinction (Wood, 2010:3).

In addition to the above, Youndt, Snell, Dean and Lepak (1996:837) stated that, to date, two primary perspectives - a universal approach and a contingency approach - have been used to describe the link between human resource management (HRM) and firm performance. The universal, or "best practices" perspective implies a direct relationship between particular approaches to human resources and performance, while the contingency perspective posits that an organization's strategic posture either augments or diminishes the impact of HR practices on performance. The above scholars provided two important approaches to describe a possible relationship between HRM and firm performance. In line with these ideas, this study explores whether there is a possible set of optimal practices and what these might be.

Interestingly, high commitment HR practices impact the willingness of employees to make an effort and satisfy customers, which in turn, affects the overall performance of the organization (Batt, 2002). He further states that high commitment HR systems are focused on three broad dimensions, including: recruitment and selection, job design, and incentives (Batt, 2002). The three HR practice components of the high commitment HR system impact both the motivation and skills of employees (Wright, Dunford & Snell, 2001). In addition to the above, researchers have argued that human resource management practices can contribute to competitive advantage

insofar as they elicit and reinforce a set of role behaviours that result in lowering costs, enhancing product differentiation, or both (Schuler & Jackson, 1987).

According to Storey (1995:4), sustained competitive advantage derives from a firm's internal resources. For these to offer on-going advantage these resources must have four qualities: they must add value, be unique or rare, be difficult for competitors to imitate and be non-substitutable (for example by technology). Various authors (Collins & Smith, 2006; Wright, Dunford & Snell, 2001) drawing on the resource-based view of the firm and scholars within this stream of research, have argued that HR practices create a sustainable competitive advantage for firms by creating employee-based competencies that are difficult to imitate, because they are rare, valuable, and non-substitutable. Thus, Wright et al., (1994), distinguished between the firm's human resources (for example the human capital pool) and HR practices (those HR tools used to manage the human capital pool). In applying the concepts of value, rareness, inimitability, and substitutability, they argued that the HR practices could not form the basis for sustainable competitive advantage since any individual HR practice could be easily copied by competitors. Rather, they proposed that the human capital pool (a highly skilled and highly motivated workforce) had greater potential to constitute a source of sustainable competitive advantage.

In contrast, Lado and Wilson (1994) proposed that a firm's HR practices could provide a source of sustainable competitive advantage. Coming from the perspective of exploring the role of HR in influencing the competencies of the firm, they suggested that HR systems (as opposed to individual practices) can be unique, causally ambiguous and synergistic in how they enhance firm competencies, and thus could be inimitable. Thus, whereas Wright et al. (1994) argued for imitability of individual practices while Lado and Wilson noted that the system of HR practices, with all the complementarities and interdependencies amongst this set of practices, would be impossible to imitate.

It has become a widely held premise that people provide organizations with an important source of sustainable competitive advantage (Pfeffer, 1994; Wright, McMahan & McWilliams, 1994) and that the effective management of human capital, not physical capital, may be the ultimate determinant of organizational performance (Reich, 1991). Accordingly, it is instrumental for manufacturing firms to harness the productive potential of their employees in order to achieve superior performance. Thus, Barney (1995:60) adds that sustained competitive advantage cannot be created simply by evaluating environmental opportunities and threats, and then conducting business only in high-opportunity, low-threat environments. Rather, creating sustained competitive advantage depends on the unique resources and capabilities that a firm brings to its environment. To discover these resources and capabilities, managers must look inside their firm for valuable, rare and costly-to-imitate resources and then exploit these resources through their organizations.

Koch and McGrath (1996:335) followed a similar logic in their study of the relationship between HR planning, recruitment, staffing practices and labour productivity. They argued that "...a highly productive workforce is likely to have attributes that make it a particularly valuable strategic asset". They found that firms maintain effective routines for acquiring human assets, developing a stock of talent that cannot be easily imitated. They also discovered that these HR

practices were related to labour productivity in a sample of business units and that this relationship was stronger in capital intensive organizations. Delery and Doty (1996) found significant relationships between HR practices and accounting profits among a sample of banks. Youndt, Snell, Dean, and Lepak (1996) found that among their sample of manufacturing firms, certain combinations of HR practices were related to operational performance indicators. This thesis tries to complete the above scholars' works as it investigates whether or not there is a relationship between best labour practice and firm performance.

Going beyond these direct HR-performance relationships, however, other evidence suggests that the impact of HR practices on firm performance may be further enhanced when practices are matched with the competitive requirements inherent in a firm's strategic posture (Cappelli & Singh, 1992; Wright, Smart, & McMahan, 1995). In fact, Arthur (1994) and Huselid (1995) did find a relationship between HR practices and turnover. Wright, McCormick, Sherman and McMahan (1999) found that appraisal and training practices were related to executives' assessment of the skills and that compensation practices were related to their assessments of workforce motivation. However, as yet, no study has demonstrated anything close to a full causal model through which HR practices are purported to impact firm performance.

Over the years, researchers have amassed a fair amount of empirical evidence that certain HR practices can directly affect firm performance. For example, studies show that comprehensive selection and training activities are frequently correlated with both productivity and firm performance (Kleiner et al., 1987; Russell et al., 1985; Terpstra & Rozell, 1993). According to Youndt et al., (1996), firms should create a high degree of internal consistency, or fit, among their HR activities. As Baird and Meshoulam (1988:122) emphasize, a firm's HR activities "must fit with and support each other if peak organizational performance is to be achieved". Supporting the HR systems and internal fit viewpoints, Arthur (1992, 1994) found that HR practices focused on enhancing employee commitment (for example: decentralized decision-making, comprehensive training, salaried compensation and employee participation) was related to higher performance. Conversely, he also found that HR practices that focused on control, efficiency and the reduction of employee skills and discretion were associated with increased turnover and poorer manufacturing performance.

Similarly, in a study of high performance work practices, Huselid (1995) found that investments in HR activities such as incentive compensation, selective staffing techniques and employee participation resulted in a lower turnover, greater productivity and increased organizational performance through their impact on employee skill development and motivation. Youndt, Snell, Dean and Lepak (1996) further indicate that most of the studies focus on enhancing the skill base of employees through HR activities such as selective staffing, comprehensive training, and broad developmental efforts like job rotation and cross-utilization. Furthermore, the studies tend to promote empowerment, participative problem-solving, and teamwork with job redesign, group-based incentives and a transition from hourly to salaried compensation for production workers. In other words, HR practice relates to firm performance (which coincides with what this thesis tries to investigate).

Such an approach is characterized by the use of structured workplace training, a specialized people management function and coherent HR planning, with employment relations centring on a recognition agreement with a representative trade union (Wood & Els, 2000). The use of such strategies has, in the South African context, provided an alternative and more durable basis of competitiveness to the super-numerical-flexibility / autocratic management paradigm (Wood & Sela, 2000).

Certainly, the existing research suggests a positive relationship between HR and performance. However, contrary to Huselid and Becker's (2000) claim, this body of work tends to lack sufficient methodological rigour to demonstrate that the relationship is actually causal in the sense that HR practices, when instituted, lead to higher performance. Little, if any, research has utilized rigorous designs to test the hypothesis that employing progressive HRM systems actually results in higher organizational performance in a causal sense.

In an effort to look beyond the human capital pool alone, Youndt and Snell (2001) studied the differential effects of HR practices on human capital, social capital, and organizational capital. They found that for intensive/extensive staffing, competitive pay, intensive/extensive training and promotion from within, policies were most important for distinguishing high levels of human capital in organizations. In contrast, broad-banding, compressed wages, team structures, socialization and mentoring and group incentives distinguished those with high social capital (for example relationships that engender knowledge exchange) but had very little effect on human capital itself.

2.2.3 Importance of other related HRM issues about this study

There are a number of possible alternatives regarding the relationship between unionization and the presence of alternative mechanisms for employee participation and involvement (Wood & Glaister, 2008:11). The above scholars provided important details about the relationship between unionization and other types of participation and involvement. In the next chapters (five, six, seven and eight), the researcher proposes to discuss certain issues related to unionization and other types of involvement and participation.

Firstly, managers may experiment with participation and involvement, with the aim of weakening - or finding - an alternative or parallel mechanism, or traditional forms of employee representation via the union, infusing as the "hard HRM" high value-added model in line with a broader dynamic strategy. In other words, they may use new HRM strategies to weaken the established system of collective representation, so as to regain managerial authority and in seeking greater flexibility in using human resources (Guest, 2001; Gooderham et al., 1999). Here, managers seek to change or reform the existing system. If successful, this is likely to result in the union being weaker in such workplaces, with membership involvement in union affairs being lower than would otherwise be the case. In other words, the two are not compatible (Wood & Glaister, 2008:11).

Secondly, it has been argued that managers may implement alternative forms of participation and involvement with the aim of harnessing and building on the benefits flowing from a strong union presence (Wood & Brewster, 2007). The latter would include strong notions of solidarity and group belonging and a willingness by individual members to take an active and involved, rather than a passive and instrumental, approach to working life. Indeed, it may be the case that those workplaces with a strong and militant union presence are those where innovative new forms of participation and involvement are most likely to be found (Wood & Glaister, 2008:11). In other words, the two may be complementary: unlike firms, a range of forms of participation and involvement may work better in conjunction with an effective union presence than on their own. In other words, managers may choose to harness the benefits flowing from the existing employment system. Here, strategy is about engaging with and seeking complementarities within the system, rather than avoiding or challenging it. This would reflect a mixed dynamic-static strategic orientation with the aim of enhancing the speed and variety of innovation (Wood & Glaister, 2008:11).

Thirdly, even if forced to deal with unions, managers may remain wedded to a static, cost-cutting strategic framework. This would result in a continued focus on the standardization of work, and a high degree of numerical flexibility. The persistence of such an approach is likely to be associated, with, at best, union weakness, and little in the way of meaningful participation or involvement (Wood & Glaister, 2008:12). The above scholars showed that HRM can be associated with unions' weakness. This study supports the above scholars' arguments as certain managers in the DRC preferred to use cost-cutting strategies with low participation and involvement which resulting in higher degree of numerical flexibility in using human resources.

To understand why certain competitive strategies are more effective than others, one must consider the distribution of resources in competing firms. Although a given firm may possess more or less of any particular resource, only those resources that are rare, valuable, and difficult to imitate, provide a sustainable competitive advantage (Amit & Schoemaker, 1993; Barney, 1991 cited in DeNisi et al., 2003:4). When the strategies employed are successful in leveraging the firm's rare, valuable, and difficult-to-imitate resources, such a firm is likely to gain an advantage over its competitors in the marketplace and thus earn higher returns (Hitt, Nixon, Clifford & Coyne, 1999 quoted in DeNisi et al., 2003:4). Competitive advantages that are sustained over time lead to higher performance (Peteraf, 1993 cited in DeNisi et al., 2003:4). In other words, sustainable competitive advantage leads to organizational performance by taking in consideration the distribution of resources.

According to Barney (1995: 50), a firm's resources and capabilities include all of the financial, physical, human and organizational assets used by a firm to develop, manufacture and deliver products or services to its customers. Amit and Schoemaker (1993) add that a firm's resources encompass all input factors both tangible and intangible, human and nonhuman, that are owned or controlled by the firm and that enter into the production of goods and services to satisfy human wants. Dierickx and Cool (1989) argue that organizational capabilities characterize the dynamic, nonfinite mechanisms that enable the firm to acquire, develop and deploy its resources to achieve superior performance relative to other firms. Thompson and Strickland (1987) have

generated lists of firm attributes that may enable firms to conceive of and implement value-creating strategies.

Furthermore, Barney (1995) pointed out that physical resources include machines, manufacturing facilities and building firms for use in their operations. Human resources include all the experience, knowledge, judgement, risk-taking propensity and wisdom of individuals associated with a firm. Organizational resources include the history, relationships, trust and organizational culture that are attributes of groups of individuals associated with a firm, along with a firm's formal reporting structure, explicit management control systems, and compensation policies (Barney, 1995:50).

The resource-based view suggests that human resource systems can contribute to sustained competitive advantage through facilitating the development of competencies that are firm specific, produce complex social relationships, are embedded in a firm's history and culture and generate tacit organizational knowledge (Barney, 1992; Reed & DeFillippi, 1990; Wright & McMahan, 1992). The sustained superior performance of the most admired companies has been attributed to unique capabilities for managing human resources to gain competitive advantage (Ulrich & Lake, 1990).

In addition to the above, Truss (2002:20) indicates that within the framework of the resource-based view, the focus of analysis in human resource management has been determining which elements of a firm's human resources, or HRM systems, constitute a source of sustained competitive advantage for the organization. The ultimate purpose of analysis is, therefore, to establish a demonstrable cause-effect linkage between firm resources, or firm resource deployment and financial performance.

Thus, Frenkel and Kuruvilla (2002:389) argue that the underlying logic of action adopted by different players represents strategies guided by values regarded as important, thus helping to explain the process through which national systems are guided in a specific direction. Homogenizing external forces have complex and contingent effects on employment relations.

In contemporary Mozambique, the government has very little room to manoeuvre, the ability to access much needed borrowing being contingent on the adoption of neo-liberal structural adjustment policies. The latter policies have resulted not only in the opening up of Mozambican markets to international competition and privatization but also in dramatic reductions in state expenditure, that have, in turn, weakened the latter's capacity to effectively enforce labour legislation (Frenkel & Kuruvilla, 2002:388). This situation is a common characteristic of certain sub-Saharan African countries except for a few powerful and dominant countries which are doing quite well - such as South Africa and Botswana.

Labour quiescence has primarily been ensured by the "iron whip of hunger," with the omnipresent threat of repeated rounds of redundancies, in a situation where unemployment is already extremely high. Employers are guided by the logic of competition, by the desire to maximize profits (Frenkel & Kuruvilla, 2002:389). The influx of manufactured goods from the Far East is providing more subsidies for advanced societies, which has resulted in employers generally responding by cost-cutting and downsizing. This has reinforced extremely low value

added employment relations policies, characterized by short-termism and a lack of willingness to invest in plant or human resource development. Unions are guided by the logic of employment-income protection and seek to maximize income and job security (Frenkel and Kuruvilla, 2002:389).

Illustrating best labour practice in South Africa, organizations spend between 0.5 to 1.5% of the payroll on training compared to 5% in Europe and the USA and 8% in Japan. Training and development are seen by both managers and frontline employees in the services industry in South Africa as vital in addressing the skills gap and developing the capacity to meet competitive demands (Browning, 2000). Research has shown that organizations that are characterized by flatter, leaner, more flexible and autonomous structures and systems achieve higher levels of performance (Robbins, 2001). Studies further indicate that organizations that have goals, a clear vision and objectives linked to human resource policies perform better (Tyson, 1997). In addition, firms with human resources policies and employment practices that embrace change, diversity, commitment, openness and employee-involvement, communicate effectively and treat people as a valuable resource, out-performing organizations that have bureaucratic and rigid structures and systems of work (Pfeffer, 1998; Hendry, 1995). Indeed, human resource policies play an important role in ensuring that firms perform well and with particular attention to best labour practice. This study discusses the pertinence of best labour practice and its implications for policy considerations.

2.2.4 Understanding of firm's survival and human capital

It is important to note that survival has many meanings and dimensions. For example, one can explain a firm's survival by its age and its investment capacity, as well as the firm's initial resources and human capital and its access to financial institutions and its strategy. This study tries to understand the contribution of HR practice to a firm's performance or survival, with a close eye to the survival of the textile and clothing industry in the Southern African Region. According to Blair, Kruse and Blasi (2000), survival in this study means that a company continues to exist as an independent public trading company. In other words, a survivor is defined as a company that did not experience merger, acquisition, bankruptcy, liquidation or privatization. Jovanovic (1982) stated that the longer a firm remains in the market, the more it learns about its true costs and relative efficiency, and the less it is likely to fail. Astebro and Bernhardt (2003) indicated that an established business with new owners has a greater likelihood of surviving than a completely new business. The argument for this view is that market uncertainties and production costs will be reduced for an on-going business, but not for newly established businesses.

As argued by Mata and Portugal (2002), human capital is a good predictor of survival. Possession of valuable knowledge and skills can prove to be very valuable as regards improving the survival chances of firms. Barney (1991) reports that a firm's ability to survive and successfully compete in the market is largely based on the extent to which a business develops firm specific assets; and because these assets cannot be imitated by competitors, they provide a basis for increased competitive advantage. A hypothesis by Geroski, Mata and Portugal

(2007:14) showed that “firms employing more skilled labour have lower probabilities of exit”, formulated in relation to the above captioned theoretical views. The above scholars showed that human capital with valuable knowledge and skills reduces the probability of remaining in existence, thus providing a basis of competitive advantage for many organisations. This study supports the above scholars’ ideas and proposes to look at firms which, during the period 2005 to 2010, did not have or experience any profit and yet continued to operate until the present as ‘survival firms’. These ‘survival firms’ experienced serious internal problems and competitiveness challenges.

According to Bruderl and Preisendorfer (1992) human capital may influence the survival of ventures in several ways. Enhanced human capital increases the founder’s productivity resulting in higher profits, thus increasing business survival. Secondly, education may be used by customers, investors and other stakeholders as a screening device on which firm survival is dependent. Thirdly, people with higher human capital are expected to start larger and financially stable businesses due to their higher previous earnings as employees. Further, based on their broader levels of experience, such people are expected to identify the most lucrative entrepreneurial opportunities for their businesses. Lastly, people possessing higher human capital are said to be rarely forced into self-employment by a desperate need for income, therefore enjoying the luxury of taking time to develop superior strategies before going into business (Vinogradov & Isaksen, 2008).

According to scholars who support the resource based view (RBV), the characteristics of a firm’s initial resources will determine its ability to survive in a competitive market environment (Aspelund, Berg-Utby and Skejevdal, 2005). In examining the relationship between initial resources and the survival of new ventures, propositions were made by Aspelund et al., (2005). The main proposition was that initial resources controlled by entrepreneurs at inception are significant predictors of survival. The initial resources, according to Aspelund et al., (2005) comprise: initial team size, degree of heterogeneity in founding teams, entrepreneurial experience and technological radicalness.

Regarding initial team size, Aspelund, Berg-Utby and Skejevdal (2005) propose that the more individuals involved in the founding team, the greater the probability of the survival of a new venture. The assumption is that larger teams are usually associated with more resources and resourceful teams are known for their ability to mobilise new competencies. Larger teams are also viewed as being able to have more value-adding to the decision-making processes and thus allow for more specialisation, providing a new venture with added advantage for progress and survival. However, Aspelund et al., (2005) point out that the combination of varying competencies in the founding team may also introduce hampering and deteriorating conflicts which could ultimately affect the firm negatively.

2.2.5 HR and mergers and acquisitions

Sudarsanam (1995) notes that a particular activity is called a merger when corporations come together to combine and share their resources in order to achieve common objectives. In a merger, both firms combine to form a third entity and the owners of both the combining firms remain as joint owners of the new entity. By contrast, DePamhili (2008) argues that an acquisition is defined as an event in which a company takes a controlling ownership interest in another firm, a legal subsidiary of another firm, or selected assets of another firm. This may involve the purchase of another firm's assets or stock. Ross et al., (2004) add that acquiring all the assets of the selling firm will avoid the potential problem of having minority shareholders as opposed to acquisition of stock.

According to Greenwood et al., (1994) cited in Pasha (2010:98), "a merger involves a blend of two companies, rather than merely legal enjoinment or absorption of one firm into another". Kithinji and Waweru (2007) describe a merger as a process in which one of the two companies loses its identity to make one firm (p.98). Recently, Amir et al., (2008) said that mergers are important for market concentration, merged organizations have higher profitability and efficiency than the non-merged firms. However, it is a long-term process and in the end the merged firms are in a strong position. Whatever the motives for mergers and acquisitions might be, recent researchers suggest that for most industries consolidation is inevitable and cannot be escaped (Amir et al., 2008 cited in Pasha, 2010:98). These scholars described a merger as two corporations becoming one firm: for market concentration and to achieve high profitability. This thesis supports the findings of these scholars as certain firms changed their ownership structure to help achieve their objectives.

Growth can be achieved by introducing new products and services through expanding its present operations on its existing products. Internal growth can be achieved by introducing new products. However, external growth can be achieved by entering into mergers and acquisitions (Ghosh & Das, 2003). Mergers and acquisitions have become an important medium to expand product portfolios, enter new markets and acquire technology, thus gaining access to research and development and accessing resources which would enable the company to compete on a global scale (Yadav & Kumar, 2005). However, there have been instances in which mergers and acquisitions are being entered into for non-value maximizing reasons that contribute towards building the company's profile and prestige (Malatesta, 1983; Roll, 1986).

There are numbers of reasons for which environmental, situational and conditional variables are important; and on which motivation, satisfaction and the performance of employees depend. These three factors: motivation, satisfaction and performance give various results in private and public sectors because of managerial effects. Merger/acquisition also affects these factors (Pasha, 2010:98). Pasha further found that human capital practices like employee participation after merging can influence organizational performance and growth. Organizations interested in growth and high performance must involve their employees in decision-making processes to motivate, satisfy and improve the performance of the employees. The research provides proof for the organizations that, whenever the workforce is not satisfied or motivated by their jobs,

performance is affected. The conclusion also suggests that after a merger occurs, the management might be able to increase the level of commitment in the organization by increasing satisfaction and motivation of employees with compensation, policies and work conditions (Pasha, 2010:105).

According to Giffin and Schmidt (2002:6), many mergers and acquisitions fail to meet their objectives, which are typically to accelerate growth, cut costs, increase market share or take advantage of other synergies. Mergers and acquisitions (M&A) are a high-risk way of developing a business (p.6). They further indicate that, if one assumes that human resources is the unit best equipped to help the new company manage the people-related issues of a merger, the next step is to look at how HR functions during a merger or an acquisition. According to the survey of human resource professionals, HR did not generally become involved in the merger process until after the pre-deal and due-diligence phases, although successful companies tended to involve HR much earlier than did unsuccessful companies (Giffin & Schmidt, 2002:8).

Another crucial HR role is to help employees cope with change which has far-reaching consequences, including maintaining productivity, stemming the loss of key talent and smoothing the integration of the two cultures. Change can be particularly difficult for employees involved in a merger or an acquisition, especially those who work for the target (Giffin & Schmidt, 2002:9).

Human resources management within an M&A environment is problematic due to changes in the general procedures and in the practices followed by the acquired companies to carry out various tasks. This is also due to the growing competition between the employees of the merged parties. Most employees regard M&A as a threat to their jobs, since shareholders often demand limitations in the number of employed staff. Today's facts verify these fears as, during mergers, the number of employees working in the engaged companies is actually less than before (Archontakis et al., 1998; Georgakopoulou, 2000 cited in Mylonakis, 2006: 121).

2.3 Understanding strategic HRM

This section has two important sub-sections. The first sub-section presents the strategic HRM practices organization. The second sub-section discusses the HRM practices for performance.

2.3.1. Strategic HRM Practices of High Performance Organizations

Based on these various studies, related literature, personal observation and experience - as well as a set of seven dimensions emerges, characterizing most, if not all of the systems producing profits through people (Pfeffer & Veiga, 1999:40-45). But according to Mayer (2008:3), ten strategic HRM practices were identified in high performance organizations (HPO) which are as follows:

2.3.1.1 Employment Security

Most research on the effects of high performance management systems has incorporated employment security as an important dimension. Indeed, “one of the most widely accepted propositions is that innovations in work practices or other forms of worker-management cooperation or productivity improvement are not likely to be sustained over time if workers fear that by increasing productivity they will work themselves out of their jobs (Locke, 1995 cited by Pfeffer & Veiga, 1999:40).

The idea of providing employment security in today’s competitive world seems somehow anachronistic or impossible and very much at odds with what most firms seems to be doing. But employment security is fundamental to the implementation of most other high performance management practices (Pfeffer & Veiga, 1999:40). Many additional benefits follow from employment assurances besides workers’ free contribution to knowledge and their efforts to enhance productivity. One advantage to firms is the decreased likelihood that they will lay off employees during downturns. In addition to the above, Mayer (2008:3) indicates that most managers react to the notion of employment security with disbelief in the face of economic uncertainty. A lack of employment security adversely affects human performance and promotes turnover. First, high performance organizations are willing to openly commit such security to their core employees. Second, installing systems to insure regular performance feedback - for example, letting people know where they stand, fosters employment security. It entails a social contract within reasonable business parameters.

2.3.1.2 Selective Hiring

Companies which are serious about obtaining profits through people will expand the effort needed to ensure that they recruit the right people in the first place (Pfeffer & Veiga, 1999:40). This requires several courses of action. First, the organization needs to have a large applicant pool from which to select. Second, the organization needs to be clear about what the most critical skills and attributes needed in its applicant pool are. Third, the skills and abilities sought need to be carefully considered and consistent with the particular job requirements and the organization’s approach to its market. Fourth, organizations should primarily screen important attributes that are difficult to change through training, thus emphasizing qualities that actually differentiate among those in the applicant pool (Pfeffer & Veiga, 1999:41).

2.3.1.3 Building and Empowering Teams

One of the most striking characteristics of high performance organizations is not only the wide use of teams, but their consistent efforts to create and empower teams capable of making innovative decisions and obtaining positive results. Such teams do not, however, suggest the absence of leadership or management by committee (Mayer, 2008:3). Team-based organizations are also largely successful in making all of the people in the firm feel accountable and responsible for the operation and success of the enterprise, rather than merely a few people in senior management positions (Pfeffer & Veiga, 1999:41).

2.3.1.4 Providing Extensive Development & Training

Knowledge and skill are critical and too few organizations act on this insight. Training is an essential component of high performance work systems because these systems rely on front-line employee skill and initiative to identify and resolve problems; as well as initiating changes in work methods and taking responsibility for quality. All of this requires a skilled and motivated workforce that has the knowledge and capability to perform the requisite tasks (Pfeffer & Veiga, 1999:43).

As stated by Mayer (2008:3), many people have had to endure the painful experience of ineffective training programs. As a result, it is not uncommon for managers to be sceptical of the value of training. High performance organizations develop an extensive assortment of employee training and management development programmes, configured in a strategic plan to strengthen the competencies of its human resources. Moreover, they measure the results and make adjustments as necessary to ensure results. This scholar added that training and developmental activities helps strengthen the competencies of human resources and plays an important role for firms' performance. This study will discuss these issues related to training and developmental activities in the next chapters.

2.3.1.5 Disclosing Essential Information

Information sharing is an essential component of high work systems. The sharing of information on such things as financial performance, strategy, and operational measures conveys to the organization's people that they are trusted (Pfeffer & Veiga, 1999:44). High performance organizations openly disclose key strategic and financial information to all of their employees: in short, they don't "keep them in the dark". Issues of strategic and intellectual property are clearly addressed (Mayer, 2008:3).

2.3.1.6 Creating Supportive Cultures

It is often argued that high compensation is a consequence of organizational success, rather than its progenitor; and that high compensation (compared with the average) is possible only in certain industries that either face less competition or have particularly highly educated employees (Pfeffer & Veiga, 1999:42). High performance organizations are culturally sensitive to the social norms and practices which may facilitate or inhibit their results. They routinely examine their work cultures and intervene to change inhibitors and strengthen facilitators of performance (Mayer, 2008:3).

2.3.1.7 Integrating HRM Strategy

High performance organizations value HRM because it views it as a strategic partner in contributing to desired results (Mayer, 2008:4). These HRM practices are not "stand alone" notions, but part of a strategic configuration of competencies and processes to support the business strategy of the firm.

2.3.2 HRM Practices for Performance

Embedded in the literature is the issue of what precisely is meant by performance. Research in this area is faced with the challenge of defining the variables to be used in such an analysis. Definitions of performance measurement frequently distinguish among activities (e.g. workloads), outputs (e.g. number of completed payroll transactions), outcomes (or effectiveness, e.g. achieved its goal) and efficiency (e.g. measures of the cost per outcome or output) (Manning & Worland, 2005:7). However, that the most fundamental issue is to understand how HRM practices impact on performance (Purcell, Kinnie, Hutchinson & Rayton, 2000; Baron, 1999), as without such a conceptual foundation any statistical relationship between HRM practices and employee performance is meaningless. In addressing this issue there have been calls for further and alternative research, and ‘a coherent set of arguments’ (Baron, 1999) plus a ‘theory of causality to explain how and why such practices make a difference’ (Baron, 1999). In this vein Guest (2000:8) proposes a ‘simple model of HRM and Performance’ which suggests that HRM practices influence employee commitment; and that employee commitment then influences employee performance, which in turn impacts on the organization’s financial performance.

2.3.2.1 HRM Practice

Guest, Michie, Sheehan and Conway (2000) take this one step further and ask respondents to assess the ‘effectiveness’ of each HR practice. Further depth is needed: for example Marchington and Sparrow (1998) point to the need to understand the process of organizational performance, as well as the HRM contribution to this and how HRM policies are chosen. Richardson and Thompson (1999) maintain that there is a need to know if HR practices ‘are pursued by managers with equity, vigour and belief’. It can be argued that employees are most affected by the way that they are treated by their immediate manager, as this determines their day-to-day experience - rather than by the policies which are much more distant. In other words, how line managers interpret and put these policies into practice is critical. The meaning and sense that employees make of these policies will affect their behaviour (see Easterby-Smith, Thorpe & Lowe, 1991). In other words, HRM practice is about treating employees well, as they play a crucial role in the organisation performance, further highlighting the way in which line managers interpret and put policies into practice. This study discusses best labour practice contribution as regards the textile and clothing industry’s competitiveness.

In addition to the above, Guest (1997) indicates that best practice is always the most effective. This is emphasised by reference to ‘innovative’ practices (Huselid, 1995; MacDuffie, 1995), ‘progressive’ practices (Delaney, 1995), ‘enlightened’ practices (Guest et al., 2000a) and ‘progressive’ or ‘high performance’ work practices (Emmott, 1997) – thus revealing an agenda about ‘proving’ that new practices are best.

2.3.2.2 Employee Commitment

In the United Kingdom, the literature refers to ‘high commitment work practices’ as that bundle of innovative practices which stimulate high organisational performance. In the United States, the term most commonly used is ‘high performance work practices’, and the concept of motivation has not been side-lined in the same way that it seems to have been in the UK (Hall, 2004:5). Huselid (1995) for example refers to four on his list of thirteen HR practices as relating

to 'employee motivation'. Others do refer to commitment (Pfeffer, 1994). Guest (2000:2) does not define commitment directly but refers to the need to build 'employee attitudes into the research', and refers to commitment as 'less of a motivational dimension', ensuring rather that 'employees stay long enough to repay the investment in training'. He goes on to argue that high performance should result from 'the demands placed on carefully selected and trained employees placed in stretching jobs'.

Additionally, Guest (1997) proposes three intervening variables which moderate the impact of HR practices on performance. These variables are skills and ability (quality); role structure and perception (flexibility) and effort/motivation (commitment). This is important as a fuller model demonstrates that 'motivation/commitment' is only a partial view of the mechanisms by which HR practices may result in higher employee performance. It is interesting to note that in the 'simplified' model, Guest (2000) indicates that commitment is one of the original three mechanisms chosen.

Other literature suggests that commitment may damage, rather than enhance, performance by restricting flexibility, change and innovation (Legge, 1995). Furthermore, Richardson and Thompson (1999) suggest that commitment is merely one strategy and that, therefore, this is not a model of performance, but rather a model of performance with commitment strategy. Guest (1998) recognizes that the commitment model is challenged by an emphasis on strategic choice. In other words the commitment model works best in terms of a universalist strategic approach which advocates 'best practice'. Yet there is evidence to suggest that some companies perform well without such best practice; and that there is a strong lobby supporting fit or contingency models (Hall, 2004). Indeed, commitment is part of best practices and relates well to a universalist strategic approach. This thesis does not cover issues related to commitment, preferring to examine other motivational aspects.

2.3.2.3 Productivity and Quality

This sub-section represents the type of employee performance which may result from enhanced employee commitment. Earlier research directly analysed HR policies and employee performance; and in many cases a statistically significant relationship has been found (MacDuffie, 1995; Arthur, 1994; Koch & McGrath, 1996). More recently, observers such as Blackburn and Rosen (1993) and Ghorpade and Chen (1995) have noted that, in addition to skill development, performance appraisal plays a crucial developmental role in quality-focused organizations. The concept of continuous improvement that underlies most quality initiatives, for example, suggests that diagnosis and employee feedback are required for eliminating defects, increasing product reliability and conforming to product specifications.

Traditional cost strategies can encourage deskilling: quality strategies that focus on continually improving manufacturing processes to increase product reliability and customer satisfaction. In such strategic contexts, the ultimate determinant of organizational competitiveness may be the intellectual capital of firms (Fine & Hax, 1985; Gavin, 1993). Youndt et al., (1996) add that human capital-enhancing HR systems - those with such features such as selective staffing, selection for technical and problem-solving skills, comprehensive training, training for technical and problem-solving skills, developmental and behaviour-based performance appraisal, group

incentives and salaried compensation which focuses on skill acquisition and development which are consistent with the performance requirements underlying a quality strategy.

So far, only Patterson, West, Lawthorn and Nickell (1997) and Guest et al., (2000) have analysed productivity and quality in relation to commitment as well as in relation to HR practices. Patterson et al., (1997) did find significant relationships between employee performance and commitment and between employee performance and HR practices. However, Guest et al., (2000) found no direct relationship between HR practices and performance outcomes, but did find indirect links suggesting the existence of a relationship between HR practices and commitment, as well as a relationship between commitment and employee performance outcomes.

Measures of employee performance vary considerably. In addition to the productivity and quality identified in Guest's (2000) model, Guest et al., (2000) and other researchers have assessed employee turnover, absence, industrial conflict and grievances. It is worth noting that employee turnover, the lowering of which Guest argues to be the result of enhanced commitment, leads to higher productivity. As noted by Hall (2004:9), productivity as an internal outcome is included in most of the earlier research. However, whilst a relationship may have been found between HR practices and productivity, there is no guarantee that improved productivity is 'a good thing' in terms of the business as a whole. 'Sales per employee' is often used as an internal performance measure (Huselid, 1995), although alternatives have been used (MacDuffie, 1995).

2.3.2.4 Financial Performance

Significant statistical relationships have been found between HR practices and company financial performance: for example, share prices and gross profit (Delery & Doty, 1996). However there is important literature demonstrating how legitimate accounting practices are used to manipulate declared profit (Smith, 1992), and that therefore, published figures may not be accurate. In addition share prices may be affected by a range of external and internal influences, born from the relationship which has been discovered between HR practices and financial performance. Again there also exists the possibility of reverse causality (Becker & Gerhart, 1996), high profitability resulting in the investment as regards 'innovative' HR practices, although Patterson et al., (1997) do try to test for this in their research.

2.4 Relevance of HRM in Sub-Saharan Africa

This section examines the pertinence of HRM in sub-Saharan Africa. The researcher proposes to study and understand the most dominant HRM approaches amongst the five HRM approaches of people management and their contribution to the firms' survival and competitiveness. These five HRM approaches are as follows: soft HRM, hard HRM, a paternalist (African model), labour repression and lastly a mix-match practice. It is important to note that the first-two approaches (hard HRM and soft HRM) were discussed in section 2.2, and the fourth approach (labour repression) will be discussed in-depth in chapter three. Section 2.4 discusses the third approach as a paternalist (African model) and the fifth approach as a mix-match practice.

As indicated by (Greider, 1997), a central focus of the debate on African HRM is not so much whether high or low road strategies are becoming more prevalent, but whether the pressures associated with globalization have made “low road”/“bleak house” practices the norm (Greider, 1997), or whether African firms continue to adopt a specific model that may, in many respects, seem autocratic but is actually based on a conceptualization of paternalism, underlined by conceptions of personal ties, duties and obligations (Ovadge & Ankomah, 2001:183).

Furthermore, Webster and Wood (2005) indicate that the ability of this highly personal/patriarchal managerial paradigm to engender any sense of mutual commitment is likely to have been eroded by episodic rounds of redundancies, whilst firms are unlikely to systematically invest in their people through formal training programmes or systematic career planning given the highly competitive environment. Indeed, as Greider (1997) and Moody (1997) have emphasized, it has been argued that "capitalism has restored its worst excesses on the periphery", characterized by steadily worsening employment conditions which include low standards of health and safety, extremely low pay, arbitrary management, a near total lack of job security and the discounting of skill. These scholars highlighted the effect of the paternalist managerial approach which resulted in high redundancies, worsening employment conditions. This study supports the above scholars and tries to investigate whether there is any labour repression or redundancies and their collateral effects.

The third possible people management approach discusses a paternalist, specifically African model. Underlining that this study does not investigate the extent to which firms (especially the DRC firm) follows this approach. But the paternalist model is well explained and established in the DRC due to Belgium colonial rule. However, Osuntokun (2001) states that Africans, for example, have been skilful managers with a systemic approach based on historical and practical experience to solving human problems - and often strove to move from the real to the ideal. But Kimble (1965) noted that the ‘HR function’ received prominence early in the colonial period. Kamoche (2000:40) attributes the early indigenisation of the ‘HR function’ in Africa to sheer expedience. Traditional rulers were dependent upon suppliers of labour and, subsequently, as ‘pacifiers of the same in the face of vociferous demands and complaints’.

Regarding HRM in Africa, Kamoche (2002:995) asserts that there is a need “to identify the characteristics of HRM in Africa, as well as the diversity and adequacy of approaches currently in use and how these might be affected by the key contextual factors.” Regarding HRM in Sub-Saharan Africa, Jackson (2002:1000) has suggested a model of cross-cultural dynamics and identifies management systems in Sub-Saharan Africa as changing from “post-colonial systems which are control-oriented and post-instrumental systems which are results-oriented, to Africa-Renaissance systems which are people-oriented.” He further concludes that the “Western view and practice of HRM does not represent a cross-cultural perspective”. These scholars tried to understand HRM in Africa by showing that there is a need to re-frame human resource management in Africa to a model of cross-cultural dynamics. They further highlighted the need to contextualise HRM in Africa and identify its characteristics.

Indeed, many firms rely on traditional patriarchal-authoritarianism and are reluctant to concede to their workers, even the most basic benefits such as paid vacations and sick leave. On the other hand, many are willing to grant leave at short notice and/or advances on wages, in the event of individual workers experiencing personal difficulties. Contact is maintained with the workforce through irregular meetings, both scheduled and ad hoc. A modicum of firms made informal use of the job training programme (Webster & Wood, 2005:382). A second cluster of employers are indigenously-owned firms, the overwhelming majority of which are small. In more developed Southern African states, such as South Africa and Botswana, such firms tend to be governed in a manner similar to their counterparts in the developed world (Wood & Brewster, 2007).

However, in much of tropical Africa, the ownership of a large proportion of firms tends to be in control of extended families, with employment relations being acted out on patriarchal lines. Not only capital but also, labour is accessed by personal networks (Kimemia, 2000; Wood & Frynas, 2006). Indeed, many African firms are still relying on a decayed and traditional patriarchal-authoritarianism approach which does not respond directly to the basic employment conditions. But, the above scholars found that certain developed countries in the southern African region succeeded in linking their HRM system to their counterparts in the developed world.

However, returns are often low and volatile, precluding such networks from moving beyond a basic subsistence and coping level, unlike their counterparts in the Far East (Wood & Frynas, 2006). As Wood and Frynas (2006) argue, both pre-colonial and colonial societies left a legacy of paternalism in the workplace: this has led to the persistence of Taylorist (and pre-Taylorist) work systems, characterized by authoritarianism, fixed divisions of labour, limited and informal training (also a product of weak local training institutions), and low levels of participation and involvement. On the one hand, it could be argued that increased consumer pressures have forced indigenous firms, linked to global commodity chains, to upgrade their practices. On the other hand, it can be argued that, in the operation of such networks, labour standards continue to receive a low-priority rating when compared with cost or quality concerns (Mellahi & Wood, 2001).

According to Webster and Wood (2005:381), HRM practices seem to have much in common with those noted in other African countries; this would include a reliance on personal networks for recruitment, the use of informal training structures while poor pay and working conditions are mitigated by a willingness on the part of management to make informal concessions to workers in the event of personal difficulties. In contrast to the “low road” model, Mozambican managers do not make use of rigid sets of rules, poor communication, fixed bare minimum wages and an unwillingness to depart from fixed procedures (Taylor & Bain, 2003). At the same time, the Mozambique survey revealed evidence of a range of “best practice” techniques amongst a small minority of firms. Whilst there is little doubt that the latter are likely to be the best equipped to escape reverting to a low wage, low skill, low value added trajectory scenario, it remains uncertain whether such a path is viable within the context of such institutional weakness and cut-throat competition from abroad (Webster & Wood, 2005:381)

Training tends to be culturally specific, practical and founded on a ‘community concept of management’ whereby individuals are not so much employed in terms of a fixed contract, but wedded to a community (Erondu, 2004: 6; see also Beugre, 2002). However, the predominance of informal training also reflects a reliance on export-led primary production and underdeveloped consumer markets (Jackson, 2002:999).

These trends – autocratic but paternalist management, informal and patronage-based recruitment networks and a sense of mutual duties and obligations – emerge as a common theme in case studies of numerous African countries (Kamoche, 2001:210-20; Jackson, 2002). However, it should be noted that these practices do not form a totally monolithic model reflecting different historical experiences (Jackson, 2002:1008). Moreover, managerial practices cannot be dismissed as uniformly ‘backward’ or despotic; in specific contexts, practices incorporate emerging alternative and innovative managerial systems (Jackson, 2002:1008). In other words, paternalist management forms part of the African HRM. Reframing human resource management in Africa to a model of cross-cultural dynamics may be the best way of looking forward as it gives a more diverse, emerging model and an innovative managerial system.

Kamoche (1992) observes that, due to the paternalistic nature of the Kenyan society, those in authority are expected to provide jobs for their kith and kin, which results in organizations comprised of one or two ethnic groups. This call for managers intending to understand employee behaviour in African organizations, has to take into account how employees interpret the surrounding world. Kamoche (1997) also suggests that there is a need to incorporate the African thought system into the ‘human resource ethos’ adopted by organizations.

To quote Provis (1996:487) in addition to the above ‘so far as industrial relations processes are concerned, it is a particular difficulty for value pluralists to say what parties ought to be recognized and encouraged in the process’. He further wishes to emphasise that wage disputes, work organization and similar issues that are often the subject of collective bargaining remain relevant in the SSA context and that unions do exist and also articulate these issues. However, formal policies for dealing with workplace conflicts of cultures and values are conspicuously absent.

Furthermore, Branine (2001) adds that centralized power structures and a kinship ethos, based on the extended family, engender a form of authoritarian paternalism. The obligation to family and kin is obviously very significant and has strong effects on employment and employee relations. He further states that the management of employees in Algeria can be described as personnel administration rather than human resource management as understood in western industrial countries. There is no clear evidence of personnel managers’ involvement in strategic decision-making or in policy formulation. In other words, authoritarian paternalism forms part of certain African countries and remains characterized by kinship, extended family, personal administration and persistence of ‘low road’ approach.

Kiggundu (1989) adds that there is a typical lack of a clear mission statement or sense of direction. He also characterizes organizational structures, in terms of their *governance and decision-making*, as having top management that is overworked and authoritarian and paternalistic decision styles with centralized control and decision making (Kiggundu, 1989). This is also reflected in Blunt and Jones's (1997) view that leadership is highly centralized, hierarchical and authoritarian. They also add that there is an emphasis on control mechanisms such as rules and procedures, rather than performance (and a marked reluctance to judge performance) - as well as a bureaucratic resistance to change and a high level of conservatism, together with the marked importance of emphasis on kinship networks.

Other accounts have suggested that specific African countries have developed their own *modus operandi* in the face of both cultural legacies and volatile external circumstances. The latter includes fluctuating exchange rates, political instability and changes, an unreliable infrastructure, inappropriate governmental policy choices and “widespread ambiguity surrounding the rule of law” (Erondu, 2004:3). This has translated into excessive short-termism (Erondu, 2004:3), and a reliance on structures of authority that are likely to prove resilient to external shocks (Jackson, 2002). These scholars confirmed the previous discussions as they highlighted how African countries have developed their own *modus operandi* and are still affected by the ineffective rule of laws, political instability and excessive short-termism. These characteristics open doors to bad industrial relations and the persistence of a “low road” approach.

As argued by Horwitz et al., (2002), a positive manifestation of particularism is an emergent debate in South Africa fostering a unique or special African organizational culture based on humanistic philosophies such as “ubuntu”. Advocates of this approach argue that, just as Japanese, American, or German firms may have organizational cultures which reflect particular values and practices in those societies, it is valid to endeavour to develop organizational cultures in Africa which reflect indigenous values. They further conclude that SA faces a double transitional challenge: to redress the historical inequalities by building a democracy based on human right and tolerance; and to simultaneously and speedily develop its human capital to compete in a harsh global economy.

Additionally, Horwitz (1990:15) notes that South African firms have therefore to re-examine the unitary interpretation of HRM, and, given the prevailing realities, seek more pragmatic, flexible solutions, taking into account the realities of power relations at the workplace. Echoing this, a survey of HRM practitioners in South Africa conducted by Hofmeyr et al., (1995:113) revealed a need for more appropriate HR policies to fit the African context.

Furthermore, the challenges of managing people on the African continent are further compounded by environmental uncertainties which impede planning (Kamoche, 1997). Other problems include governmental interference, social-cultural factors which appear to be at odds with contemporary industrial imperatives, inappropriate management practices, inappropriate leadership styles, adversarial labour relations and so forth (Kamoche, 2002:995).

Regarding management practices in Botswana, some organizations, particularly in public services in the 1990s, have introduced concepts such as Total Quality Management (TQM) and Work Improvement Teams (WIT) following initiatives to improve productivity and service delivery (Mpabanga, 2004). Human resource practitioners in South Africa see the most important workplace challenges as performance improvement, employment equity, training and development and managing trade union expectations (Templer & Hofmeyr, 1989).

Similarly, Branine (2001) adds that life in Algeria can be characterized as being strongly underpinned by the Islamic faith, culture and civilization despite also being influenced by more than a century of French colonization and cultural diffusion.

In sub-Saharan Africa, Horwitz et al., (2002) observe that in South Africa, the nature of the domestic labour market is important, including the degree of voluntarism or regulation of employment practices such as fair/unfair labour practices, recruitment and selection, pay determination, union influence, human resource development policy and dismissal law. Horwitz and Smith (1998) point out that the use of flexible work practices, including functional forms of flexibility such as multi-skilling and performance-based pay is more common in multinationals in South Africa (SA) than in local firms.

Horwitz et al., (2002) further add that job analysis and work process redesign are increasingly important facets of HR work in South Africa. Hofstede (1991) argues that class mobility is likely to have an impact on managerial culture and will inform strategic choices about appropriate organizational culture, business and HRM practices in South Africa. An emerging African middle class has begun to occupy decision-making roles. Managerial styles in SA reflect Western values based on individualism and meritocracy, as well as an authoritarian legacy of apartheid. These are often rooted in highly masculine cultures.

The fourth possible people-management approach explores labour repression. It is important to note that this study proposes an in-depth discussion about labour repression in chapter three in order – in order to see whether this alternative strategy has been used by certain firms under investigation on how to help firms to survive and remain competitive. Indeed, it can be argued that the intensification of global competition, the decreased range of policy options available to national governments and the increased mobility of financial capital have placed renewed pressures on firms to enhance their competitiveness (Duysters & Hagedoorn, 2001:348; Wood & Brewster, 2007). As the power of their national government to set prices is eroded in the face of intense competition, profitability increasingly depends on cutting the costs of inputs and making labour repressive policies highly attractive (Wood, Harcourt, M & Harcourt, S., 2004).

Massive job losses have become a feature of the “shock therapy” adjustment policies inflicted on emerging markets, further weakening the bargaining position of labour (Hyman, 2003). Indeed, it has been argued that “capitalism has restored its worst excesses on the periphery”, characterized by steadily worsening employment conditions, including low standards of health and safety, extremely low pay, arbitrary management, a near total lack of job security and the discounting of skills (Greider, 1997; Moody, 1987). According to Kochan and Osterman (1994: 42), there is a need to downsize and to encourage innovation through the flattening of the

management hierarchy; and to make increasing use of temporary and/or sub-contracted labour. On the other hand, there is a need to increase employee commitment, so as to encourage teamwork and other more flexible workplace practices that, in turn, require a multi-skilled workforce.

In addition to the above, the growing uncertainty in the business environment caused by global competition has urged many companies to restructure their business portfolios and focus on their core capabilities (Bowman & Sigh, 1990) in order to improve their shareholders' financial returns. Consequently, millions of jobs have been lost in an attempt to reduce costs and seek greater organizational flexibility. Announcements of layoffs, attrition, outplacement and early retirement plans have frequently made the headlines of the popular press. Considering Cameron (1994:3): 'It is not due to the news that organizational downsizing is becoming the norm rather than an unusual practice experienced by a few companies in trouble... It is rare to go for a week without reading about one more firm's massive layoff'. Traditionally, only firms trapped by serious financial difficulties decided to temporarily cut jobs in order to adapt to market competition. Substantial job cuts used to be an exceptional organizational measure which was both temporary and very limited in scope.

Indeed, major workforce reductions have become a very common management practice, widely adopted by firms in financial trouble, as well as by some companies considered to be amongst the best in their industry (Budros, 1997). As discussed by McKinley, Zaho and Rust (2000), the economic perspective on major job cuts is based on two fundamental assumptions. First, it assumes that organizations are rational self-interested actors, primarily motivated by continuous efficiency maximization. Second, it supposes that managers have a high level of control over their organizational performance, as they are presumed to understand all the possible connections between their actions and various organizational outcomes.

There are two strategies for improving financial firm performance. The first strategy consists of increasing revenues by gaining additional market shares. In contrast, the second strategy focuses primarily on overall cost reduction while maintaining revenues on a stable level (McKinley et al., 2000). Furthermore, Cameron (1994) adds that other factors remaining equal, firms that cut a high proportion of jobs should expect a substantial decrease of their operating costs, as well as many other organizational advantages such as increased flexibility, less bureaucracy, better international communication and improved productivity.

The fifth possible people management approach explores a mix-match approach. It is important to note that the researcher proposes to illustrate this fifth approach by discussing HR in Nigeria: a sub-Saharan African country which shares common characteristics in the region. This study does not investigate the extent to which firms, especially in South Africa, DRC and Mauritius, follow this approach - due to the fact that the researcher is exploring the predominance of three approaches (soft HRM, hard HRM and labour repression) and their impact on these firms' survival and competitiveness. According to Debrah, Horwitz, Kamoche & Muika (2004), particular rather than universalistic practices in the management of human resources are evident in Mauritius, where nepotism, favouritism, and ethnic biases are widespread in the labour market and are widely practiced in both public and private sector organizations.

In addition to the above, Anekwe (2002) finds that HRM practices in Nigeria are a blend of Western or foreign practices and local practices, reflecting the significance of the local context. She further offers a critique of the predominant convergence perspective which has been a source of confusion, frustration and malaise among the Nigerian workforce. Some scholars (Kamoche, 2000; Nzelibe, 1986) have lamented the inappropriateness of Western-style management practices for African countries or of developing countries in general, because of their lack of consideration of factors such as socio-cultural, competitive environment and industrial relations. Furthermore, these scholars considered such practices to be detrimental to the development of indigenous African-style management practices. The literature also reveals that studies examining the human resource management practices of emerging economies or developing countries of Africa are sparse.

Human resource management practices in Nigeria are subject to all the nuances that drive integration and localization. Organization in Nigeria, and in several other African countries, has always functioned within dual organizational systems, which subscribe to foreign and traditional patterns of operation. However, in major Nigerian organizations such as banks, oil companies, multinational corporations or their affiliates, as well as information technology and consumer goods' companies, foreign practices are dominant (Anakwe, 2002:1047). Country-specific characteristics, such as culture, socioeconomic factors, politico-legal climate and technological factors, influence the meaning, interpretation and implementation of foreign practices in these organizations. Consequently, human resource management practices in Nigeria are expected to reflect a combination of foreign practices driven by an organization's culture, strategy and local practices and by other specific factors in this country (Anakwe, 2002:1047).

For instance, concerning the Nigerian case, Ovadje and Ankomah (2001:183-5) argue that this has translated into a model in which older male managers assume a patriarchal role. There is a consistent marginalization of women; and recruitment draws on the extended personal patronage networks (Oradje & Ankomah, 2001; Beugre, 2002). Whilst employees may often have to put up with low wages and poor working conditions, firms may provide informal *ad hoc* financial assistance and are willing to adjust pay rates in response to external developments, such as increases in transport costs. Nonetheless, poor motivation, risk aversion, close supervision, poor delegation and an unwillingness to take independent action may result in alienation, low productivity, poor morale and the perpetuation of low wages (Jackson, 2002:1006).

Managerial styles tend to be control orientated with an emphasis on process and hierarchy, drawing on pre-colonial notions based on power (Beugre, 2002) and/or colonial autocracy (Jackson, 2002). As Harvey (2002) notes, institutional parameters represent the default boundaries of organizational behaviour - therefore moulding organizational strategic responses. In other words, contextual realities – of both the cultural and socio-political variety – mediate and reshape HRM interventions (Horwitz et al., 2002:1106). According to Kamoche (2002:996), doing business in Africa is something which many Western managers and investors often find extremely difficult. Problems include the lack of familiarity with the competitive environment, as well as laws and regulations that are difficult to understand and cases which appear to be erratic and capricious. This confusion does little to ensure the confidence of potential investors.

Attempts have been made to introduce contemporary western approaches based on objective managerial systems, including clearly demarcated and formal employment contracts and recruitment procedures that are ostensibly open to all, but which often fail as a result of deeply embedded perceptions by both managers and employees that they are overly 'academic' and impersonal, as well as containing 'insider' clan or ethnically based group interests (Jackson, 2002).

Common to this growing body of critical literature on HRM in Africa is a concern that, despite considerable diversity in practices, outcomes generally remain suboptimal (Kamoche, Debrah, Horwitz & Nkomba 2003; Kamoche, 2002; Wood & Frynas, 2003; Budhwar & Debrah, 2001; Mellahi & Wood, 2003). The latter represents a product of weakness in political institutions, lopsided economic growth, intense international competition and unfair terms of trade; as well as inappropriate and misdirected foreign aid and the persistence of practices (such as patriarchal authoritarianism within both the firm and the community) that are incompatible with "contemporary industrial imperatives" (Kamoche, 2002:993-5).

Thus, Williams and Hanival (1999:71) indicate that the response of developed country policy-makers to these significant employment shifts has involved an approach that draws on five strategies primarily, even though individual countries have weighted the relative emphasis of each strategy differently. These strategies include erecting high tariffs and quota barriers; re-focusing production on high value/high quality niche markets; work intensification; the re-training of relatively unskilled workers; and modifying production processes and structures of organization and management. Jiao et al., (2003:1) emphasise the same idea and argue that the key to success in these highly competitive battlefields is a company's ability to design, test and market high quality products within a short time-frame and at a low cost. The counter demands for final products create enormous productivity challenges that threaten the very survival of manufacturing companies.

2.5 Conclusion

This chapter has provided existing knowledge in order to help improve an understanding and critical analysis of the impact of HRM practices on the textile and clothing industry in the Southern African Region. This study explores the foundations of competitiveness in an industry which has experienced severe crisis, by considering whether or not this has anything to do with the labour policies being practised. An attempt is made in chapter two to provide a comprehensive literature review (see page 17). The main sections in this chapter focus on the conceptual analysis and understanding of the human resource paradigm. It then highlights and discusses the relevance of the Human Resource Management (HRM) in Sub Saharan Africa. This chapter also provides an understanding of strategic HRM.

The next chapter examines the sustainability and competitiveness of the textile and clothing industry in the SAR. It then highlights the theoretical framework of the study.

CHAPTER THREE: SUSTAINABILITY AND COMPETITIVENESS OF THE TEXTILE AND CLOTHING INDUSTRY IN THE SAR

This chapter has six main sections. Section 3.1 forms the introduction. Section 3.2 provides a brief historical development and policy background of the textile and clothing industry. Section 3.3 discusses the impact of the African Growth and Opportunity Act (AGOA) in sub-Saharan African textile and clothing industries. Section 3.4 discusses the sustainability and competitiveness of the textile and clothing industry in sub-Saharan Africa (SSA). Section 3.5 outlines the theoretical framework. Section 3.6 is the conclusion.

3.1 Introduction

This study seeks to explore existing evidence in order to ascertain what underpins a firm's survival in the textile and clothing industry in the Southern African region during the last five years (from 2005 to 2010) by examining what works in the industry, how it works and what can be done to ensure that things in the industry will perform efficiently in the future. Indeed, this study explores the foundations of competitiveness in an industry which has experienced severe crisis and hopes to discover whether this competitiveness has anything to do with labour policies. The researcher will also discuss the significance of the relationship between labour repression and value added production paradigm as two important alternative strategies or managerial strategies used in the production process on how to help firms survive and remain competitive. In the SAR, the textile and clothing sector plays an important role in economic activities by contributing to the Gross Domestic Product (GDP) formation, investment, foreign exchange earnings, exports and employment creation.

According to Tekere (2001:23), the textile and clothing sector is specific in nature. It employs the highest number of African women in the formal sector. This sector ranks among the leading employers within the manufacturing sector. Further, this sector was the most protected prior to reforms, and - as a result - the textile and clothing industry was one of the hardest hit by trade liberalization.

3.2 Brief historical developments and policy background of the textile and clothing Industry

This section has two important sub-sections. The first sub-section presents the General Agreement on Tariffs and Trading (GATT). The second sub-section discusses the World Trade Organization (WTO).

3.2.1 The General Agreement on Tariffs and Trading (GATT)

The General Agreement on Tariffs and Trading (GATT) was first put into place in 1947. GATT's main function was to promote fair trade among member nations by reducing and regulating trade tariffs and by providing a common way to solve any sort of trade dispute. Although apparel and textiles were not included in this agreement, Kaplinsky and Morris (2006) argue that the effective rate of protection for SSA countries is actually higher than the nominal

tariff rate, hence contributing positively to SSA countries' then current (2001) performance. This section provides a brief understanding of GATT and its effectiveness in terms of promoting trade. However, it is important to note that the textile and clothing industry was excluded from GATT agreement.

Salinger, Bhorat, Flahert and Keswell (1999:11) add that South Africa's industries have long been protected from competition with world markets by high tariff and non-tariff barriers. The effect of these tariff and non-tariff barriers has been to shift domestic demand for inputs from international to South African sources, available at higher domestic prices as a result of border interventions; however, this is no longer the case. This policy of protection has had two effects. First, it makes domestically produced and imported goods more expensive in South Africa than they would be in the absence of these policies. Second, it makes South African exports more expensive on international markets, because of the higher cost of inputs. As a result, the textile and clothing industries in South Africa have been inwardly focused, rather than export-oriented. The above scholars thus illustrate South African industry protectionism and its effects.

3.2.1.1 A history of Protectionism

Protection has a long history in the textiles sector. Quota limitations were first introduced in the 1960s, in response to the emergence of competitive developing country-suppliers, although protection really became institutionalised with the Multi-Fibres Arrangement in 1974 (Francois, Glisman and Spinanger, 2000). A brief outline of protectionism and its progress:

- 1948 General Agreement on Tariffs and Trade (GATT) comes into force. Among its basic principles, it prohibits the use of quantitative restrictions on imports or exports (Article XI) of GATT agreement. It also requires that no trade measures must discriminate between supplying countries (Articles I and XIII).
- 1961 was characterized worldwide by the Short Term Agreement (STA) with exporting countries. It was the first multilateral agreement to formalize restrictions on trade in cotton products. STA provided that countries already restricting cotton textile imports would increase access: so as to avoid market disruption in non-restricting countries, the low cost countries would agree to control export; and an importing country may unilaterally impose restrictions if the exporting country does not. STA was the first multilateral agreement to formalize restrictions on trade in cotton products.
- 1962 was characterized by the Long Term Agreement (LTA), where restricting trade was signed under the auspices of the General Agreement on Tariff and Trade (GATT) replacing a one-year STA. LTA provides for quantitative restraint actions against particular products from particular sources on the basis of market disruption or threats. Nordas (2004:13) adds that the LTA was renegotiated several times until it was replaced by the Multi-Fibres Arrangement (MFA), which came into force in 1974.

- 1974 was characterized by the Multi-Fibres Arrangement (MFA), which was instituted into trade law. The MFA gave the ratifying countries rights to impose quotas on textiles and apparel imports. It covered all textiles and clothing goods, except silk. Initially it was meant to last for four years but was extended several times until December 1994, at which time it was replaced by the World Trade Organization (WTO). According to Flanagan (2003), the objective of the MFA was to allow rich countries time to restructure their textiles and apparel industries before opening up to competition from poor countries. Nordas (2004:13) indicates that the MFA aimed at an orderly opening of restricted markets in order to avoid “market disruptions”.

The Commission of the European Community (CEC, 1990) states that the main objective of the MFA was to stabilize the growth in imports of textile products in certain industrialized countries, in which producers were considered vulnerable to competition from low cost sources. Curran (2008:4) adds that the intention was achieved through quota restrictions based on historical trade, which increased by a limited amount every year. The restrictiveness of the MFA varied across suppliers. Curran further indicates that the characteristic of quotas is very different from the more classic form of trade protectionism-tariffs. Tariffs make imports more expensive; but once the tariff is paid, the level of exports can be as high or low as the market will bear. Quotas fix the absolute size of a country’s bilateral exports and prevent excess exports at any price (Curran, 2008:3).

The manner in which the MFA operated had the unintended side effect of encouraging the internationalization of the textile industry. When dominant suppliers began to reach ceilings in their quotas, production moved to other low cost countries, often as a result of investment from the “tiger” economies (so called ‘quota hopping’) (Rivoli, 2005). In turn, as imports from new sources grew in restricted markets, new restrictions then began to be imposed on these sources and the agreement finally covered a large number of countries, products and markets, while the industry spread across the developing world (Meyer, 2005). One overall impact of the system was to reduce the global efficiency of the industry by encouraging the maintenance of production in ‘sunset’ centres and uncompetitive, but relatively unrestricted, suppliers (World Bank, 2004).

- 1985 was characterized by the establishment of the International Textiles and Clothing Bureau (ITCB). Its April 1985 meeting in Mexico reviewed the situation under the MFA, noting its highly restrictive use. Members supported a full application of GATT provisions to the textile sector with a movement towards liberalization.
- 1993 was characterized by an Agreement on Textiles and Clothing (ATC) which committed itself to phasing-out the MFA. The ATC was hailed as a major achievement of the Uruguay Round due to its plan to eliminate quantitative restrictions against developing countries’ exports, thereby contributing to increasing their export earnings. Nordas (2004:13) points out that the expiration of the MFA did not, however, mean the

end of quotas on textile and clothing exports from developing countries. Instead the MFA was followed by the ATC, which came into force with the establishment of the WTO in 1995. ATC is not an extension of the MFA. Rather, it is a transitory regime between the MFA and the full integration of textiles and clothing into the multilateral trading system.

Agreement on the ATC had initially been considered as a major step forward for developing countries in the Uruguay Round; but as liberalization loomed, several of them became concerned that these impacts would not be universally positive (Rivoli, 2005). Developing countries have a natural competitive advantage in the sector, especially in clothing, due to their low labour-costs. However, within developing countries there are quite large differences in competitiveness. In particular, China was feared to be far more competitive than many others and there were concerns that they would seize a large share of the market, especially in clothing, once the quotas that had constrained their growth expired (Rangaswami, 2005). Additionally, Mayer indicated that this fear was exaggerated; and that several key factors were not being properly taken into account in forecasts (Mayer, 2005). However, uncertainty was at its peak.

3.2.2 The World Trade Organisation (WTO)

In 1994, the WTO replaced the GATT. As a result, it was agreed that on December 31, 2004 the ATC would come to an end; and with it all quotas on apparel and textiles between member states of the WTO (Flanagan, 2003). It would then provide a progressive liberalization leading up to the deadline. In addition to the above information, Curran (2008:3) points out that the textiles trade with industrialised country markets was finally liberalized in 2005, which hardly came as a shock to the market. After decades of protection under various guises, the industrialized countries had finally agreed, in 1995, to liberalize the sector over a ten year period as part of the final agreement of the Uruguay Round. This liberalization had taken place slowly over the intervening years, with a given percentage of trade liberalised in a series of steps. The above scholars highlight that the end of protectionism with GATT and the liberalization of the textile and clothing industry was of significant benefit to exporting countries.

According to Ananthakrishnan and Jain-Chandra (2005:4), the removal of quotas on textiles and clothing in 2005 (under the ATC) was expected to have a substantial impact on major exporting countries. Whalley (2000) argues that this liberalization was seen as being particularly vital to developing countries, as they were the biggest exporters in this sector. Early impact studies generally forecast positive impacts for most developing countries or regions, although negative impacts on Africa, Latin America and Malaysia were forecast.

Illustrating the above, Naumann (2005) explained that, in particular, countries like Lesotho and Swaziland had already been affected by the expiry of quotas under the MFA, which kept away competition from low-cost producers in the key US and European markets. Six clothing factories in Lesotho failed to reopen after the December 2004 holidays, and at least 7,000 workers were expected to lose their jobs. The Swaziland government estimated that a third of all garment industry jobs - about 15,000 - would be lost by mid-year, "because the firms have not received any order beyond that period" (www.irinnews.org, accessed on the 16th May 2010). The MFA

instituted - in 1974 - provided protection to the textile industries of developed countries by imposing quotas on low-cost producers such as China, Korea and India.

In addition to the above, Ananthkrishnan and Jain-Chandra (2005:10) point out that the elimination of quotas on textile and clothing is expected to have a significant impact on the production, exports and employment in the exporting countries on aggregate, and a positive impact on the welfare of consumers in importing countries. They further indicate that for developing countries the net effect will depend on two factors: the terms of trade will deteriorate, resulting in welfare loss-quota-constrained exporters and experiencing an increase in efficiency as the distortionary trade regime is removed. The impact on specific developing countries is expected to be mixed, as the elimination of quotas is widely expected to lead to winners and losers (Ananthkrishnan & Jain-Chandra, 2005:10).

Before discussing the gains in more detail, it is useful to briefly recapture how quotas work. In theory, a quota is equivalent to a tariff and as such it increases the local price of the product in question in the importing country. However, while the increased price in the case of tariffs partly benefits local producers and partly the government through tariff revenue, the increased price due to the MFA/ATC partly benefits local producers and partly accrues to the exporters as quota rents (Nordas, 2004:24). This scholar explained some of the benefits of quota and their impact on local economy.

Furthermore, Nordas (2004:24) indicates that the impact of implementing the ATC has several dimensions. First, there is the political gain related to the credibility of a multilateral trading system at a time when the system is experiencing considerable strains. Second, there are the efficiency gains from eliminating highly distorting quotas that have led to an inefficient global allocation of textile and clothing production. Third, there is the loss of quota rents on the part of ATC exporters. Finally, there is the gain to consumers. This scholar described the benefits of trade liberalization and its impact on economic activities.

Another impact of the quotas (and tariffs) is that when the importing country is large, quotas lower the price of the product in question in unrestricted markets because the large countries' reduced demand is sufficient to reduce total world demand. Thus, it is likely that the MFA/ATC quotas lower the world market price of textiles and clothing outside the EU, the United States and Canada (Nordas, 2004:24). Furthermore, Minor et al., (2002) add that many smaller, less efficient, less-developed countries such as those in SSA were given valuable opportunities under the quota system as they were shielded from open competition. Kaplan (2004) points out that the quota system is important to SSA and is evident when considering the products produced for export in SSA. Products currently produced are those quota-restricted: cotton trousers (jeans) and cotton knit-shirts and blouses. Economist Intelligence Unit (2004) notes that products exported are generally low-price basic items and repeat goods with long production runs, with low value added and few styling changes. This reliance on a few types of products has made SSA vulnerable as a region until the end of MFA quotas, as these countries now face head-on competition from China.

A number of studies estimating the gains from the Uruguay Round were published from 1995 to 1997. The estimates varied somewhat, depending on model specifications, but what they had in common was that a large part of the total estimated gains of the Uruguay Round, ranging from 20% to 50% of the total gains from elimination of quotas on industrial goods, of which the ATC is the most important component (Reinert, 2000). Since most of the liberalization of the textiles and clothing sector is back-loaded to 2005, the estimates should still have relevance. Francois, McDonald and Nordström (1997), for example, find that the impact of eliminating the quotas on the export of textiles constitutes an increase in export volume ranging from 17.5% to 72.5%. The lower percentage only takes into account static gains, while the higher one also takes into account a number of dynamic effects. The estimate of export increases in the clothing sector ranges from 70% to 190% under the same model specifications.

Nordas (2004) adds that the removal of quotas has enabled buyers to source from locations that offer the most competitive products and services, leading to a reduction of sourcing locations. Under these circumstances, for example, a typical importer may reduce its number of sourcing locations from more than thirty (30) to around ten (10) after quota elimination.

Furthermore, Nordas (2004) explained that following the elimination of quotas, China increases its market share by about 50% as shown in the figure 3.2 below concerning clothing. The list of the ten (10) largest exporters remains the same, but the ranking has changed. Nordas also notices that the combined market share of smaller exporters has increased. Both African countries that had preferential access to the market before the phasing-out of quotas, and Latin American countries, are losing market shares. China and India combined took 65% of the export market. China triples its market share while India's market share is quadrupled. All others lose market share and the largest losses are incurred by African countries and Mexico, whose market shares decline by close to 70% (Nordas, 2004:27-30).

3.2.2.1 Market shares before quota elimination, clothing, USA

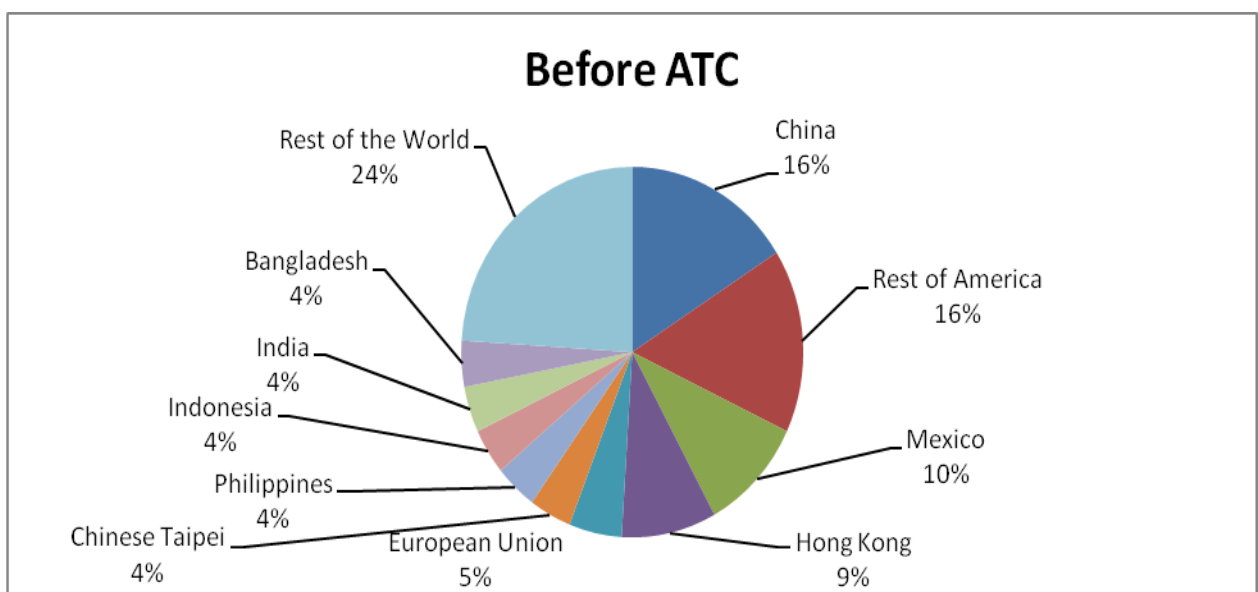


Figure 3.1 Market shares before quota elimination, clothing, USA Source: Nordas (2004:30)

Figure 3.1 presents the market shares before quota elimination of the clothing sector. Figure 3.1 showed that the US market was dominated by the rest of the world, China and the rest of America before the quota elimination on the clothing sector.

3.2.2.2 Market shares after quota elimination, clothing, USA

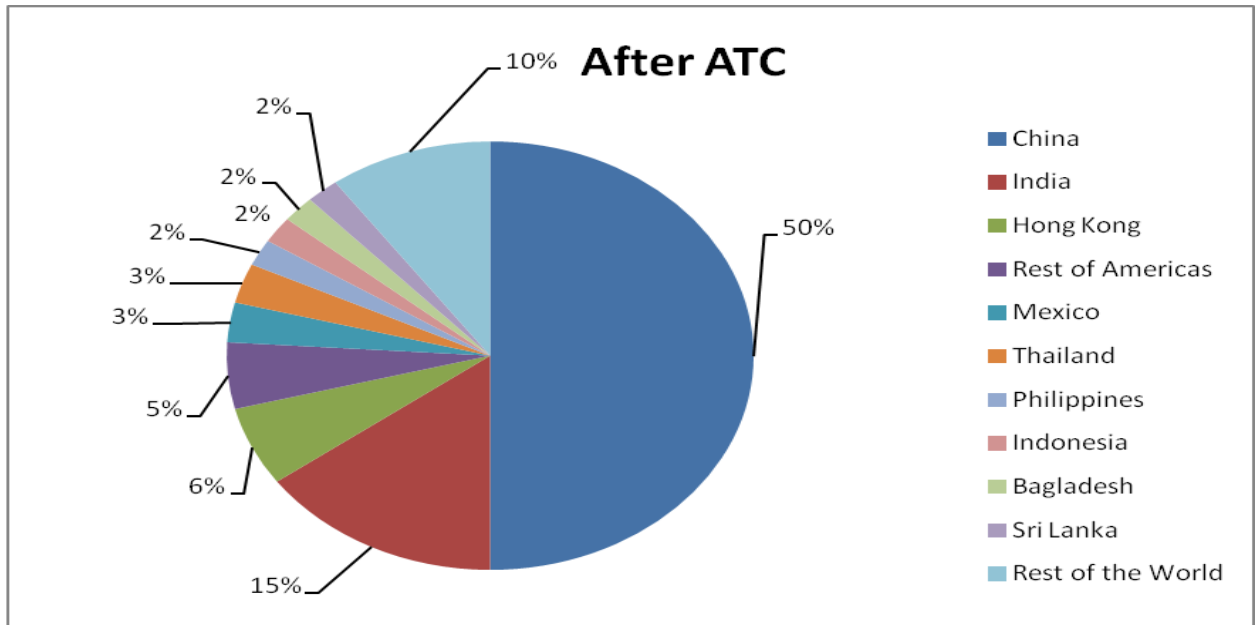


Figure 3.2 Market shares after quota elimination, clothing, USA Source: Nordas (2004:30)

Figure 3.2 presents the market shares after quota elimination of the clothing sector. Figure 3.2 shows that the US market was dominated by China and India after the quota elimination on the clothing sector which represented 65% of the export market. This result confirmed the findings of Nordas’ work, as China triples its market share while India’s market share is quadrupled. It is important to note that the rest of the world, the European Union, Mexico and the African countries are the largest losers.

3.2.2.3 Market shares before quota elimination, textiles, USA

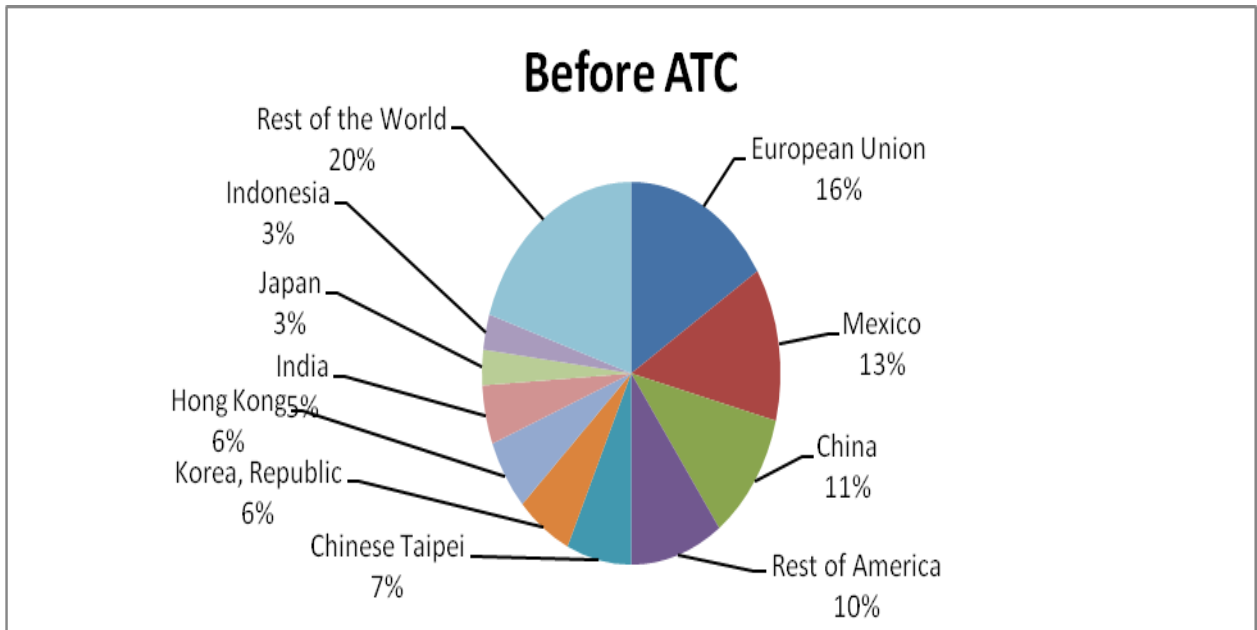


Figure 3.3 Market shares before quota elimination, textile, USA Source: Nordas (2004: 29)

Figure 3.3 presents the market shares before quota elimination of the textile sector. Figure 3.3 shows that the US market was dominated by the rest of the European Union, Mexico, China and the rest of America before the quota elimination on the textile sector.

3.2.2.4 Market shares after quota elimination, textiles, USA

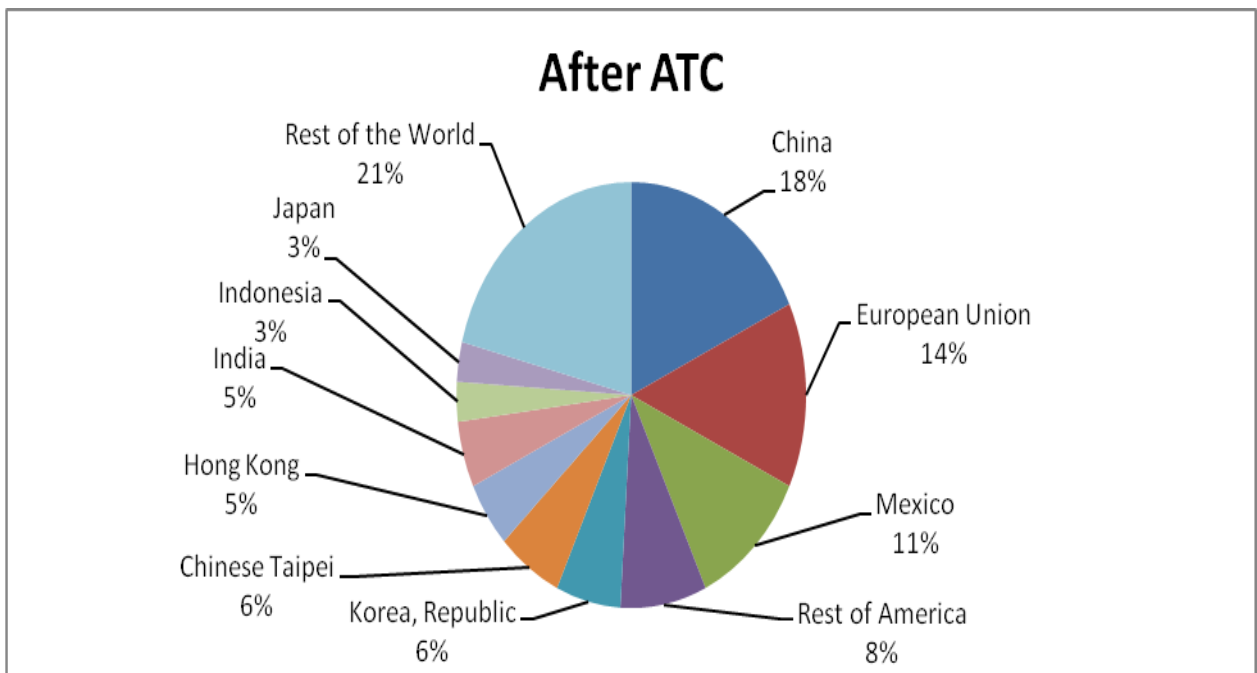


Figure 3.4 Market shares after quota elimination, textile, USA Source: Nordas (2004: 29)

Figure 3.4 presents the market shares after quota elimination of the textile sector. Figure 3.4 showed that the US market was dominated by the rest of the World and China after the quota elimination on the textile sector. In brief, the Chinese textile and clothing industry is doing very well. The above figures provide important details about the dominance of the Chinese textile and clothing sector in the US market after the quota elimination; and how the African textile industry remains misrepresented in the international market. The figures show the reason why African governments should try to put in place strong strategies to promote the local industry's competitiveness.

It is worthwhile considering what makes China's textile and clothing successful. Two important factors contributed to this Chinese competitive advantage: such as currency manipulation and breaking down labour standard or wage repression (low wage). One of the major concerns is how a country such as China, which has become a looming threat to many textiles and apparel producing countries around the world, will behave once quotas are removed. China's exports of clothing have already increased to approximately a quarter of the world total since it joined the World Trade Organization (WTO) in 2001 (De Janquieres, 2004 cited in Morris, Barnes & Esselaar, 2006:8). In the first half of 2004 China sold \$42 billion worth of clothing and textiles (Beware Beijing, 2004 quoted in Morris, Barnes & Esselaar, 2006:8). The above scholars described some vital factors contributing to Chinese textile and clothing success and competitive advantage.

Asian prices are declining, while exports are growing. China has the ability to produce a growing range of items, and has improved its capacity to produce in order to overcome barriers of international quality standards. The availability of cheap, high-quality fabric, both domestically and in neighbouring Asian countries, is also a strong advantage (Robins, Todes & Velia, 2004:15). In the quota-free world, after 1 January 2005, experts predicted that China's share of world clothing exports would double in less than five years (De Janquieres, 2004 cited in Morris et al., 2006:8); and that more than 80% of clothing production may move to China (Beware Beijing, 2004 cited in Morris et al., 2006:8). In addition to the above, Ryder (2006:4) argues that China's competitiveness is based on exploitative wages and the deprivation of workers' rights to organize freely, form independent trade unions and engage in collective bargaining. Labour disputes are rising rapidly in China.

According to Morris, Barnes and Esselaar (2006:8), China's 2002 strategy was to drop prices by more than 40% when quotas on a few product lines were removed, thereby undercutting many of its competitors and successfully increasing its United States market share on a massive scale. However, it is unlikely that China will have the capacity to follow this strategy for all clothing and textiles categories once quotas on all product lines come to an end. Therefore, although it is very important to be extremely wary of (and responsive to) the threat posed by China, these statistics may exaggerate the threat. They further indicate that low wage rates are often cited as the reason for China's success. However, whilst wages in China are very competitive, they are certainly not the lowest in the world (Morris et al., 2006:9)

There appear to be a number of other reasons for China's success in textiles and apparel. This paragraph proposes to discuss only two important reasons. First, *The Economist* (2004) reports that China maintains at least a 15% under-valuation of its currency as it pegs the Yuan to the US dollar. This currency under-valuation has the effect of acting as an export subsidy to industry (The Economist, 2004 quoted in Morris et al., 2006:9). Second, the Chinese government owns 52% of the textiles, and 25% of the country's apparel industry (American Textile Manufacturers Institutes [ATMI], 2003 cited in Morris et al., 2006:9). The government subsidises the output of these industries by providing them with extremely cheap capital, thus allowing individual firms to undercut the prices of their competitors and increase their market share (Barnes and Fleming, 2004 cited in Morris et al., 2006:9). Many believe that these factors combined together provided China with a highly unfair competitive advantage in international trade.

According to Nordas (2004), textile firms in industrialized economies are increasingly producing household and other industrial fabrics, which is generally a segment of the industry generally requiring more intensive technical research and development. The latter is a section of the industry requiring fewer and less frequent stylistic changes. He further indicates that the textile sector is traditionally far more capital-intensive and automated as compared with the clothing industry which consists of spinning, weaving and/or knitting and finishing. These functions are often undertaken in integrated plants. Nordas further pointed out that the lead-times in the textiles sector are generally quite long; and that the capital-intensive nature results in large minimum quantities and less flexibility.

3.3 The impact of the African Growth Opportunities Act (AGOA) to the SSA textile and clothing industry

The African Growth and Opportunity Act (AGOA) is a non-reciprocal, unilaterally determined trade agreement which the US offered to sub-Saharan African countries. The AGOA, which was enacted on 23 May 2000, opens the US market for exports with quota free and duty free access for a period of eight years (ending in 2008) to eligible countries from sub-Saharan African (SSA) exporting countries to the US. The AGOA has been hailed as a major opportunity for sub-Saharan African countries to access the US market on preferential terms (Grynberg, 2004:21). The AGAO report included several recommendations including extending AGOA beyond 2015 - which would "provide potential investors with greater long-term certainty about the programme's benefits" (<http://thewhitakergroup.us/wordpress>) accessed on 13 March 2010. This section tried to access the opportunity provided to the textile and clothing industry to gain knowledge of the US market and its impact.

The AGOA is now set to expire in 2015, unless it is again renewed (Naumann, 2009:1). The US-Africa Growth and Opportunity Act (AGOA) claims to "move Africans from poverty to prosperity by increasing their economic opportunities". Grynberg (2004:21) further indicates that the preferential access for textiles and garments, however, is where AGOA benefits seem most important - given that quota restrictions and tariffs ranging from 15% to 25% for the entry of many garments to the US. The AGOA's importance is underlined by the fact that the US is the world's largest textile product import market (Khanna et al., 2002:67). One of the objectives

of AGOA and its trade concessions is to encourage SSA countries to promote free market institutions and structure, increase trade and investment activities between the USA and SSA and to stimulate economic growth in sub-Saharan Africa (SSA) while facilitating the integration of SSA into the global economy.

In fact, by building on the market access provided by GSP, the AGOA has opened the US market to almost all goods produced in the AGOA-eligible countries and has helped to increase both the volume and diversity of US trade with sub-Saharan Africa. By providing new market opportunities for African exports, especially of non-traditional and value-added products, AGOA has helped African firms to produce higher value products and become more competitive internationally, thereby bolstering sub-Saharan African economic growth and helping to alleviate poverty in one of the poorest regions of the world (United States Trade Representative [USTR], 2008:13). Furthermore, AGOA's continued success will require intensified efforts to promote greater diversification and competitiveness of AGOA trade. The Administration continues to consult with all AGOA stakeholders, including Congress, African governments, the US and African private-sector representatives, and civil society organizations, to discuss ways to improve AGOA implementation and address the many supply-side challenges. While more African countries are taking advantage of the benefits of AGOA, there are still a few countries that have yet to export products under the AGOA (USTR, 2008:14).

To qualify for benefits under the AGOA, countries have to satisfy a range of normative and subjective criteria. Amongst others, it is important for countries to pursue "right" economic and political policies: reduce poverty; fight corruption; protect human rights and the rights of workers and eliminate child labour (Thakoor, 2003:6). On another note, it is also necessary to maintain an effective visa system; legislation to permit US Customs Service access to the countries of export; reportage provisions; full cooperation with the US; complete record-keeping and reports on manufacturing capabilities. However, to benefit from the AGOA it is of the utmost importance that strict rules of origins are adhered to.

The AGOA's rules of origin stipulate that apparel has to be made from US fabric, yarn and thread which is produced in the AGOA-beneficiary SSA countries. However, a special rule applies to LDCs (defined as countries that have a GNP per capita of less than US\$ 1 500 in 1998) that allows these countries duty-free access for apparel made from fabric originating anywhere in the world for a four-year period until September 2004 (Morris, Barnes & Esselaar, 2006:10). The above scholars explained the rules of origin as applied to LDCs under AGOA.

They further indicate that all the AGOA-beneficiary SSA countries (except South Africa and Mauritius) qualify for this rule. Therefore, while clothing exports to the US from SA and Mauritius require a triple-stage transformation (for example yarn to fabric to apparel) in order to qualify for the AGOA, all the other eligible countries are only subject to a single-stage transformation: for example, only the garment has to be made locally and imported fabric can be used) (Morris et al., 2006:10). The above scholars showed that South Africa and Mauritius are required to effect a triple-stage transformation to qualify for AGOA as compared to other SSA countries.

In addition to increasing the number of the AGOA-eligible countries taking advantage of the programme, there is also the challenge of increasing the range of products being traded. With these challenges in mind, USTR requested that the US International Trade Commission (USITC) should initiate a new series of reports examining the factors that affect African trade in key non-oil industries. The new series builds on the 2005 AGOA Competitiveness Report commissioned by USTR. The most recent USITC report, released in April 2008, reviewed a wide range of sectors – eleven (11) in all, including shea butter, spices, footwear, processed diamonds, textiles, and wood furniture, as well as aviation services and communication services. The report identified underlying factors – policies, investments, economic conditions – thus contributing to the growth and development of these industries in sub-Saharan Africa (USTR, 2008:14).

According to the US International Trade Commission (2009a), textile production in SSA is limited and most apparel produced for export is manufactured, using fabric and trim from third country sources such as China, Taiwan, India, and Indonesia. For example, in 2007, approximately 86% of US apparel sourced from SSA was imported free of duty from lesser-developed AGOA beneficiary countries using fabric imported from a third country. SSA apparel producers generally supply foreign retailers in the United States and the EU on a contract basis, with products such as basic T-shirts, jeans, and other commodity-types of apparel that generally do not change in response to fashion trends (USITC, 2009a:129).

SSA countries also have the potential to increase the competitive production of certain niche products which are currently produced and exported (or are used in the production of downstream articles for export). These niche products are diverse. Their production quantities are small and they supply narrow markets (USITC, 2009b:41). There are some products that appear best suited for local and regional consumption. However, such production would also benefit from many of the same types of investments and other measures that would assist production for export outside of the region (USITC, 2009b:42). A summary of the potentially competitive products is provided below.

3.3.1 Products for local and regional markets

This sub-section discusses the range of products for local and regional markets which are the following:

- A number of countries produce cotton, wool and other woven fabrics used for uniforms and work apparel for local and regional sales. The fabric is reportedly not of the quality or variety suitable for uniforms produced for the US market (USITC, 2009b:44).
- Some countries, primarily South Africa, produce knit and woven apparel fabrics of various fibers for use in garments intended for consumption in domestic, regional and smaller non-regional markets. However, such fabrics may not meet the quality or cost demands of consumers in the United States, the EU and similar markets (USITC, 2009b:44).
- A number of SSA countries spin acrylic yarn for local and regional consumption, primarily for use as hand-knitting yarn or blankets. Acrylic yarn, particularly hand-knitting yarn, is bulky and

therefore costly to ship, so it is more economical to produce it locally than to import it from Asia (USITC, 2009b:44).

- A number of countries weave fabric for blankets for local and regional consumption, as well as for sale to relief organizations in the region. Other woven products for local and regional consumption include woven fabric for bedsheets and towels (USITC, 2009b:44).
- Tanzanian firms knit fabric for mosquito-nets that are procured by international relief organizations for local and regional consumption (USITC, 2009b:44).

3.3.2 SSA Clothing exports to the US and EU (US\$m)

The effectiveness of this preferential system in stimulating exports has been the subject of several intellectual enquiries. Much of the scholarly attention has been directed to the rapidly increasing exports of clothing/apparel by Lesotho and Madagascar under the AGOA and the somewhat more general increase of SSA exports to the US under that system (UNIDO, 2004:13). The below table 3.1 illustrates the SSA clothing exports to the US and EU. The researcher chose two countries from the following table 3.1, namely, South Africa and Mauritius. These above two countries are part of this study; and DRC does not export to the US and EU market. The reason for choosing Lesotho and Kenya for example is due to the fact that these countries are in SSA region and are doing well comparatively to the three countries under investigation in this study. It is important to note that Madagascar used to be an important exporter to the US and EU but due to political instability the export level dropped and production in the country faces multiple problems.

3.3.2.1 SSA Clothing exports to the US and EU (US\$m)

Table 3.1 SSA clothing exports to the US and EU (US\$m)

	Kenya		Lesotho		Madagascar		Mauritius		South Africa	
	US	EU	US	EU	US	EU	US	EU	US	EU
1990	2.5	2.5	24.5	5.6	0.4	10.8	121.2	522.7	0	32.3
1991	4.5	6.3	27	18.2	0.1	15.1	97.7	536.5	0.7	72.7
1992	7.8	17.4	50.8	18.3	0.2	18.5	113.1	533.9	2.4	73.2
1993	22.1	10.3	55.1	14.7	1.5	46.3	161.2	501	12.7	75.5
1994	35.2	7.1	62.4	13.5	2.8	92.6	186.2	518.8	34.7	73.4
1995	34	6.3	61.7	12.6	6.7	122	190.3	573.3	16.6	66.9
1996	27.1	3.3	64.9	12.7	11	147.7	164.7	616	60.4	67.1
1997	31.3	2.6	86.5	4.5	15.3	177.1	184.4	658	70.9	62.3
1998	33.5	2.3	100.2	0.8	22	218	233.3	693.2	78.7	69.4
1999	39.3	2.5	110.7	0.2	45.7	213.9	231.6	625.2	96.9	68.3
2000	43.8	1.7	140.1	1.6	109.5	244.7	244.7	638.5	140.9	78.6
2001	64.4	1.7	216.7	3.2	178.2	238.3	238.3	591.2	173.3	96
2002	125.5	1.1	321.1	2.1	89.3	145.6	254.4	642.3	181	68.7
2003	187.8	1.4	392.4	1.2	195.9	127.9	269.0	616.2	231.8	78.0
2004	277.2	3.3	455.9	1.2	323.3	198.2	226.4	640.4	141.3	72.4
2005	270.6	3.1	390.7	0.8	277.1	226.1	166.6	552.4	67.2	51.8
2006	262.9	1.1	387.0	1.1	238.4	291.2	118.8	612.3	46.9	39.5
2007	248.2	1.1	383.5	2.3	289.4	339.6	114.6	659.6	23.9	28.7
2008	247		340		279		102		41	
2009	195		278		212		102		41	

Source: United States Department of Commerce, Office of Textiles and Apparel and Eurosta

What is interesting in the above table is that exports appear in most cases to have peaked over the period 2003-2005 and thereafter declined (in some cases, dramatically so). As above table 3.1 shows in the previous page, Lesotho is the largest African exporter of clothing to the US which is estimated at about US\$ 383.5 million in 2007 with Madagascar as the second largest exporter to the US with US\$ 289.4 million, followed by Kenya with US\$ 248.2 million. Mauritius is by far the largest African exporter of clothing to the EU (US\$ 659.6 million), followed by Lesotho (US\$ 383.5 million) and Madagascar once again in third place at US\$ 339.6 million. As the above table shows, in 2007 SA's exports to the EU substantially exceed its exports to the US.

Production and export of clothing and textiles is concentrated primarily in five SSA countries, Kenya, Lesotho, Mauritius, Madagascar and South Africa. These five countries account for about 90% of sub-Saharan African clothing exports (Gibbon, 2002). Other minor producers include Swaziland, Malawi and Namibia. Sub-Saharan Africa is an insignificant player in the clothing world: all SSA countries combined produced clothing exports worth US\$ 1.65 billion – a minuscule amount if compared with total world exports of clothing at US\$ 226 billion (WTO, 2004). The above scholars confirmed the results in table 3.1 and further explained the actual situation of the textile and clothing industry in SSA.

In 2007, SSA exports of textiles and apparel amounted to US\$ 3.2 billion, the majority of which (82% or US\$ 2.6 billion) was apparel. SSA exports of textiles and apparel combined are primarily destined for the US and EU markets. Ninety percent (US\$ 2.35 billion) of all SSA apparel exports were shipped to these markets in 2007. In contrast, most SSA textile exports (40% or US\$ 225 million) were destined for other SSA markets. SSA textile and apparel exports originate from a few large suppliers, namely Mauritius, Madagascar, South Africa, Lesotho, Kenya and Swaziland. These countries accounted for 93% of SSA apparel exports and 77% of SSA textile exports in 2007 (USITC, 2009a:129).

Since 2001, SSA has experienced a relative boom in clothing and textile production as countries gained duty-free access to the world's largest clothing market, the United States, under the provisions of AGOA. Although thirty-six (36) SSA countries are eligible for AGOA status and can export apparel duty-free into the US, only six countries do so in significant amounts (Sedowski, 2008:33). In addition to the above situation, Sedowski (2008:34) indicates that the introduction of AGOA in 2001 and its associated tariff preferences for clothing has played an essential role in fostering industries in countries that previously did not produce clothing. Many countries in SSA previously had small clothing and textile industries for local production. South Africa's industry is considered the most developed, but has mainly been oriented towards domestic production. USITEC (2005) reveals that in 2002 the total exports of apparel from sub-Saharan Africa accounted for just less than 1% of global exports of clothing and textiles, having increased their share from 0.6% in the 1990s.

During the 1990s, SSA only increased its global share of clothing output from 0.6% to 0.8% (Economist Intelligence Unit, 2004). In 2001, SSA countries accounted for less than 1% of global exports of clothing and textiles. SSA's main trading partners are the United States and the EU. US imports from these countries rose by 85.3% between 1999 and 2002, while EU imports dropped by 5.5% (Gibbon, 2002). Clothing and Textiles account for 2.5% of total US imports

from SSA in 2007 and the vast majority qualified under AGOA (Office of Textile and Apparel [Otexa], 2008). Many smaller, higher-cost, less-developed countries have been provided with valuable opportunities as they have been shielded from open competition (Minor, Velia and Huges, 2002). Preferential trade agreements have allowed SSA to expand its exports. Exports from the region are mainly low-price basic items such as trousers, T-shirts and sweaters that typically have long production runs, low labour content and few styling changes (US International Trade Commission, 2004; Economist Intelligence Unit, 2004).

According to Morris et al., (2006:13), the disadvantage for SSA is that it is not a particularly low-cost location. Further disadvantages include logistics (notably transport costs and longer lead-times), unreliable telecommunication systems and an inadequate physical and technical infrastructure. Thus, as Economic Intelligence Unit (2004) has indicated, many SSA firms will therefore find it difficult to compete in a quota-free environment after 1 January 2005. It is unlikely that AGOA and EU preferences will be sufficient to keep the industry competitive outside of the man-made fibre and woollen clothing sub-sectors where SSA is competitive and where US import duties are high.

The demise of the WTO textile and clothing quota regime in 2005 has also had a strong bearing on the success of AGOA among clothing exporters. Up to 2005, AGOA provided exporters with a massive window of opportunity for supplying the US market with duty and *de facto* quota-free clothing, with the benefits under AGOA representing a substantial preference margin. Since 2005, similar market access remains; but, as is reflected in the data below, the opportunity cost for US importers of not sourcing from Africa has shrunk considerably with the opening of new highly competitive and new quota-free sources of supply (Naumann, 2009:4).

Certain SSA countries are currently producing textile and apparel inputs that are exported to, or used in the production of apparel for export to, the United States, the EU and similar markets. Although these products could be considered competitive, production of such products is limited and is declining in many instances. Generally, the textile and apparel industries in most SSA countries have contracted since 2005, particularly in the largest textile-producing countries - South Africa, Mauritius, and Nigeria. Industry sources indicated that it has become difficult to be cost competitive in the production of yarn, fabrics and finished apparel as compared with large Asian suppliers such as China, India and Bangladesh, in particular, following an increase in competition after the phase-out of quotas in the US and EU markets at the end of 2004. More recently, industry sources reported a decrease in orders, in light of the current global economic downturn (USITC, 2009:19).

These issues lead one to question the sustainability of the textile and clothing sector in Africa, especially considering the vital lifeline it has been granted by AGOA. The fact remains that the clothing manufacture remains a very important industry in many African countries and offers them a relatively easy opportunity for economic upgrading, as they rid themselves of their dependence on agricultural production and raw materials. No other sector can create as many jobs for so little investment. However, the reality is that outside of the low-cost textile producing countries in South-East Asia, the sustainability of the sector depends largely on international market access. AGOA has granted African countries unprecedented market access, in particular

for its clothing exports. More recently, the EU has followed suite with revised Rules of Origin (RoO) in the context of its Economic Partnership Agreements that are as flexible (if not more so) than those under AGOA (Naumann, 2009:6).

According to Allwood, Laursen, Rodriguez and Bocken (2006:3), the sustainability of the textile and clothing industry should be more concerned about the following: the major environmental impacts of the sector arise from the use of energy and toxic chemicals; social concern such as improving social conditions for low-paid workers in developing countries; developing a more sustainable future by predicting the environmental, economic and social consequences of changes in production structure, consumer behaviour, material and process innovations, as well as government influence. Illustrating the above, they further propose that recycling is significant for materials with high impacts in the production phase. Technology innovations may provide a means to extract longer fibres from used textiles. Consumer education is a vital aspect of ensuring that fact based information about the specific impacts of a product are available and understood. Consumers should buy fewer but more durable garments and textile products. When buying new products, they should choose those made with the minimum of energy and toxic emissions, by workers paid a credible living wage with reasonable employment rights and conditions (Allwood, Laursen, Rodriguez & Bocken, 2006:3).

In brief, Flatters (2001) indicates that the commercial interests of US garment buyers were a major force behind the development and passage of the AGOA. As such, the AGOA must be understood not solely as an act of US ‘generosity’, as suggested by Matoo, Devesh and Subramanian (2002), but also as an act of commercial self-interest on the part of key US stakeholders. According to the US Trade Representative (2008:24), until 30 September 2012, lesser-developed beneficiary sub-Saharan African countries may use third-country fabrics and yarn in apparel wholly assembled in their own countries, thus still qualifying for duty-free and quota-free treatment. Apparel is imported under the Special Rule for lesser-developed countries.

3.4 Sustainability and competitiveness of the textile and clothing industry in sub Saharan African (SSA)

This section has two important sub-sections. The first sub-section discusses the competitiveness of the textile and clothing industry. The second sub-section discusses strategies for the textile and clothing industry.

3.4.1 Competitiveness of the textile and clothing industry

This sub-section has four important focal points. The first point discusses the actual situation of the textile and clothing industry in SSA. The second point presents the Mauritius textile and clothing industry. The third point presents the South African textile and clothing industry. And the fourth point presents the DRC textile and clothing industry.

As indicated by Naumann (2002:1), the clothing production to a large degree deals with cut, make and trim (CMT) activities, including garment manufacture, furnishings (for example bed-sheets, curtains), industrial (including tents and tarpaulins), CMT-related activities and embroidery. The textile industry's production boundaries, as used in this study, include fibres,

non-wovens, spinning, weaving, fabric knitting, dyeing (dye houses of commission printers only), knitwear, hosiery, tufting, coating, woven and knit packaging, narrows, ropes and twines.

In addition to the above, Morris et al., (2006:6) describe that clothing is suited as a first rung on the industrialization ladder in poor countries. However, it has been difficult for poor countries to create backward linkages in the sector and therefore the import content of the clothing industry is typically high in developing countries. Parts, components and semi-finished goods often cross the border several times before the final products reach the consumer. This means that tariff rates have a multiplicative effect on costs, rendering the industry very sensitive to tariffs. Indeed, this textile and clothing industry has undergone many structural pressures in the Southern African region and there is a need to explore and critically analyse the firms that survive. This is the reason why this study seeks to explore the competitiveness of the textile and clothing industry in SAR and tries to understand what enables a firm to survive and what should be done to ensure that things work better in the future.

3.4.1.1 What is the actual situation of the textile and clothing industry in SSA?

The first focal point presents the actual situation of the textile and clothing industry in SSA. The African textile and clothing industry is in a state of crisis. Domestically it has been hit by imports (in particular from Asian countries) with which it is difficult to compete. Not much of the once impressive textile and clothing sector, built during the phase of import substitution, is left. It has been compromised on foreign markets, where it had made some inroads in recent years, and where fierce competition among suppliers is now threatening exports from Africa (Jauch & Traub-Merz, 2006:9). Besides the above, Vlok (2006:233) adds that the principal reasons for the decline in the industry are structural, but that the current crisis was largely caused (and the long-term survival of the industry seriously threatened) by a sharp surge in imports, especially from China.

In illustration of the above situation, Muradzikwa (2001) found that the massive import of Chinese garments provides a means of cheaper clothing for the poorer sections of the population. It also reduces the market share of local producers who could be forced out of business. Indeed, this could lead to a case of de-industrialisation. In the view of the above, he further indicates that these illegal imports have devastating effects on clothing and textile producers in the region. Indeed, in some countries (such as Malawi and Zimbabwe) de-industrialisation is, or has occurred, because of such imports. Strict controls at border posts (where most of the smuggling takes place) need to be enforced and complemented by increased human resource capacity so as to stamp out corruption and enhance efficiency of control (Maradzikwa, 2001:13).

In addition to the above situation, the US International Trade Commission (USITC) (2004) overview of emerging global competitiveness trends in the global clothing industry concluded that China has a major competitiveness advantage derived from a combination of low wages and high productivity, as well as the production of high-quality and low-cost inputs. According to the commission, China is regarded “among the best in making most garments and made-up textile articles at any quality or price level” (USITC, 2004: xiii; Morris, 2006 quoted in Jauch & Traub-Merz, 2006:45-46).

This industrial competitiveness requires that they combine low wage costs and high-quality equipment. According to Jioa, Qin Hai and Tseng (2003:1), the key to success in these highly competitive battlefields is a company's ability to design, test and market high quality products within a short-time frame and at a low cost. This requires skills. These counter demands for final products create enormous productivity challenges that threaten the very survival of manufacturing companies. By contrast, Morris et al., (2006:6) contradict the above by saying that the clothing industry is more suited to developing countries as it offers entry-level jobs for unskilled labour. Furthermore, relatively modern technology can be adopted at comparatively low investment costs. Morris and Barnes (2009:2) add that, in general, more complex, higher value-added tasks remain in developed countries with higher-paid skilled labour, while less skilled tasks have moved to low cost locations, mainly in the developing world. Nonetheless, firms from high-wage developing economies are finding it increasingly difficult to retain a competitive edge in a progressively global market place. These firms have constantly to confront the competitive challenge from firms in low-wage, industrializing economies that are able to produce more cheaply.

In addition to the above, USITC (2009b:47) shows that SSA countries also face severe challenges within their infrastructure, such as inadequate power and water supply, and inadequate transportation networks. Other factors that inhibit competitive production of textile and apparel inputs include insufficient and high-cost capital; lack of a skilled workforce; lack of knowledge regarding regional and foreign markets; and outdated machinery and equipment in many of the existing textile mills.

One of the major challenges facing SSA countries is cheap foreign competition. Current and potential future production of textile and apparel inputs is due to the lack of demand for such products in the region. Generally, SSA countries have an insufficient base of apparel manufacturing through which to develop and sustain upstream production of yarn, fabric and other inputs. A thriving and relatively stable apparel manufacturing sector is considered an important competitive factor for the production of textile and apparel inputs. Because textile and apparel input manufacturing is relatively capital intensive, textile and apparel input producers require sufficient levels of consistent demand in order to produce efficiently (USITC, 2009:19).

SSA countries also face severe challenges concerning the current state and development of their infrastructure. Infrastructure constraints not only raise the cost of existing production, but also deter significant new investments in capital-intensive yarn and fabric-producing industries. Such infrastructure constraints include unreliable and costly electricity; insufficient supplies of clean water and lack of waste water treatment facilities for textile-finishing operations; and poor road, rail, and port infrastructure (USITC, 2009:20).

A number of other factors inhibit the competitive production of textile and apparel inputs in the region. Such factors include the high cost and lack of access to capital; an insufficient supply of skilled workers; a lack of regional and foreign market knowledge; and obsolete machinery and equipment in many of the existing textile mills. Additionally, although cotton is grown in large quantities in the SSA region, the quality of some of the cotton is diminished through contamination. Furthermore, although SSA countries produce primarily cotton-based textile and

apparel inputs, in part due to the ready supply of local cotton, AGOA trade preferences offer significantly larger duty savings for manmade-fiber products, which face higher US import tariffs than do cotton products. The underdevelopment of the manmade-fiber textile and apparel sectors in most SSA countries prevents them from taking full advantage of the benefits afforded by AGOA (USITC, 2009:20). Thus, the next sub-sections propose to briefly describe the textile and clothing industry in the three countries under investigation.

3.4.1.2 Brief description of the Mauritius textile and clothing industry

The second focal point introduces the Mauritius textile and clothing sector. According to USITC (2009:103), Mauritius stands out among SSA countries as a favourable place to do business in terms of institutions, infrastructure, and investment. It ranks 24th globally out of 181 countries in the World Bank's Doing Business 2009 database. Mauritius is the highest ranking of any SSA country. Openness to Foreign Direct Investment (FDI) in all sectors of the economy has provided the Mauritian apparel industry with access to the latest technology and also market linkages. Today, textile and apparel producers in Mauritius benefit from longstanding relationships with customers in key European markets. One industry source noted that firms in Mauritius have a competitive edge over Asian competitors because they are culturally closer to Europe and can "feel" what the customer wants.

In addition to the above, the successful development of a competitive and diversified apparel industry over the past 30 years created demand for backward linkages in the production of textile and apparel inputs. Apart from South Africa, Mauritius has the most vertically integrated textile and apparel sector in SSA. Mauritian producers were able to reposition themselves following the final phase-out of quotas to maintain their competitiveness as global suppliers of apparel, even after several foreign firms closed their Mauritian operations in 2004. Because investment in the Mauritian textile and apparel industry is overwhelmingly local, ownership in the sector is seriously committed to the long-term strength of the industry. This commitment stands in striking contrast to the apparel sectors in several other SSA countries, where apparel production is largely conducted by foreign firms operating basic cut and sew operations (USITC, 2009:103).

Furthermore, the government of Mauritius is committed to preserving textile sector employment and has worked with the industry to develop a market sustainability strategy. The strategy includes decreasing direct competition with Asia by moving away from basic textile and apparel articles and moving up the value chain to produce fashion and semi-fashion goods with short runs and shorter lead times, thus increasing the range and styles of product offerings. Another goal of the strategy includes diversifying target markets beyond the United States and the EU to South Africa, India, Australia and Russia. Thus far, market diversification has been somewhat successful; for example, in 2007, South Africa was Mauritius's third-largest export market for textile and apparel inputs (USITC, 2009:104).

Most of the companies operating in the Mauritius apparel industry are locally-based, contrary to the experience of other countries which only recently began apparel production (for example Lesotho and Swaziland, where foreign, and especially Taiwanese, companies dominate); more than 65% of Mauritian manufacturing companies are locally-owned, according to the Mauritius Industrial Development Authority (MIDA) (<http://www.cleanclothes.org/component/content/article/7-resources/1097-mauritius-no-paradise-for-foreign-workers>, [Accessed 9 December 2011]). Most importantly, although legal minimum wages were the same in the Export Processing Zone (EPZ) sector as in the rest of the economy, minimum wages for women were fixed at lower levels (Hein 1988; Wellisz and Saw 1993).

According to the report by the Centre for Research on Multinational Corporations (SOMO) (2001), the minimum wage is between 1600 and 1800 rupees (US\$ 53-60) per month. Most workers interviewed earn above the minimum wage, using overtime and bonuses to boost their pay packets to between 2000 and 5000 rupee (US\$ 67-167) per month. During the interviews, the workers complained that they were barely able to make ends meet on their meagre wages. One women worker asked: "This salary is very, very low. How can we support children, we can't even pay for their schools?" Lately, workers in factories which have lost orders have seen a substantial decrease in their monthly income. Without the hours of overtime they cannot make enough money for themselves and their dependents. Jobs in the garment industry are among the lowest-paying in the Mauritius economy (compared to mining, electricity and water, transport and construction), and do not offer much scope for advancement. All these factors have led to increased frustration among the textile and clothing workers.

Joomum (2006) confirmed the above findings as Mauritians, especially the young generation, do not see working in factories as a viable career option. Many consider the working hours to be too long and the salary too low, considering that they are now more educated than the previous generation and that they can have access to further technical training to apply for jobs in Information Technology or the tourism sector. He further indicates that the textile and clothing sector has employed and is still employing a majority of women. Women, who were traditionally seen as housewives and who did not even get access to formal education, represented an important pool of labour for industrialists. With the advent of the EPZ, men were no more the sole breadwinners. Women were also (and still are) bringing in income for their families. This has obviously effected a change in the role of women - from being docile housewives to independent income earners (Joomum, 2006:201).

Indeed, Bräutigam (2003) adds that Mauritius has successfully diversified into an export-orientated industrial economy. This represented the product of skilful domestic policy reforms combined with inward investment, thus shedding new light on how such interventions can transform a national business system. In this instance, the creation of a duty-free Export Processing Zone (EPZ) in 1970, and the consequent influx of Chinese investment, resulted in close connections between Chinese and local (often ethnic) Asian enterprises, which in turn led to successful export-oriented industrialization.

The government of Mauritius is aware that there is a need for labour with multiple skills for greater production flexibility and increased productivity. With the expected closure of various production units, the government anticipated the need to re-skill the retrenched workers to facilitate their mobility and redeployment, both within and outside the textile sector. This role had to be carried out under programmes created by the Industrial and Vocational Training Board (IVTB) in collaboration with the Export Processing Zone Development Authority (EPZDA) (RATES, 2005:32). The University of Mauritius has thoroughly revised two bachelor degree programmes in textiles and has added a significant component of Information and Communication Technologies (ICT) to boost student intake. The programmes, however, still lay emphasis on the latest technologies in design, production and e-business. The government, recognizing the importance of human capital for wealth creation, has set up the Human Resource Development Council (HRDC) to promote human resource development in line with national objectives (Rosunee, 2005:6).

McNamara (2008:47) indicates that despite having an unemployment rate of 10%, Mauritius suffers from a labour shortage in the EPZs. “The wages are poor and the hours are long in the EPZs”. One other important advantage of imported labour is the commitment to a three-year contract. To minimize the impact on local jobs, the government now requires 75% of workers in a factory to be Mauritian.

According to Rosunee (2005:7), Mauritius also has a comprehensive labour legislation governing industrial relations. These are marked by dialogue among trade unions, employers’ organisations and government agencies. Trade unions and Non-Governmental Organizations (NGOs) play an active role through seminars and workshops so as to educate workers and train their leaders. They participate fully in tripartite negotiations to safeguard the rights of workers. Government, together with the unions and the private sector, is examining the possibility of setting up an appropriate forum to foster industrial relations and promote social dialogue on a permanent basis. The textile and clothing sector, as well as other sectors, has derived immense benefit from this enduring conducive social environment.

In the mid-90s a new phenomenon, the employment of foreign workers, led trade unions to express their fear of the future for local workers. The foreign workers from China and India mostly worked longer hours and were considered more productive than the locals. Trade unions now try to assist the same foreign workers against whom they had vehemently fought a few years before. Many foreign workers, especially the Chinese, claimed that they were badly treated in Mauritius. They pointed out that they were living in inhumane conditions in their dormitories. Some also claimed that they were underpaid and that their recruiting agents were robbing them. There have been cases of strikes and even riots, which resulted in police intervention. In such instances, Mauritian trade unionists intervened as moderators and attempted to solve the conflicts (Joomum, 2006:208).

Despite the numerous challenges facing Mauritius as a small, comparably high-cost, and export-dependent producer, Mauritian textile and apparel producers have managed to remain competitive by upgrading capabilities and moving into higher-value-added sectors of production. Mauritius has one of the most vertically integrated sectors in SSA in terms of upstream production of yarn and fabric and the industry has also been successful in adjusting to buyer demands by providing downstream services such as design and innovative fashion, as well as moving into higher value garments. Mauritius has university-level training programmes for textile engineers, and the industry has also brought in European consultants to assist the industry with improving design capabilities (USITEC, 2009:102).

The availability of local yarn and fabric, combined with regular air flights to the EU (owing to the Mauritian tourism industry) allows Mauritian firms to compete in this short-lead-time market segment. Fast fashion garment production is generally for mid to high-end retailers, enabling manufacturers to recoup the higher costs associated with production and shipment of such goods (USITEC, 2009:102). Star Knitwear indicated that it is able to produce fast-fashion garments for EU retailers with lead-times as short as two to four weeks. Working with lead-time and quality advantages allows the firm to be competitive, even though its prices can be 30% higher than China's prices. Other Mauritian garment manufacturers have moved into the production of higher-end fabrics and garments (USITEC, 2009:102). For example, some Mauritian firms are making fashion jeans, which differ from the basic jeans commonly produced in the region in terms of the level of finishing detail and the quality of fabric used. Mauritian garment manufacturers are also adopting green strategies of production, moving toward a more sustainable industry. RT Knits, for example, uses green energy sources, such as solar panels and wind energy, to reduce its long-term costs of production. Movement towards green production methods helps producers to stay ahead of international buyers' environmental and social compliance requirements (USITEC, 2009:102).

In addition to the above, Rangaswami (2005) shows that there are three main categories of apparel buyers: Retailers (such as Gap, Hennes & Moritz, etcetera) that sell own-label clothes in their own stores and usually, but not always, sub-contract the manufacturing; Marketers (such as Nike and Liz Claiborne) who specialize in design and marketing functions and contract all the actual production to others, despite not having their own retail outlets (apart from a small number of flagship stores and to brand manufacturers and marketers - such as the Sara Lee Corp) who manufacture apparel in their own factories as well as sourcing from unrelated factories; and whose products are sold mainly by third party retailers (Rangaswami, 2005). In the first group, big retailers selling own-label garments are increasingly in control of their supply chains, performing the same function as marketers and manufacturers in terms of product design and development, followed by production which is contracted out to overseas suppliers. This trend is sometimes referred to as "vertical retailing" (Gereffi and Memedovic, 2003).

Participation in global markets is a necessary condition for sustainable economic development and poverty reduction. The extent and type of participation of any country is largely the result of its own policy choices. Countries that have pursued liberal and relatively open trade policy regimes have performed much better than those that have not. No country that has closed itself

from world markets has ever achieved rapid economic growth (Flatter, 2002:1). He further indicates that the textile and garment industry in Mauritius is predominantly export-oriented. A large part of the economic success of Mauritius over the past three decades can be attributed to the policy environment which has facilitated easy and low cost access to world markets for inputs and outputs. This permitted Mauritian-based textile and garment producers (and those in many other sectors as well) to become internationally competitive. Access to duty-free imports and other Export Processing Zone (EPZ) privileges made a significant contribution to the growth of the Mauritian textile sector (Flatter, 2002:5).

According to McNamara (2008), Mauritius benefits from two preferential trade agreements: (A) the Cotonou agreement, which allows duty-free exports to the EU (a 12% advantage) and runs until 2020. (B) Thanks to the determined lobbying of US Congress by the Mauritian government in 2004, Mauritian companies could produce garments from imported yarn and still benefit from AGOA. Since September 2005, garments in Mauritius must be manufactured using yarn produced in Mauritius or Africa in order to qualify under AGOA, (unless a yarn is in “short supply”). As the majority of yarn used is imported from China and India, this is a major barrier to the US market (McNamara, 2008:43)

In a more fundamental sense, however, import taxes increase the attractiveness of the domestic production of import-competing goods, hence diverting resources away from sectors where a country has comparative advantages, namely the export sector (Subramanian, 2009:9). The neutrality of incentives was achieved through a high dose of intervention on both imports and exports (‘heterodox opening’). On the one hand, imports were restricted through high trade barriers; on the other, to offset this intervention, extensive and selective intervention occurred on the export side. In this sense, it appeared to follow the dirigiste approach of Korea, Taiwan and Japan - rather than that of Singapore and Hong Kong and SAR (Subramanian, 2009:11).

Mr François Woo, Managing Director of Compagnies Mauricienne de Textile quoted in Joomum (2006:209), stated that the challenge of the textile and clothing enterprises should always be to surpass competitors like China; and that the remoteness of Mauritius from its markets is a definite disadvantage. He therefore made an appeal to all stakeholders and especially to freight forwarders to lower their prices and to be pro-active in helping the textile and clothing sector to survive in Mauritius. Trade unions and workers from the sector are desperate that the remaining factories will not have to close down even though they know that there is little they can do to prevent further closures (Joomum, 2006:209). A number of manufacturers (mainly those who have not restructured) are closing down. The main arguments are that the cost of labour and that of utilities is quite high and that the productivity rate is too low (Regional Agricultural Trade Expansion Support or RATES, 2005:2).

However, Mauritius is not only in competition with Eastern Europe. According to the managing director of a small factory in Mauritius, "Capacity throughout the world has gone wild". Global competition is taking its toll as "retailers can push the manufacturers against the wall". In addition to other African nations, competition comes from manufacturers in South-East Asia, with their high-volume-output, low-labour-cost garment industries (SOMO, 2001).

In addition to the above, Rosunee (2005:1) indicates that with trade liberalization, the Mauritian textile and clothing industry is now faced with a number of short and medium-term challenges, on both the internal and external fronts. These relate mainly to the elimination of trade preferences, exchange rate fluctuations, the relatively slow pace of restructuration and diversification, increased competition from low-cost manufacturers, rising costs of air and sea freight, and low penetration of new markets. He further adds that despite the volatility of textiles and clothing, Mauritius has been quite successful in preserving market share. Unfortunately, the removal of preferential access to traditional markets threatens to undermine the industry and thus limit Mauritius's growth. The restructuring of the industry is high on their government agenda and a number of policies, including diversification, are being pursued (Rosunee, 2005:3). Mauritian manufacturers maintain that the future of the sector is threatened by exporting giants like China and India. During the first quarter of 2003, Chinese clothing exports to the US increased by 27%, with quotas and duties still in place. What would the growth of Chinese exports be without quotas?

Lance Wickman, Chief Operating Officer of Enterprise Mauritius quoted by McNamara (2008:44), says that the problem lies with the government body that manages the EPZ's: "The whole textile industry here is based on preferential textile agreements. This does not lead to a healthy, competitive textile market." He argues further that "management has been mediocre and there is a lack of strategy. In the last five years almost all the foreigner owned companies have pulled out. Mauritian companies have closed too, especially the smaller ones. We expect only the big companies to use technology, adding value and establishing good customer relations to survive" (McNamara, 2008:44).

Mauritius is thus at a critical juncture for determining whether its textile and garments industry has a future. Marcel Wing, an analyst at the Ministry of Industry says: "Now that Chinese quotas are continuing, buyers want to diversify. Some of them are coming back, gradually, to Mauritius." The government and the industry are both well aware that time is limited if Mauritius is to identify ways for its garments companies to survive (McNamara, 2008:44).

In addition to the above findings, the Regional Agricultural Trade Expansion Support or RATES (2005:2) indicates that one of the hopes to maintain a sustained development for the Mauritian textile and apparel sector is that the lobby for Mauritius' eligibility for third country fabric derogation has been successful. On the regulatory side, the government has provided quite a number of incentives in this sector. Considering the opening up of opportunities in the region, the Mauritian Government has even provided tax incentives to Mauritian business operators to invest or relocate in the region.

On the one hand, the current situation in this sector is related to the external environment, which does not favour further development in the textile and apparel sector. On the other hand, the scope for sustained development in the Mauritian textile sector will greatly depend on a number of factors: the willingness of companies to modernise rapidly, the capacity for companies to adapt to change and the lobby carried out at the AGOA level for the third country fabric derogation – as well as the outcome of the ACP-EU negotiations (RATES, 2005:2). An

institutional support provided by the Mauritius government includes the Export Processing Zones Development Authority (EPZDA), a parastatal institution which was set up to address critical issues related to the successful transition from a labour-abundant to a skills-intensive economy (RATES, 2005:29).

According to the EPZDA the institution has been closely monitoring the whole of the export processing zone sector (of which the textile and garment sector represents a large proportion) and has a number of programmes in line with their objectives; Textile Emergency Support Team (TEST) is a high-powered committee set up in 2001 to examine why the textile and garments manufacturing companies have been deteriorating. The role of the TEST (a joint private/public sector initiative which assists enterprises) was to re-structure the textile and apparel sector leading to the enhancement of their international competitiveness (RATES, 2005:29).

The TEST functions on the principle of mutual commitment and a shared vision for the improvement of the textile and clothing sector. The TEST reports to the Policy Intervention Committee on Textile (PICT). The role of the PICT is then to examine and intervene on policy issues based on results from TEST's analysis. One of the first actions of the TEST programme was a diagnosis of enterprises through productivity measurements. The TEST then generated productivity indicators, from which a confidential and personal report was sent to the various enterprises (RATES, 2005:30).

Concerning financial management, a Corporate Debt Restructuring Committee (CDRC) has been set up by the Bank of Mauritius to assist TEST companies in financial restructuring. On the marketing front, the body presently responsible for the promotion of exports is the Mauritius Industrial Development Authority (MIDA). MIDA (formerly MEDIA) which used to be the investment promotion, as well as the marketing body, mainly for EPZ products. With the separation of their respective roles, MIDA has focused more on the marketing of Mauritian exports (RATES, 2005:31-32).

3.4.1.3 Brief description of the South African textile and clothing industry

The third focal point introduces the South African textile and clothing sector. Before democratization and South Africa's integration into the world trading system, the clothing and textiles industry (like many others) was focussed on import substitution. The industry was highly protected and focussed almost exclusively on the domestic market. This allowed inefficiencies to go unchecked, and resulted in a failure to become internationally competitive (and, therefore, a failure to develop significant export capacity) and a concentration of production in low value added products. Nevertheless, a number of high quality, high value added producers, such as the manufacturers of men's formal shirts, suits and other tailored garments came into being and achieved success both in the domestic and in the export markets (Vlok, 2006:227).

It is thus clear that successful South African companies have shown their ability to compete effectively, both in the South African market or internationally, in differentiated higher value added products. In both the areas of design and specialized production the companies have been able to penetrate the markets of advanced industrial countries. This has been achieved on the basis of a niche market (Maree, 1995:81). Maree further indicated that the future of the spinning, weaving and finishing segment of the South African textile industry (and quite possibly for others) rests on the development of the higher value-added, differentiated product end of the spectrum and not the basic commodity end. This would most probably ultimately mean a decline in the production of basic textile commodities in South Africa, even though every effort must be made to try to ensure that it is preceded by expansion of growth and employment of higher value added textile products (Maree, 1995: 81).

In addition to the above, Thoburn and Roberts (2002:56) found that the increased competitiveness of South African textiles has not been accompanied by falling wages until very recently. Vlok (2006) points out that the majority of South African workers in the industry are weekly-paid or “blue collar” workers. Wages are very low. Westhuizen (2006:1) describes that prior to employment loss; South African workers in the clothing industry were low wage-earners who increasingly found themselves to be the sole breadwinners as jobs in other sectors had been lost, which has meant that - since these workers’ employment loss - such households have been pushed into poverty. Thoburn and Roberts (2002:56) add that the downward pressure on wages exerted in the clothing sector, particularly among foreign investors in decentralized areas and exporting to the US market, may be difficult to resist - whether by government through the enforcement of minimum wage legislation, or by unions.

The industry needs a longer-term sustainable solution. This exists in the form of the Customised Sector Programme (CSP), designed and agreed on by SACTWU, business and government. This sector development strategy aims to move the industry away from competitiveness based only on price, and towards improved productivity, work organisation, skill levels, machinery, quality and delivery times (www.sactwu.org.za, Accessed on 24th October 2011). This strategy will add value to goods and give manufacturers a greater opportunity to get their products to local retailers while at the same time securing a higher wage for workers.

The CSP is expected to develop and modernise the textile and clothing industries and to put the industry on a path to higher competitiveness. It embraces the following aspects: domestic market development; promoting exports; competitiveness by upgrading technology and investment; upgrading skills; empowerment and pursuing partnership approach (www.textfed.co.za, Accessed on the 24th October 2011).

According to Vlok (2006:244), SACTWU is engaged in a wide range of efforts to enhance the industry’s competitiveness and shift it to a sustainable long-term growth path. SACTWU proposed the following four packages containing twelve programmatic areas. These measures deal with demand and supply-side issues, and trade as well as social policy concerns. The first package of proposals is to introduce temporary safeguard measures regarding specified Chinese imports for a defined period, to help stem the surge of imports and to improve controls over illegal imports entering the country. The second package of proposals addresses the opportunity

of reorienting consumer buying towards local products, through promotional campaigns aimed at consumers and agreements with major retailers to build partnerships with local industry and source more of their goods from local manufacturers. It also looks at the potential for fashion tourism and opportunities in export markets. The third package of proposals addresses the need to strengthen the supply-side performance of industry, through provisions dealing with supply-chain management, quality, design and product innovation, raw material cost reduction and increased investment. The fourth package addresses human resource development and provides a sustainable set of employment practices.

Furthermore, Westhuizen (2006:17) adds that the Department of Trade and Industry and SACTWU regard production for international niche markets in value added apparel as the future for the industry. This idea centres on the design and marketing of niche fashion items for the international market, produced by flexibly organized factories that can accommodate frequent style variation and small orders.

In addition to the above, the South African clothing, textile and footwear industry is experiencing serious harm in the form of retrenchments, decreased production and sales, as well as declining profit and the closure of manufacturing operations that have been operating for several decades (Brink, 2006:12). He further indicates that the South African industry cannot compete with the prices of the Chinese imports. He considers the following to be the reasons: the MFA lapsed with effect from 1 January 2005, which had the effect of removing the remaining trade quotas on textile and clothing, providing China with the opportunity to export any volume of products it desired; unfair competition from China resulting from a deliberate undervaluation of the Chinese Yuan. This increase in competitiveness has caused decreasing imports and increasing exports, which has led to a very significant trade surplus for China (Brink, 2006:12). According to the South African Clothing and Textile Workers Union (SACTWU, 2010), more than 70 000 jobs have been lost in the South African textile and clothing industry since the beginning of 2003. At the core of the problem there is devastating competition from other countries, especially China - where wages are lower, labour rights are much weaker and different kinds of policies are used to keep costs artificially low. A second enormous challenge is for the South African industry to modernise, innovate and invest in the future (www.sactwu.org.za, Accessed on 18th May 2010).

Furthermore, Tamba (2010) states that imports of Chinese clothing products increased by 335% from 2002 to 2004. China is the most important source of South Africa's clothing imports (74.3%), followed by India (5.4%). Imported products have dominated the local textile and clothing market and thus seriously threaten the survival of local manufacturers. It is estimated that the volume of illegal imports is almost the same as that of legal imports, thus presenting significant challenges. (<http://www.slideshare.net/click2tman/south-africa-textiles-70>).

Equipment, combined with new technologies, has been essential for the development of direct and indirect textile exports and has tended to be labour saving. What is important is for textiles to be internationally competitive in order to export products and to survive against import competition (Thoburn & Roberts, 2002:56). This is also important in the sector's role as an upstream supplier for garment exporters. Enhanced textile competitiveness would support the

considerable potential of the garment sector to create jobs. Whether such low-paid garment jobs offer a longer term key to sustainable development – given the competition for investment from neighbouring low-wage countries and the direct competition from low-wage producers in Asia – is an important question for the future. For the moment they certainly offer a useful way of making an immediate impact on South Africa's unemployment, especially in rural areas. But the export garment industry is threatened by changes that are likely to occur after the end of the MFA in 2005, and the end of the US bilateral agreement with China in 2008 (Thoburn & Roberts, 2002:56).

According to Naumann (2005), the Southern African clothing and textile industries need to re-strategise if they are to compete in a quota-free global market. They should market their products regionally, availing the benefits from tariff free zones created by the Southern African Development Community (Naumann, 2005. www.irinnews.org, Accessed 16th May 2010).

As global contract manufacturing has marginalized the role of domestic clothing manufacturers, firms have had to change their focus in order to survive. Firms have responded by making marketing and operational changes, for example just-in-time (JIT), quick response, team-based manufacturing, bolstering technological innovation and making quality improvements as well as outsourcing (Taplin et al., 2003). The production of basic styles with long production runs, few colours or styling changes has been moved offshore, leaving developed economies to compete in markets that demand quick response manufacturing, fashion items and speciality garments. This change in focus has made it essential for developed economy firms to invest in technology and staff expertise, as well as in more efficient processes, in order to compensate for higher labour costs (Warburton and Stratton, 2002) and more demanding retail customers.

The clothing, textiles, footwear and leather (CTFL) SETA aims to develop and enlarge the skills base of all those employed in the clothing, textiles, footwear and leather economic sectors. The mission statement of the CTFL SETA is to promote and implement effective learning programmes and skills planning that will advance workplace security and productivity (Wesgro, 2002). According to Vlok (2006:241), the current training efforts are not bringing large numbers of workers into learnerships and the industry itself is not able to finance a major skills upgrade, nor has it any management capability. The reason for this is that the clothing and textile industry is regarded as a 'sunset industry' due to its inability to attract young graduates. The industries themselves are not willing either to take new graduates who happen to be interested in the industry and nor are there any trainee vacancies to draw new graduates to the industries. Everyone in the industry is looking for experienced staffs that do not exist. What exacerbates matters is the lack of investment in skills development by the industry itself (Vlok, 2006:241).

Furthermore, Vlok (2006:242) indicates that skills are crucial in modern manufacturing and are increasingly dependent on higher levels of education. South African-based firms do not match their international counterparts in respect of the key performance indicators explored. For example, operational performance is comparatively weak for inventory holding, a key operational efficiency measure. Vast operational performance differentials also exist between individual firms within the clothing and textiles industries (suggesting substantial upgrading

opportunities within the two sectors). It is, therefore, imperative that firm-level competitiveness is enhanced on a wide front.

Lastly, many firms in the South African textile industry may feel that they have been subject to enough ‘policy’ already – in the form of the trade liberalization programme – to be welcoming further policy measures. Nevertheless, it is useful to explore what policies might help South African textiles to improve and maintain their competitiveness (Thoburn and Roberts, 2002:55).

In order to formulate policies for the textile industry it is necessary to envisage what can reasonably be expected of textiles in the globalizing South African economy in the long term. Textiles cannot be dismissed as a mere sunset industry, to be given up quickly once development reaches a certain level. Italy, Germany and the United States remain among the top textile exporters in the world; and Taiwan and Korea – already major exporters - have increased their shares in world textile exports over the last decade. However, the experience of most developed countries that are major textile exporters suggests that South Africa’s large job losses in textiles are not unusual (Berger & Lester 1997:141). According to Morris et al., (2006:52), a key industrial policy conclusion is that intelligently designed selective policies can be effective in developing countries. Intelligent industrial policy needs to be shaped by, and respond to, contingent factors which are specific to a sector, period and country. Fundamentally it is not a question of whether these selective policies work, but in what circumstances they work. The majority of the respondents are not currently accessing the Department of Trade and Industry (DTI) for assistance and support.

3.4.1.4 Brief description of the DRC textile and clothing industry

The DRC textile and clothing sector has dramatically declined. Mwamayi (2004:22) indicates that the DRC had several textile and clothing companies such as NOVATEX, SOLBENA, UTEXAFRICA, SINTEXKIN, CPA, FILTISAF, SOTEXKI, and CONGOTEX etcetera. But unfortunately all have been progressively destroyed, except SOTEXKI. Société Textile de Kisangani (SOTEXKI) is registered to the Congolese Enterprises Federation or Fédération des Entreprises Congolaises (FEC). Actually, the DRC depends almost exclusively on the importation of textile and clothing products from China. Mwamayi further indicates that the textile and clothing industry in the DRC has declined over the last ten years, largely as a result of competition from the economic liberalization. This situation has led to infrastructural problems in the DRC. To demonstrate the above, he found that UTEXAFRICA was working under the utilisation capacity of approximately 10%, broken financial balance, succession of negative results, negative evolution of treasury, continual financing request to the financial institutions, inadequate human resources, inefficient machinery, second-hand products; all of these factors contributed to its poor performance (Mwamayi, 2004:53). Under such circumstances production is forced to cease due to cheaper products flooding the market, resulting in the local industry’s destruction with concomitant negative impact on employment and economic activity.

According to United States Trade Representative (2005), infrastructural factors play an important role in the competitiveness of firms. There have been logistical problems with customs, inland and sea transport, electricity costs and reliability - as well as internet, telecommunications and rent increase. However, the DRC is not alone in facing these problems; a number of SSA countries face infrastructural barriers to efficient trade too.

In the DRC, the textile and clothing industry imports everything from the inputs to the raw materials (cotton). These importations always necessitate a large sum of money to buy at least six months' stock. One of the biggest concerns is that the national production of wax made in the DRC is largely inferior to Asian wax. A number of Congolese firms work with outdated equipment and machinery which explains why these firms are performing poorly and consuming excess energy. Lack of infrastructure (roads) is another big problem for the country. Another problem is the low level of investment which influences negatively a firm's ability to improve matters and promote competitiveness. Institutional stability is another important factor stimulating new investment which, in turn, promotes national development. Lastly, a shortage of cotton persists due to the destruction of different productive sites during the armed conflict of 1998 and 2003. The DRC was occupied by foreign armies. This situation explains why there is such a lack of basic infrastructure. It was during this occupation that massive East Asian imports occurred and which coincided with unfortunate looting in the DRC.

It is suggested by Mwamayi (2004:23-25) that these are some of the reasons why the Congolese textile and clothing is facing such difficulty. Some of the difficulties are as follows: looting in September 1991 and 1993 explains why the distribution network in different provinces remains disconnected, the different wars in the country - and more specifically the massive illegal imported products from Asian countries. Other difficulties are due to production problems such as lack of infrastructures, decayed equipments which result in lack of competitiveness of the different production units, shortage of electricity and finally lack of financial resources to upgrade the machinery. There are also distribution problems which are experienced on a national level due to a weak capacity of purchase regarding both the local population, and mediocre salaries; under-invoicing; dysfunction of the financial system, multiplicity of taxes-bureaucracy and policy interferences. And internationally is due to a problem between national legislation and the transformation of the international environment, promote local products in international market and the cost of doing marketing outside the country. Lastly, there is a difficulty in provisioning, which creates a lot of shortage in terms of buying raw material locally (cotton) as the majority of these raw materials are brought in from outside of the country. The implication of the above is that firms which perform poorly will negatively affect the lives of many people as their strategies will consist, first of all in reducing the production costs through retrenchment, and then reducing their contribution to economic activities.

In addition to the above, it is important to note that for many decades before occupation in 1998, the DRC's economy experienced a negative growth. The DRC's economy has since experienced an average annual growth rate of 6.1% between 2003 and 2008, boosted by the end of war and a sustained rise in commodity price; a post-conflict country in which economy is structurally weak and depends on importation; weakness in public finances management; inadequate reform in the

mining sector; decayed production tools and irregularity and cuts inopportune of the electricity. The DRC economy was not affected by the international financial crisis but only internal shock due to the securization of the Eastern province which has provoked severe consequences on the public finances. There is a need to diversify the DRC economy through agriculture, industrialization and other important sectors of life.

As indicated by Rights and Accountability in Development RAID (2009: iv), clearly the Congolese Government has the principal obligation to enforce the rule of law and to strengthen protection of labour and other human rights; however, in a country that is emerging from years of conflict and weak institutions, there is a great need for the international community to assist them in overcoming these challenges. In such circumstances the onus is on foreign investors to adhere to the highest possible standards.

According to the Ministry of Mining (2003), the DRC Government produced a simplified guide in English for firms wishing to invest in the DRC's mining sector. The guide explains the role of various government departments and agencies involved in regulating the mining sector and also provides a summary of the Mining Code.

But the guide says very little about investors' obligations under the Mining Code to protect the environment and makes only fleeting references to the Labour Code. An important opportunity therefore has been lost to ensure that all foreign investors are adequately informed about their responsibilities as regards human rights, the health and safety of their workers and the environment. This deficiency needs to be corrected. Many respondents commented on the ignorance of Congolese laws among Chinese operators (RAID, 2009:6).

Furthermore, RAID's research indicates that numerous provisions of the Congolese Labour Law set out in the 2002 *Code du Travail* are routinely breached by many firms. These laws include: the prohibition of employing children below the age of eighteen (Article 133); ensuring safe and salubrious working conditions (Articles 55 and 170); payment of the minimum wage for the job or sector (Article 86-97); payment of sickness and injury benefits (Articles 105 and 108); providing access to health care (Articles 160 and 177); respecting the maximum working week of 45 hours or nine-hour shifts per day (Articles 119 and 120); provision of a written employment contract, registration with the Congolese Employment Bureau (*Office National de l'Emploi-ONEM*) and payment of national insurance contributions (Articles 44-49); a 22-day limit on hiring workers on a casual basis (Article 40); termination of contracts and dismissing workers (Article 57-60) (RAID, 2009:6). Thus, the next section provides an understanding of the strategies for the textile and clothing industry's competitiveness.

3.4.2 Strategies for the textile and clothing industry's competitiveness

This section provides a brief understanding of the two important managerial strategies or alternative strategies which have been used as strategic techniques to promote the textile and clothing industry's survival and competitiveness. This study tries to explore and critically analyse what underpins a firm's survival in the textile and clothing industry in the SAR, by looking at the impact of value added production and labour repression among survival firms.

What works in the industry, how it works and what can be done to ensure things in the industry will perform efficiently in the future? This study tries to explore the foundations of competitiveness in an industry which has experienced severe crisis and also considers whether this has anything to do with labour policies. And lastly, this section proposes to discuss why government should intervene to help its industry remain competitive.

3.4.2.1 An understanding of value added paradigm

This study has proposed to discuss value added paradigm in depth in the finding chapters. As Velia et al., (2006:11) were looking at the rapid industrialisation of the fast growing economies of East Asian countries, they found that there are links between development and the economic prospects of nations with the process of industrialization. They further indicate that increasing levels of production have been secured in more and more complex industrial processes. Central to this evolution has been the “adding of value” to inputs (often raw materials) in production processes in order to transform them into marketable items of higher market value, or in order to cut costs. Nations that have managed to combine these types of activity with improvement are those that have found international markets for products to which they have “added value” and have done particularly well (Velia et al., 2006:11).

However, many countries have not managed to secure the momentum of industrialization and growth experienced by China, South Korea, Taiwan and others. It is in this context that South Africa finds itself, having made significant progress as an industrializing country, but also struggling to move beyond the resource-based dominance of its production activities and in particular the resource-based character of its international trade (Velia et al., 2006:11).

In addition to the above, Velia et al., (2006:12) show that issues of value added paradigm arise in a context where globalization has seen the rapid integration of many economic processes into global processes. In many instances this has left developing countries with little else to focus on but the export of commodities and raw material inputs into more complex industrial processes. They further point out that examining value added entails looking at the degree to which investments in processing products can secure greater proportions of the price which the end user might pay in compensation for a more complex local production scenario. Hence value added paradigm is related to processes such as design, research and development (R&D), product transformation and packing (Velia et al., 2006:12). The above scholars demonstrated the importance of industrial processes and how value added paradigm relates to design, packing and other processes. This study will discuss value added production paradigm and its implications in the finding chapters.

Indeed, the importance of value added lies in its focus on the wealth created by a company rather than on its sales or on employment (Velia et al., 2006:5). The pertinence of this value added production paradigm plays an important role in terms of increase net returns and ensures long term sustainability by improving professionalism, promotion of skills development and updating new technology. Indeed, this value added production contributes to sustainability growth (Flanagan, 2003). Marousek (1997:7) suggesting that one way to move is to identify a specific

market segment, or niche. Niche marketing entails learning the exact requirements for a particular market and matching production to fulfil those requirements. The above scholars showed the importance of value added production paradigm and its contribution to sustainable growth. It is important to identify a specific niche as it provides relevant details about a specific market and its characteristics. This study looks at firms which are accessing local, region and international market.

A company mainly adds higher value by means of product specialization where either the technology or the process of production or both highly specialized (Maree, 1995:77). “The importance of value added as a concept lies in its focus on the wealth created by a company rather than on its sales (which could, in large part, reflect the re-sale of expensive items the company has purchased) or on employment (which could be largely low skill, low value added jobs). This focus on the wealth created by a company facilitates questions about how much wealth is created, whether the company is increasing the wealth [it] creates year by year and how efficiently it is creating wealth” (http://www.innovation.gov.uk/value_added/home.asp?=#home, Accessed on 21st June 2009).

In fact, adding value is the process of changing or transforming a product from its original state to a more valuable state (Coltrain, Barton & Boland, 2000:4). The latter further indicate that a broad definition of value added is to economically add value to a product by changing its current place, time, and form characteristics to other characteristics more preferred in the marketplace (Coltrain et al., 2000:5). Value added projects should start with intelligent market information about customers and competitors to make sure an opportunity exists. A recipe for success is to begin with a basic commodity and add a healthy dose of ingenuity to create a product desired by consumers that also has a valuable edge on the competition (Coltrain et al., 2000:14).

Moreover, Velia et al., (2006:13) state that value added is used to provide some insight into the degree of transformation which occurs within industries. Though it is associated with the notion of productivity, the concept is on the product as opposed to the factor of production and on how these are combined to yield the output. Ryan (1996) points out that in order to meet these pragmatic and highly competitive needs of today’s industries, it is imperative to promote high value added products and services. Flanagan (2003) argues that the commercial buyers in these global apparel value chains are very demanding. They insist on lower prices, better quality, shorter lead-times, smaller minimum quantities and supplier acceptance of as much risk as possible.

There is increasing evidence of the infusion of high value added production paradigms by the late 1980s, encompassing a range of mechanisms for participation and involvement, including green areas (groups dedicated to continuous improvement in a range of performance related areas), team work, quality circles and workplace forums (works councils in South Africa) - soft HRM (Hofmeyr et al., 1995; Wood and Sela, 2000; Smith and Wood, 1998; Wood and Els, 2000).

Illustrating the South African context, Velia et al., (2006:15) argue that the importance of looking at value added paradigm lies in the fact that many companies do little to transform the input they receive into factories. As they are not adding significant value, their contribution to wealth creation is limited. Thus a process to significantly raise the design input into the weaving of grass baskets and related branding activities for exports will raise the value added paradigm by such a process and improve the wealth generation impacts.

Additionally, Maree (1995:78) adds that some companies base their strategy primarily on consistent quality and reliability. Maree's investigation discovered that few companies have adopted a strategy very uncommon to South Africa (but not elsewhere in the world) to raise the value-added to its production. These firms do so by making the fabric up into garments through subcontracting and then marketing the garments. These companies consider themselves to be competitive in the world market and have adopted a number of ancillary strategies to try to ensure their international competitiveness (Maree, 1995:78).

Furthermore, Maree (1995:29) indicates that the stage has been reached in South African textile production where the proportion of value added to the total of a product is immensely important. A highly desirable feature would be to attain a higher value added per unit of output over time, but this has not been the case in the textile industry for the period 1972 to 1990. The proportion of value added in total output has remained virtually constant over the whole period ranging from 27% to 30% production. He further points out that South African companies adopted these value added strategies to contribute to their competitiveness or the basis of designing and marketing; product specialization; consistent quality and making the fabric up into garments (Maree, 1995:77-79). An alternative is higher value added production which is a market strategy adopted by a firm to specialize in incrementally innovative production.

In addition to the above, Maree (1995:81) shows that successful South African textile and clothing firms have shown their ability to compete effectively, both in the South African market or internationally, in differentiated high value added products. In both the areas of design and specialized production these companies have been able to penetrate the markets of advanced industrial countries.

In brief, the diffusion of higher value added production paradigms is only likely in a more supportive institutional context, that encourages firms to buy into mutually advantageous sets of rules governing fair play (Marsden, 1999) and which limits the rewards accruing to bad practice.

3.4.2.2 An understanding of labour repression

By contrast to the above section, labour repression in this study refers to an unfair cost advantage in the production process consisting of abusive reduction of labour production cost, bad working conditions, wage repression, exploitation of workers, arbitrary sacking, repression of workers' rights, reduction of worker benefits, forced labour, exploitative salary, deprivation, abusive retrenchment, and inhumane treatment. Are there any firms involved in labour repression in this study? The study will try to respond to this question in the different finding chapters (five, six and seven). This section simply reviews the existing evidence if such practice

or strategy has been used in the textile and clothing industry in the Southern African region and to what extent.

According to Storey (1995), firms have to respond to rapid changes in investor strategies, technology, and consumer markets. Such responses necessitate a greater degree of flexibility, especially with utilization of human capacity both within and between individual work organizations. While such utilization might entail a reversion to hard employment practices whereby individuals are simply used and disposed of in as cheap a manner possible, it is more often taken to imply up-skilling and development (Storey, 1995:38). The International Labour Organisation (ILO, 2005) in a recent report has repeatedly drawn attention to the persistently high, and in several regions of the world, growing, unemployment since the early 1990s, growth of atypical employment or underemployment, (for example home-based work, 'informal' work) or precarious paid employment, a decline of standard full-time or permanent jobs, has reduced job-security. Williams and Hanival (1999:72) argue that the source of competitive advantage thus essentially becomes one of wage costs and labour flexibility. Therefore, this study tries to investigate whether firms used labour repression and its implications.

According to Fields (1994:395), wage repression would be necessary to prevent higher returns to labour from pricing the exports of the newly industrializing economies out of competition in the world markets. He further indicates that wages and other forms of labour remuneration must be held down for East Asian exports to remain competitive in world markets. Two important points illustrate the above situation: Fields (1994:401) points out firstly that direct government role in wage setting in Singapore and the passage of industrial relations legislation weakening trade union bargaining power in Korea fall into this category. These institutions, although potentially repressive, may in fact have made little difference. Secondly, wage repression, if serious enough, would be expected to have the following effect: when the wage is suppressed, less labour is supplied than at the market clearing wage, causing employment to fall because of the resultant labour shortages. Singapore's wage repression policy curtailed employment and therefore hampered economic growth.

As indicated by Brown, Deardorff and Stern (2003:3), a number of multinational firms are exploiting and mistreating their workers by employing them under "sweatshop" conditions. These firms are exploiting workers by paying low wages and subjecting them to violations of certain universal social norms or standards governing their employment.

Furthermore, Stiglitz (2003) adds that promises of greater opportunities and prosperity for the workers have hardly materialized in any part of the globe and that the fragility and vulnerability of the economic circumstances afflicting the overwhelming majority located in the developing countries have been exacerbated. According to Teitelbaum (2007:24), there is a lot of doubt about the notion that the East Asian style labour repression strategies might produce positive developmental outcomes in other regions. Instead, Heller (1999) notes that the developmental strategies of East Asian states were more likely to be 'the product of a very specific state-society balance' that cannot be successfully replicated in more socially and politically mobilized settings.

Similar studies in textile firms in Kwa-Zulu Natal, South Africa yielded interesting results regarding employment relations. As indicated by Hart (2002), a hardworking and disciplined workforce does not necessarily entail a happy workforce or smooth industrial relations. In essence, there are many other external factors that determine industrial relations or workplace relations in general. Hart's argument is that, it is precisely this attempt to "imported" forms of industrial organization that leads to low productivity and confrontations in the firms. Her study reveals that the most violent confrontations took place between Taiwanese industrialists and leaders of the South African Clothing and Textile Workers Union (SACTWU). She further observed that the design of the work environment in those Taiwanese factories does not create hardworking and disciplined workers as desired by the Asians but only creates a "powerful and palpable resentment that hangs like a pall over the factory floor" (Hart, 2002:156). But it is important to note that the researcher did not have access to the Chinese and Taiwanese firms in this study due to the fact that these firms refused categorically to participate in this survey.

Furthermore, Ghosh (2003) states that once international competition becomes important, it is impossible to ignore the need for labour flexibility; so globalization means that the "old", more protective, laws and structures for workers have to be dismantled. The neo-liberal market-oriented framework argues that labour "flexibility" is crucial for increasing investment and therefore employment, and also for ensuring external competitiveness in a difficult international environment. Moody (2007) provides important evidence for the view that neo-liberalism leads to labour repression. South Africa is broadly neo-liberal and has revealed that there was no indication of labour repression. This could be due to the fact that most of the investigations in this study were looking only at established firms in major urban centres. But on the periphery things could be a lot worse as shown by Sinamela (2008) and Hart (2002), who acknowledged the use of labour repression in the Swaziland and South African periphery areas. Furthermore, Moody reveals how the struggle between multinational capital and labour has shaped working conditions, capital mobility, state power, and the prospects for visionary labour movement. He further provides a measured assessment of multinational managements' strategies to downsize, introduce flexible production and compel workers to accept less pay for more work (Moody, 2007).

Waterman (2001a) shows that during the latter half of the twentieth century, the international trade union movement was dominated by a small number of organisations, not all of them international. Moody (1997b:276) argues that sustainability is unlikely to occur through reliance on cheap and numerically flexible labour rather labour market regulation may provide incentives for firms to make more efficient use of their people, through encouraging investment in human capital.

Illustrating the Mozambican case, Harrison (2000) indicated that there is a long tradition of labour coercion: indentured and forced rural labour has been abolished (the forced cultivation of cotton being only abandoned in the late 1980s); based on preconceptions of labour compliance, a culture of workplace authoritarianism has persisted, particularly in peripheral areas of lusophone Africa. According to Wood (2004), as their power to set prices is eroded in the face of intense competition, profitability increasingly depends on cutting the costs of inputs, making labour repressive policies highly attractive.

3.4.2.3 An understanding of state intervention

This study proposes to discuss two approaches related to state intervention, namely structuralist and neo-liberal approaches. Indeed, African governments play an important role to help their private sectors adjust to new conditions. Government plays an important role in firms' survival and competitiveness. African countries could learn from countries such as Bangladesh, where government joined forces with domestic companies, trade unions and non-governmental organizations to develop and implement policies to upgrade skills and retain displaced textile workers. Small, vulnerable African producers are faced with two choices. They must either improve their efficiency or switch to higher-tie products (Africa Renewal, 2006:20). In fact, labour markets are different from other markets (such as commodities). Labour markets may be characterized by uneven market power (between employers and workers), by imperfect mobility of workers and by insufficient information (The World Bank Report, 2006:187).

Governmental intervention is possibly a solution to help the textile and clothing industry in the SAR survive and become competitive. But this intervention needs to be limited to a short period of time. This can be a short-time governmental intervention to help firms boost their performance and competitiveness due to the impossibility and complication of any long-term governmental intervention given the structure imposed and pressures from the WTO, International Financial Institutions, etc. It is important to note that heavy intervention is not possible in Southern Africa region today due to the pressures from the WTO and International Financial Institutions. Today, many countries, especially Southern African countries, are trying to intervene rapidly to cover their urgent industrial prospect or economic development for example by continuing to keep good cooperation with the old partners' such as IMF or World Bank and accessing further assistance from China.

In fact, Wood and Frynas (2006:20) indicate that the capacity of governments in segmented business systems to experiment with innovative policy alternatives or reforms may be constrained, not only due to the pressures of localized interest groupings and international financial institutions, but also due to a lack of an 'encompassing interest' in the economy. Barhan (2000:263) adds that the implementation of policies designed to promote sustainable growth such as more effective fiscal policies and carefully planned infrastructural investments may hamper the ability of elites to engage in systematic plunder without a guaranteed long-term payoff. Innovation inevitably entails risk; elites may be 'adverse to upsetting existing institutional arrangements for the uncertain prospect of a share in a larger pie'.

In addition to the above, a World Bank report indicates that governments typically intervene to correct these failures: to protect workers and endow them with rights and "voice" in the employment relationship; to empower unions to represent workers in negotiations with employers and to ensure compliance with labour laws and regulations, providing insurance against income shocks (The World Bank Report, 2006:187). Public intervention can improve market outcomes and lead to significant equity gains: more equal opportunities for workers, better working conditions, and less discrimination (ibid). Public intervention can also lead to large gains in efficiency: for example, by allowing full use of the labour of discriminated groups, by increasing labour mobility, or by better-managing income risk. The problem is that poorly

designed or inappropriate government intervention can also make things worse, with results that are bad for equity and efficiency. For example, excessive protection of formal sector insiders can lead to “rationing” jobs in the formal sector, pushing surplus labour into either informal employment (as in India) or unemployment (as in South Africa) (The World Bank Report, 2006:187).

Even in ostensibly neo-liberal societies, the state plays a major role in shaping the contours of growth (Chomsky, 1996); ‘mutual reliance and institutional meshing of private ownership and state activities is fundamental to capitalist societies’ (Bracking 2003:14). The foundations of sustainable development lie in basic social infrastructural provision and supportive regulation (MacEwan, 1999).

But According to Wood and Frynas (2006:5), the World Bank and IMF implies that deep government policy reforms at the macro-level including liberalization, privatization of state-owned enterprises and deregulation of markets could redress economic stagnation. In contrast to the dependency theory which attributed Africa’s lack of development to long-term patterns of international politics, neo-classical economists pointed to short-term policy solutions, which could yield significant results within several years.

In addition to the above information two important policies require particular attention. Firstly, according to Lall (2004:1-2), the structuralist view has less faith in free markets as the driver of dynamic competitiveness, and more faith in the ability of governments to mount interventions effectively. Markets are powerful forces but they are not perfect; the institutions that need to make them work efficiently are often weak or absent. Government interventions are needed to improve market outcomes. Structuralists also accept that some industrialization policies have not worked well in the past. This study will discuss whether the structuralist approach could be a better chose for the textile and clothing industry’s competitiveness in the Southern African region. More attention will focus on governmental interventions in the sector and its implications. In contrast to the first approach, Lall (2004:1-2) indicates that the neo-liberal approach is that the best strategy for all countries and in all situations is to liberalize and not do much else. The neo-liberal approach has strong theoretical premises: markets are ‘efficient’, the institutions needed to make markets work exist and are effective and, if there are deviations from optimality, they cannot be remedied effectively by governments. This scholar proposes two important approaches to resolve market deviations.

Compelled to accept these programmes, most tropical African governments were faced with the worsening, rather than amelioration, of structural crises. By the close of the past decade, it was already clear that the reforms had failed even on their own terms, with increasing debt, poor macro-economic performance, the collapse of education and health care systems, and an inability to meet the basic social needs for the bulk of the population (Naiman & Watkins, 1990). More recently, the poor track record of, and growing resistance to, Structural Adjustment Programmes (SAPs) has led to the IMF replacing them with Poverty Reduction Strategy Papers (PRSPs), supposedly better tailored policies, focused on the needs of individual countries and incorporating local issues and concerns (Zack-Williams & Mohan, 2005). The above scholars

showed that SAPs have impacted negatively in many African countries and there is a need to replace these SAPs with a more effective programme.

Thus, the imposition of Structural Adjustment Programmes (SAPs) – needed loan financing in return for neo-liberal reforms centring on radical reductions in the role of the state, marketed as mechanisms for economic recovery - in Africa in the 1980s proved devastating for the continent (Naiman & Watkins, 1990). It is important to note that neither SA nor Mauritius have had to face heavy IMF imposed adjustments but they have followed some but not all the IMF standard prescriptions. An important exception, the DRC still follows all the IMF and World Bank standard prescriptions during the decade under investigation and is now making progress. Wood and Frynas (2005:26) further argue that at least in the short and medium term, structural adjustment programmes or regimes change or greater access to developed countries markets are unlikely to break the vicious cycle of those business systems.

There is considerable debate about the extent to which reduced state involvement in the economy and intensified international competition has encouraged the adoption of innovative managerial policies and this has led to the emergence of a new competitiveness within key areas of industry. On the one hand, proponents of structural adjustment have argued that the high prevalence of sub-optimal outcomes reflects the persistence of institutional imperfections; more specifically, the vested interests of local elites acts as a systemic blockage on the effective operation of markets (Bigsten & Durevall, 2003:1119). On the other hand, there is considerable empirical evidence to suggest that other factors (mainly increases in input costs) as a result of repeated currency devaluations, and the intensification of competition following on the dropping of protective tariffs locks entrepreneurial activity into a low cost, low value added mode (Osirim, 2003; Mohan, Brown, Milward & Zack-Williams, 2000). The above scholars put more emphasis on government involvement and its effectiveness to economic activities.

The Economist Intelligence Unit (2003a) noted, ‘one of the most interesting criticisms of the IMF in recent years, including by its own independent evaluation office’ is that most countries in sub-Saharan Africa ‘never seem to graduate from IMF lending programmes’. In other words, structural adjustment programmes made those economies highly dependent on foreign aid; a transformation from aid dependency towards private investment largely failed to materialize.

Illustrating the above situation, Subramanian and Roy (2001:38) show that strong domestic institutions have contributed substantially to Mauritian success, and are a good candidate for underlying explanations of the Mauritian miracle. Compared with many developing countries, Mauritius has since independence been a democracy and developed strong participatory institutions. Rodrik (1999a) points out that Mauritius chose a strategy of trade liberalization that was unusual and that effectively segmented the exports and imports competing sectors. Through a policy of heterodox opening, Mauritius ensured that the returns to the export sector were high, effectively segmenting its export sector from the rest of the economy and preventing a restrictive trade regime from spilling over to this sector. Subramanian and Roy (2001: 25) add that the Export Processing Zone (EPZ) experiment in Mauritius has been a resounding success which has literally helped transform the Mauritius economy. Amsden (2001) indicates that these EPZs are

generally specialized in the production of labour-intensive consumer goods, mainly clothing, based on a specialization strategy applied by most of the countries in the initial stages of their industrial development.

3.5 Theoretical framework

This section has two important sub-sections. The first sub-section provides an understanding of firm and product-focused competitiveness. The second sub-section gives an understanding of the institutional basis of the economy.

3.5.1 An understanding of firm and product-focused competitiveness

This study tries to use the below complementary approach to help understand and critically analyse how the textile and clothing industry is performing. According to Porter (1990), the most important determinant of competitive advantage for any firm is the value attributed to its particular products by its customers.

In fact, Piore and Sabel (1984) indicate that if firms are to compete successfully in the future then they need to shift from mass production to the lean production (or flexible specialization) production paradigm. Barnes and Morris (1999:5) argue that a paradigm shift has occurred in the production environment where production has shifted from being supply driven to demand led. They further declare that if firms are to compete successfully it is consequently imperative that they fundamentally re-orient their production organization in line with such demands. Porter (1990) views that firm competitiveness is part of an integral system of value added production - which is more than the simple sum of its parts. Competitive advantage therefore arises not only as a result of internal firm organization but also from the way in which firms organize discrete activities along a value chain. This study tries to explore the competitiveness of the textile and clothing industry in SAR. This section highlights important issues related to competitiveness framework.

In view of the above, Womack and Jones (1996) argue that production processes utilized at firms in particular production pipelines that create the value attributed to the product, and yet such processes have no inherent value outside of the final product produced for a particular market. By following the value added process of a product through a number of firms that constitute a specific value chain one is able to quantify the extent to which the value transformation process at each firm contributes to the overall competitiveness of the product being manufactured. Barnes and Morris (1999:11) indicate that there are two ways to assess the competitiveness of a product's production pipeline. Firstly, one could analyse performance in the pipeline relative to a similar constituted pipeline elsewhere. Benchmarking the competitiveness characteristics (cost, quality, and etcetera) of the product being produced with that of the same, or a similar, product being produced elsewhere would be an obvious method. Secondly, and far more importantly for Womack and Jones (1996), one could assess the performance of the production pipeline against the notion of perfection.

Thus, Porter (1990) argues that established economic theories do not adequately explain differences in national competitiveness. Based on ten in-depth case studies of developed economies, he proposes a new diamond-shaped framework which includes four sets of attributes: Factor conditions: a nation's position in factors of production, such as skilled labour, infrastructure and raw materials are necessary to compete in a given industry; Demand conditions: the nature of home market demand for the industry's product or service; Related and supporting industries: the presence or absence in a nation of related and supplying industries those are internationally competitive; Firm strategy, structure and rivalry: the conditions in the nation governing how companies are created, organized and managed and the nature of domestic rivalry. This actor has highlighted the important attributes related to competitiveness framework. Some elements of these attributes will be discussed in the findings chapters.

Besides these four corners of the 'Diamond' Porter's framework includes two additional variables, chance and government, which influence national competitiveness through the four main factors. The other relevant parts of Porter's framework can be summed up with the concepts of pressure and attention. Porter uses these concepts in several parts of his study to explain why firms in some nations have better incentives to innovate and upgrade than firms in other nations. In particular he argues that firms' innovation and upgrading processes are guided and motivated by pressures related to selective factor disadvantages, demanding buyers and domestic rivalry (Porter, 1990).

Indeed, globalization enables firms to sell their products in a greater number and to source inputs from a greater range of international markets. A key strategic challenge facing managers is to exploit international opportunities through the harnessing of capabilities located in the firm and the innovativeness emanating from local clusters. These ideas have been stressed by Porter (1990) who argues that the individual competitive advantages of firms are fundamentally created through processes internal to the firms' home country of origin. Thus, "competitive advantage" is created and maintained "through a highly localized process" (Porter, 1990:19).

According to Porter (1990), the specific combination of conditions within a country has enormous influence on the competitive strengths of the firms located there. These conditions are summarized in the interconnected system of "firm strategy, structure and rivalry", "related and supporting industries", "demand conditions" and "factor conditions". Porter (1990:80) argues that "nations will be competitive where they possess unusually high quality institutional mechanisms for specialized factor creation." This tends to presume a cooperative workforce. Furthermore, Porter (1990) adds that the public sector's role is to improve the circumstances that impinge on competitiveness. These circumstances are not always simply cost-related factors or the availability of natural resources. Rather, he says, companies move to higher levels of competitive performance when economic foundations (for example labour pools, knowledge, financing, physical infrastructure, quality of life and regulations) are shaped to cluster needs.

3.5.2 An understanding of the institutional basis of the economy

This section provides an understanding of one development theory which explains the institutional basis of economy with precise emphasis to business system theory from scholars such as Richard Whitley, North, Wood and Frynas. It is important to note that government plays an important role in promoting development. The institutions themselves have been variously defined. Nabli and Nugent (1989:1335) offer a useful working definition: an institution is a set of constraints that governs the behavioural relations among individuals and groups. North (1990) puts it even more succinctly: institutions are the rules of game in a society. He further indicates that institutions include any form of constraint that human beings devise to shape human interaction. These include formal rules and informal codes of behaviour, norms that have been consciously created and those that have simply evolved over time (North, 1990).

The importance of institutions to both economic growth and policy performance has become better understood (Hodgson, 2003). There is a considerable body of literature, which suggests that institutional nestedness is the key building block of national economic success (Boyer and Hollingsworth, 1997; Polanyi, 2001). In addition to the above, Chomsky (1996) pointed out that the state plays a major role in shaping the contours of growth; ‘mutual reliance and institutional meshing of private ownership and state activities is fundamental to capitalist societies’ (Bracking, 2003:14).

According to Douglas North (1990:384), institutions play a critical role in the cost of transacting (and also help to determine production costs) their success in reducing total cost has been and continues to be a critical determinant of economic performance. He further declares that an institution represents a contractual relationship. Changes in relative prices lead to recontracting, which in turn leads to institutional change.

Thus, Douglas North (1990) adds that institutions can deteriorate as well as get “better” over time. He was really putting primary emphasis into property rights. Parsons (1958) has argued that the business systems found in many parts of Africa are simply a “failed one”, in other words, not a coherent system at all, in that it fails to meet any functional prerequisites. Parsons was not looking at Africa he only argued about the latter; and Wood and Frynas argued the former. Furthermore, Wood and Frynas (2006:17) illustrate Uganda as another case and show that the institutional weakness of the state manifests itself in many forms: lack of proper physical infrastructure, lack of regulatory frameworks for financial operations and lack of skill development.

In view of the above, Harvey (2002) notes that institutional parameters represent the default boundaries of organizational behaviour, and are therefore guidelines in the promulgation of organizational strategic responses. Whether facilitating or impinging on organizational development, an understanding of institutional features help illuminate the manner in which organizations develop some degree of stability and continuity in highly volatile contexts (ibid). Government is playing an important role in shaping the contours of growth. While, Bracking (2003:14) states that mutual reliance and institutional meshing of private ownership and state activities is fundamental to capitalist societies. MacEwan (1999) indicates that the foundations

of sustainable development lie in basic social infrastructural provision, and supportive regulation.

Whitley (2003) has identified a number of reasons why national institutions are likely to continue dominating the organization of capital and labour markets for some time to come. Amongst other reasons, states are likely to remain the primary units of political competition and modernization, national legal systems continue to standardize the nature of property rights in an economy, national regulations continue to govern industry entry and exit and many other aspects of market competition. Wood and Frynas (2006:26), illustrating the East African experience, have pointed out that poor and volatile economic performance and the close linkages between specific social and political realities, and economic outcomes, underscores the fact that, in the absence of sustained efforts to build on remaining institutional strengths, the negative, yet stubbornly durable, characteristics of segmented business systems are likely to persist. They further indicate that given domestic institutional weakness and a vulnerability to external pressures, segmented business systems remain locked in a cycle of poor performance. The above scholars showed that government is an important player in economic activities. Furthermore, they provided crucial reasons explaining the institutional failure and vulnerability. Most of these reasons contributed to poor performance.

In fact, conservatives blame Africa's endemic economic crises squarely on individual national governments on the continent. More sophisticated theories of this failure argue that African states have failed to live up to the legitimate expectations and needs of their people (Hyden, 2002:5). However, unlike neo-liberal conceptualizations, these theorists acknowledge that states can make a difference, and that human agency mediated by public institutions can provide the basis of general social progress and development. Theories of the failure of the state focus on the inability of the state to make peasants – and indeed, many of those working in the informal sector – comply with its interests; this is of real significance in Africa, where a very high proportion of employment is in the informal sector. Others argue that deeply embedded patronage networks make progress impossible (Hyden, 2002:5).

Indeed, neo-liberal is one of the theoretical frameworks discussed in this study which tried to remedy the African institutional failure. As Wood and Frynas (2005:5) pointed out, the perspective offered by neo-classical economics supported by Bretton Woods institutions implies that deep government policy reforms at the macro-level including liberalization, privatization of state-owned enterprises and deregulation of markets can redress economic stagnation.

In contrast to the dependency theory which attributed Africa's lack of development to long-term patterns of international politics, neo-classical economists pointed to short-term policy solutions, which could yield significant results within several years. If properly implemented, low tariffs, free markets and the removal of government constraints on trade would boost economic activity. However, a major weakness of this perspective was the lack of attention to enduring institutional constraints on economic development which could not be overcome in the short term (Wood & Frynas, 2005:5-6). The above scholars highlighted the pertinence of the neo-liberal approach and its impacts.

According to Wood and Frynas (2005:2), national institutions not only affect domestic economic behaviour but also help to understand the impact of home country institutions on international competitiveness of firms and industries. Despite the much discussed onset of globalization, there are still major practical obstacles to a truly global economy and companies are a long way from becoming detached from their home base.

As indicated by Whitley (1999:43), six distinct national archetypical business systems have been identified, based on variations in ownership and non-ownership coordination, and employee relations, primarily drawing on the East Asian, European and North American experiences. All six archetypes (which encompass such diverse countries cases as Scandinavia, the United States, Hong Kong, South Korea, Italy and Japan) can be considered in some manner to be economically successful. However, just as specific institutional configurations may provide the framework for explaining national economic success, they may also do so for failure. This scholar has identified six national archetypical business systems. This study highlighted some of the cases which these countries under investigations could refer to become successful.

Indeed, over 30 years ago, Douglas North (1981) already attempted to explain why 'inefficient' institutions could exist and be perpetuated. Wood and Frynas (2005:21) add that the institutional weakness of the state manifests itself in many forms: lack of proper physical infrastructure, lack of regulatory frameworks for financial operations or lack of skills development.

In addition to the above, Wood and Frynas (2005) indicate that the experience of East Africa suggests that in the absence of sustained efforts to build on remaining institutional strengths, the negative - yet stubbornly durable - characteristics of segmented business systems are likely to persist. Specifically local, national and regional institutional characteristics unique to other regions such as the former Union of Social Socialist Republic (USSR) may yet lead to radically different development trajectories. However, there remains an alarming similarity between weak states; a lack of investor capital; low levels of trust; poor training systems; fragmented and personality-based interest associations and macroeconomic failure (Wood & Frynas, 2005:33).

Accordingly, given domestic institutional weakness and a vulnerability to external pressures, segmented business systems remain locked in a cycle of poor performance. At least in the short and medium term, structural adjustment programmes or regime change or greater access to developed country markets are unlikely to break the vicious cycle of those business systems (Wood & Frynas, 2005:33). The existence of successful firms in East Africa suggests that national business systems and segmented business systems in particular are not fully deterministic. Firms can function outside the institutional parameters structuring business systems (Wood & Frynas, 2005:29).

Furthermore, as recent research has suggested, the effect of corruption on economic growth also depends on how it is organized. Unlike East Asia where corruption tends to be more centralized, the fragmented nature of African ruling elites and the lack of stable business government networks have led to an anarchic nature of corruption, preventing businesses from internalizing

costs of corruption such as other transaction costs and preventing them from reducing uncertainty about bribe payments (Stasavage, 1999).

In the age of globalization, external forces can have a major impact on economic actors within national business systems. Indeed, Djelic and Quack (2003a, b) have suggested that ‘dominant foreign players’ may become ‘missionaries’ of institutional change and, beyond simply playing according to their ‘own rules of the game’, may help to institutionalize their rules in new contexts. Wood and Frynas (2005:30) indicate that if the segmented business system is not fully deterministic, then external assistance or inward investment could help to overcome some of the inherent domestic institutional weaknesses. Here it is worth considering the case of Mauritius.

Given the above analysis, the question arises as to what extent the Mauritian model can be replicated in segmented business systems generally. The presence of resident Asian business interests (as in the case of East Africa) can be crucial in forming international business networks, which can help firms to thrive despite adverse institutional environments. But there are limits as to how far external linkages can make a difference. Whitley (2003) identified a number of reasons why national institutions are likely to continue dominating the organization of capital and labour markets for some time to come.

Amongst other reasons, states are likely to remain the primary units of political competition and mobilization. National legal systems continue to standardize the nature of property rights in an economy, and national regulations continue to govern industry entry and exit and many other aspects of market competition (Whitley, 2003). Even the most ardent supporters of the global convergence thesis admit that while the onset of global institutional convergence can be detected but it will still take some time until national institutional features will be replaced by global ones (Lane, 2003). The strength of national business systems, while it may be slowly eroding is still pronounced. From this perspective, external linkages have far more potential to transform a small island economy such as Mauritius than many, much larger, national economies on the African mainland (Wood & Frynas, 2005:30).

In the field of industrial relations, states seek to regulate both the conditions under which labour power is sold, and how it is used (Edwards, 2002:162). The former would encompass interventions such as social security, which would guarantee basic living standards, so that the supply of labour power is not totally dependent on the market. According to Wood and Brewster (2007:14), with the exception of a small number of states – mostly in southern Africa – social security provisions on the continent tend to be either negligible or totally absent. This means that individuals are compelled to sell their labour power at any cost – and/or rely on extended, informal family based networks of support. The demands of the latter place great strains on those already in employment, and make having work inherently far more stressful than would otherwise be the case. The second area where the state may regulate the employment relationship is in the deployment of labour power (Edwards, 2002:162). This would include union organizational rights, restrictions on working hours, health and safety legislation, employment protection, including anti-discrimination and anti-harassment measures and formal grievance proceedings. Once again, the general capacity of most governments on the continent

to regulate these areas of the employment relationship remains weak and uneven; as well as also often being entirely absent in relation to informal working (Wood & Brewster, 2007:15).

3.6 Conclusion

This chapter provided a brief historical development and policy background of the textile and clothing industry. It then discusses the impact of the African Growth and Opportunity Act (AGOA) in sub-Saharan African textile and clothing industry. Furthermore, the sustainability and competitiveness of the textile and clothing industry were discussed. The researcher proposed to look at the actual situation of the textile and clothing industry in SSA by describing the situation in Mauritius, South Africa and the DRC. Other sections in this chapter looked at strategies for textile and clothing industry's competitiveness and the theoretical framework.

The next chapter discusses the research design, the different techniques and methodologies used.

CHAPTER FOUR: RESEARCH DESIGN AND METHODOLOGY

This chapter has nine main sections. Section 4.1 is the introduction. Section 4.2 provides the research methodologies and approaches. Section 4.3 discusses the sampling and sampling size. Section 4.4 presents the data procedure and measurement instruments. Section 4.5 provides the response rate of the study. Section 4.6 outlines the nature of data to be collected. Section 4.7 discusses the data analysis techniques used. Section 4.8 presents the ethical consideration. And lastly, section 4.9 is the conclusion.

4.1 Introduction

This chapter describes the various methods used, the various data collection procedures adopted and the way data were analysed and interpreted in this study. It further describes the exploratory research method that was used by the researcher and the theoretical basis for conducting the empirical research. It also describes the construction of the questionnaire; why this research design was used; the targeted population; how the questionnaire was administered as well as the statistical treatment of the data. The aim of this study was to explore what underpins a firm's survival by discussing the HR practice contribution to the competitiveness and sustainability of the textile and clothing industry in the Southern African Region and the broader lessons learned thereby.

In attempting to explore and understand what enables a firm to survive in the textile and clothing industry in the SAR, an exploratory research was conducted. De Vos, Strydom, Foushe and Delpont (2005:106) argue that an exploratory research is conducted to gain insight into a situation, phenomenon, community or individual. Since this study was an exploratory research, both qualitative and quantitative methods were used in order to gain a deeper understanding and as fully as possible answer the questions raised at the beginning of this research in section 1.3. Data were gathered directly from the textile and clothing industry, describing the incidence, frequency and distribution of different factors contributing to the textile and clothing industry's survival and competitiveness, and studying the interaction of factors.

By contrast, Leedy and Ormrod (2005:2) describe research as a "systematic process of collecting, analysing, and interpreting information (data) in order to increase our understanding of the phenomenon about which we are interested or concerned". Welman and Kruger (1999:2) add that research is a process whereby scientific methods are used to expand knowledge in a particular field of study. Similarly, Leedy (1997:2) has described research as an attempt that a researcher makes to find systematic ways, with the support of facts that can be demonstrated, to find the answer to a question or a solution to a problem.

But, Bless and Higson-Smith (2004:3) define research as "a systematic investigation of a question, phenomenon, or problem using certain principles". They further offer the following characteristics of research:

- Research is empirical since the aim is to know reality;

- Research is systematic and logical, and observations must therefore be done systematically and follow a logical sequence; in regard to the above principles, the researcher proposes to do fieldwork by making use of observation and in-depth interviews.

4.2 Research design, methodologies and approaches

For the purpose of this research, three different research design, methodologies and approaches were used which were as follows:

4.2.1 Triangulation

Triangulation was used in this study as a way of building confidence in the results by using different methods to collect the data. It involves a commitment to mutually corroborating methods. The advantage of using both qualitative and quantitative methods were due to their complementarily. Denzin (2000) states that research is a systematic examination intended to discover new information and to expand or verify existing knowledge in an attempt to solve a problem. The researcher uncovers facts and then formulates a generalization based on the interpretation of those facts. Thus, the triangulation was chosen because the weaknesses of one or other method were compensated for by the strengths of another. As noted by Leedy (1993:143), the situation where it is possible to combine qualitative research methods and quantitative research methods in the same project is called triangulation and many research projects could be enhanced considerably if a triangulation approach were taken. Johnson and Christensen (2008:51) state that by following a mixed research approach, the quality of the research improves and the researcher is less likely to make an error due to the different strengths and weaknesses of the research methods.

As pointed out by Creswell (2003), the reason for the use of the mixed methods approach is to gain a better understanding of the problem through the strength provided by the combination of qualitative and quantitative approaches. The benefits of triangulation can include increasing confidence in research data, creating innovative ways of understanding a phenomenon, revealing unique findings, challenging or integrating theories, and providing a clearer understanding of the problem. Triangulation minimizes the inadequacies of single-source research. Two sources complement and verify one another. Triangulation reduces the impact of bias. Triangulation provides richer and more comprehensive information because humans share more candidly with an independent third party than they do with someone they know or think they know (Beckett & Turner, 2009:3).

In fact, Johnson and Christensen (2008:34) refer to mixed research as “research that involves the mixing of quantitative and qualitative methods or other paradigm characteristics”. Establishing the appropriate mixture depends on the research questions and the situational and practical issues facing the researcher. They further indicate that mixed research consider both quantitative and qualitative views to have positive value. The use of only quantitative research or only qualitative research is seen to be “limiting and incomplete for many research questions” (Johnson &

Christensen, 2008:35). Triangulation is the combination of two or more data sources, investigators, methodological approaches, theoretical perspectives (Kimchi, Polivka, & Stevenson, 1991), or analytical methods (Kimchi et al., 1991) within the same study.

According to Creswell (1994:174), the concept of triangulation is based on the assumption that any bias inherent in a particular data source, investigator and method would be neutralised when used in conjunction with other data sources, investigators and methods. Jick (1983:145-147) pointed out that the advantages of using triangulation in qualitative research is the following: it allows researchers to be more confident regarding their results; its use of multiple-methods can also lead to a synthesis or integration of theories; and lastly triangulation may also serve as the critical test by virtue of its comprehensiveness of competing theories. Thus, this study used methodological triangulation because it denotes the use of multiple methods to study a single topic, for example combining qualitative and quantitative methods in a single study (Padgett, 1998:97).

Denzin cited in Bryman (2007:3), triangulation involved contrasting research methods, such as a questionnaire and observation. He further indicates that sometimes this meaning of triangulation is taken to include the combined use of qualitative research and quantitative research to determine how far they arrive at convergent findings. Babbies and Mouton (2001) add that qualitative research differs from quantitative research in that it is conducted in the natural setting of social actors. Indeed, its emphasis is on process rather than outcome, with the primary aim being in-depth descriptions and understanding of actions and events. The key research questions were the following: what enables a firm to survive in this industry? How many firms have survived? Why have these firms survived? The researcher discusses how these forces interact, especially in order to explain the policy issues related to the sustainability and competitiveness of the textile and clothing industry in the SAR.

In the next section, the researcher will try to explain why the qualitative and quantitative methods were used by focussing on their advantages, disadvantages and their pertinence to this study.

4.2.2 Quantitative research

Quantitative data collection tools were used to adequately address the research problem and objectives. The research approach is mostly quantitative in that the firm data are analysed using non-parametric statistical methods which require no or very limited assumptions about the format of the data to be analysed. Thus, non-parametric methods are geared toward hypothesis testing rather than estimation of effects. In this study, the researcher administered a questionnaire to the different owners, managing managers or HR managers of the firms. The advantage of using a questionnaire was that the researcher asked all participants identical questions in the same order. Closed-ended or fixed questions were always preferable. According to Blaikie (2010:204), quantitative methods are generally concerned with counting and measuring aspects of social life. Johnson and Christensen (2008:33) refer to quantitative

research as “research that relies primarily on the collection of quantitative (for example numerical) data”.

Thus, Paton (1990:14) adds that the advantage of quantitative research is that it allows for a large sample of respondents to be measured against a limited set of questions. This facilitates the comparison and statistical aggregation of the data collected. Mouton and Marais (1990:155-156) argued that the quantitative approach is more highly formalized, as well as more explicitly controlled, than the qualitative, with a range that is more exactly defined, and that it is relatively close to the physical sciences. In contradiction, qualitative approaches are those in which the procedures are not as strictly formalized, while the scope is more likely to be undefined, and a more philosophical mode of operation is adopted. Leedy and Ormrod (2005:94) point out that quantitative research aims to answer questions concerning the relationships between measured variables by explaining, predicting, and controlling phenomena. They further indicate that data is summarized according to means, medians, correlations and statistics (Leedy and Ormrod, 2005:97).

Quantitative data are usually produced by coding some other data, which is reduced to a number by removing context from it. Later, after manipulating the numbers, they are interpreted, that is, expanded by adding content and context which enables one to see the social world through the numerical tokens (Halfpenny, 1996:5). Creswell (2003) states that a quantitative approach is one in which the investigator primarily uses strategies of inquiry such as experiments and surveys, and collects data on predetermined instruments that yield statistical data. Thus, Blaikie (2010:214) points out that an important feature of the use of quantitative methods is their highly structured nature.

In brief, Bryman (1988) has identified the preoccupations of quantitative researchers, which are as follow:

- Measuring concepts;
- Establishing causality;
- Generalizing;
- Replicating; and
- Focusing on individuals.

4.2.3 Qualitative research

The researcher used the qualitative method because it contributed to a better understanding and helped to gather data through interviews with the key informants, thus allowing more flexibility. Interviewing key informants, especially South African trade union representatives or other stakeholders is qualitative research. The qualitative method was more flexible than quantitative because, it allowed greater spontaneity and adaptation of the interaction between the researcher and the key informants. Thus, an open-ended questionnaire helped participants to respond freely in their own words.

Indeed, the researcher conducted telephonic interviews and via email correspondence with the key informant such as trade union representatives, Federation representatives, National Bargain Council representatives and other stakeholders as key informants to help understand what can be done to promote sustainability and competitiveness of the textile and clothing industry in the SAR region. Thus, eight informants were targeted among the above stakeholders with two in each category. But the researcher succeeded to interview only three categories in South Africa, except National Bargain Council representative and only Trade Union representatives in the DRC. In South Africa, most of the other governmental stakeholders such as Department of Trade and Industry (DTI), Cape Clothing Association (CCA) and Apparel Manufacturers South Africa (AMSA) representatives declined to be interviewed. But at the last minute AMSA director provided us with crucial information.

The interviews helped to understand what can be done to promote sustainability and competitiveness of the textile and clothing industry in the SAR and how to contribute to a better understanding of policy issues. Also, labour issues were part of the interview. The researcher took notes during the interviews. As argued by Greeff (2005), the purpose of in-depth interview is not to get answers to questions, nor to test hypotheses, and not to “evaluate” in the usual sense of the term. At the root of unstructured interviewing is an interest in understanding the experience of other people and the meaning they make of that experience.

According to Blaikie (2010:204-205), qualitative methods are more concerned with producing discursive descriptions and exploring social actors’ meaning and interpretations. Johnson and Christensen (2008:34) refer to qualitative research as “research that relies primarily on the collection of qualitative (for example non numerical data such as words and pictures) data”. Creswell (2003) states that the qualitative approach is one in which the inquirer often makes knowledge claims based on constructivist perspectives (for example the multiple meanings of individual experiences, meanings socially and historically constructed, with the aim of developing a theory or pattern). He further affirms that researchers seek to understand the context or setting of the participants through visiting this context and gathering information personally (Creswell, 2003). Thus, Leedy and Ormond (2005) indicate that the qualitative researcher seeks an in-depth understanding of phenomena as they occur naturally and that no attempt is made to manipulate the situation.

4.3 Sample and sampling procedure

This section has three important sub-sections. The first sub-section discusses the targeted population and sample size. The second sub-section looks at the sampling related issues. The last sub-section looks at target and purposive sampling.

4.3.1 Targeted population and sample size

This study targeted only few firms operating in the textile and clothing industry in the SAR, especially in South Africa, Mauritius and DRC. This study consisted of forty (40) firms operating in the textile and clothing sector from South Africa, Mauritius and DRC which were registered with their respective Federations, as an acceptable convenient sampling size to assure

validity and representation. Forty (40) firms was the targeted sample size which represented 10% of the firms in the population from KwaZulu Natal Province, Eastern Cape Province and Mauritius. All these firms operated throughout the period under investigation and none of the firms had shut down. And each firm was independent of each other. To assure a meaningful response rate, the researcher proposed to contact the different participants on how to collect data at work or by telephone at a mutually acceptable time. The total population of this study consisted of the number of the textile and clothing firms operating in this sector and registered by their respective Federations, National Bargaining Councils or Trade Union. Thus, the researcher targeted only owners, managing directors and HR managers as respondents to complete the questionnaires. And the key informants were contacted telephonically at a mutually accepted time to help complete the fieldwork.

According to the National Bargaining Council for Clothing Manufacturing and Garment Knitting Industries (2009), at least one hundred and sixty (160) firms are operating in the clothing and garment sector in KwaZulu Natal Province. Furthermore, SACTWU (2009) indicates that only sixty-seven (67) firms are operating in the textile and clothing industry in the Eastern Cape Province. The researcher chose only these two provinces due to their close proximity, easy access to documentations and low cost purposes enabling the researcher to conduct his research easily as the researcher lives in Eastern Cape Province. KwaZulu Natal Province was also chosen due to a high concentration of the textile and clothing firms in the Durban area while three areas were chosen from the Eastern Cape Province with an average concentration of the textile and clothing firms in Port Elizabeth area. But, East London and Zwelitsha areas helped to meet or obtain the required sample for the Eastern Cape Province.

In addition to the above, Joomum (2006:199) pointed out that in Mauritius only thirty-eight (38) firms are operating in the textile sector and composed as follows: four (4) woollen yarn spinning mills; two (2) cotton yarn spinning mills; two (2) cotton-weaving mills and thirty (30) knitting fabrics producers. He further indicates that concerning the clothing production in Mauritius, only a few local producers, mainly small factories and the informal sector, produce for the local market (Joomum, 2006:199). According to the last publication of the Mauritius Manufacturing List by the Mauritius Ministry of Industry, Sciences and Research (2009) at least one hundred and sixty (160) firms are operating in the textile and clothing sector.

Furthermore, Mwamayi (2004:22) indicates that the DRC had several textiles and clothing companies such as NOVATEX, SOLBENA, UTEXAFRICA, SINTEXKIN, CPA, FILTISAF, SOTEXKI, and CONGOTEX but unfortunately all have been progressively destroyed, except SOTEXKI as in 2007 UTEXAFRICA closed. SOTEXKI (Société Textile de Kisangani) is registered to the Congolese Enterprises Federation (FEC). Actually, the DRC is dependant almost exclusively on importation of textile and clothing products from China.

The sample in this study was made up of forty (40) firms operating in the textile and clothing industry in SAR. The study samples from South Africa consisted of nine (9) firms operating in the textile industry and fourteen (14) firms operating in the clothing industry. All selected firms were critically analysed. The breakdown from the South African firms was as follows: Eastern

Cape Province consisted of seven (7) firms; and KwaZulu Natal Province consisted of sixteen (16) firms.

Concerning Mauritius, sixteen (16) firms in both the textile and clothing industry were selected and critically analysed and only one firm from the DRC textile and clothing industry was selected and critically analysed for the purpose of this study. The respondents of this study were respectively Human Resources Managers (HRM), Managers or any Managing Directors. In each firm, the respondents were asked to complete the questionnaire after an initial contact by telephone or via email to secure an appointment.

The sample frame was obtained from the textile and clothing manufacturers listed from the Clothing Federation Handbook SA and Textile Federation Handbook SA, Trade Union or the Mauritius Ministry of Industry, Sciences and Research and Fédération des Entreprises du Congo (FEC), respectively from South Africa, Mauritius and the DRC.

The sample size was optimum characterized by its efficiency, reliability, flexibility and representativeness. In the South African case study, at least one hundred and sixty (160) firms are registered and working in the clothing sector according to the list obtained from the National Bargaining Council for Clothing in KwaZulu Natal Province and sixty-seven (67) firms are registered and working in the textile and clothing industry in Eastern Cape Province according to SACTWU Eastern Cape. Concerning the Mauritius case study, at least one hundred and sixty (160) firms were registered and operating in the sector according to the Mauritius Ministry of Industry, Sciences and Research; while for the DRC only SOTEXKI has survived.

The study covered only forty (40) textile and clothing firms which represented exactly 10% of this sector from the different areas, locations or provinces targeted in these three countries, especially located in South Africa, Mauritius, and the DRC. These firms were selected according to their size, location, product type, market and nationality (the majority of shareholders or owners) to ensure representativeness. Volunteer sampling was used as a sample of people who volunteered to be part of the study (De Vos et al., 2005:352).

According to De Vos et al., (2005:328), sample size depends on what you want to know, the purpose of the inquiry, what is at stake, what will be useful, what will have credibility, and what can be done with available time and resources. The overall response rate in this study was good as the researcher received forty (40) completed questionnaires out one hundred and twenty (120) questionnaires sent out in South Africa, the DRC and Mauritius fieldwork as a result of the self-questionnaire technique and interview.

4.3.1.1 Validity, reliability and representativeness of the sample

In this study, great care was taken to assure validity of the measuring instruments. The researcher was advised to present the findings of this study to the Union representatives associated with the different South African firms in the sample. Leedy and Ormrod (2001:31) state that the validity of a measuring instrument is the extent to which the instrument measures what it is supposed to measure. Additionally, Kruger (1994:31) shows that validity is the degree to which the procedure really measures what it proposes to measure. Leedy (1997:32) points out that validity is concerned with the soundness and effectiveness of the measuring instrument and

whether or not it accurately measures what it is intended to measure. Thus, Silverman (2000:177) observes that triangulation and respondent validation are flawed methods and are therefore fallible paths to validity. Furthermore, he provides five interrelated ways of thinking critically about qualitative data to aim at more valid findings. These include the comprehensive data treatment, the constant comparative method, deviant-case analysis, using appropriate tabulation and the refutable principle.

Were the respondents telling the truth? In fact there was no evidence (from the questionnaire) of labour repression, despite evidence to the contrary from previous studies in Swaziland and South Africa. The researcher proposed to check validity by presenting the findings of this study and re-interviewing union representatives. This could therefore compare the responses obtained from the interviews to those obtained from the fieldwork, and compare the results to the theoretical findings. This approach is called triangulation. Validity is truth. Most of the respondents were owners or managing directors who completed the questionnaire by providing their expertise. As part of triangulation, union representatives acknowledged conditionally the findings of this study with its method, whilst showing that another method could have resulted in different findings. For instance, if a union official (trust issue) or outsider researcher had engaged workers about their condition of work, the workers may have revealed different information. It is important to note that abuses exist in the local textile and clothing industry depending on what method (top-bottom approach) was used and whether firms were compliant or non-compliant firms or whether these firms were across metro areas or non-metro areas firms. Thus, more investigation is needed to investigate whether labour repression exist by keeping a close eye to the used method (top or bottom) and the above four variables.

According to Silverman (2000:175), reliability is the degree of consistency with which instances are assigned to the same category by different observers or by the same observer on different occasions. A range of techniques are thus used in any single study to corroborate findings. To ensure reliability, it is therefore important that the researcher documents his or her procedures and demonstrates that categories have been used consistently (Silverman, 2000:188). Leedy et al., (2001:99) points out that the reliability of a measurement instrument is the extent to which it yields consistent results when the characteristic being measured has not changed. A researcher can measure something accurately only when it can be measured consistently. This means that in order to have validity there must also be reliability in the data. The more valid and reliable the measurement instruments are the more likely that the presented appropriate conclusions form the data collected and also solve the research problem in a reliable manner. Furthermore, Schumaker and McMillan (1993:386) add that reliability in design can be enhanced by making explicit six aspects such as researcher role, informant selection, social context, data collection and analysis strategies and analytical premises. In other words, the threat to reliability is reduced by adequately describing the relationship between the researcher and participant, the criteria and processes used in the purposeful sampling, the multi-methods employed in collecting data, the process of data analyses especially the codes used and decision rules for categorizing the theoretical framework and concepts that form the study (Schumaker & McMillan, 1993:387).

Concerning the representativeness of the sample, great care was taken in consideration as the researcher limited the findings of this study to the firms under investigation and not to generalize them to the large population due to the use of non-probability sampling requirements. It is important to note that owners or managing directors were the right people identified in this study as respondents which differ completely to the right target or the right sample size. In fact, representativeness relates to generalisation resulting from random sampling and probability sampling. According to Welman and Kruger (2001), the smaller the population the larger the sample should be to ensure satisfactory results. Cooper and Schindler (2003:155) add that the larger the sample size, the lower the error in generalising to the population. Gardiano and Raulin (2000:133) state that it is important to understand the concept of representativeness and its relationship to generalizability. A perfect representative sample would be a “mirror image” of the population from which it was selected.

As hinted at above, Kerlinger (1986:110-111) argues that when we talk about representativeness, it means that sample should have approximately the same characteristics as the population relevant to the research in question. De Vos et al., (2005:196) ask how can we ensure that a sample is as representative as possible? They further add that random sampling is the only technique available that will ensure an optimal chance of drawing a sample that is representative of the population from which it was drawn. As argued by Urquhart and Fernandez (2006), theoretical sampling is concerned with theory construction and is not proportionate with the representativeness of a given population (as in quantitative research). In theoretical sampling the concern is to check and refine the researcher’s emerging categories of the phenomenon. Furthermore, Blaikie (2010:172) indicates that the ideal sample is one that provides a perfect representation of a population, with all the relevant features of the population included in the sample in the same proportions.

4.3.2 Sampling related issues

As indicated by Cooper and Schindler (2007:717), a sample can be defined as a subset of a population or group of participants who are carefully selected to represent a population. Blaikie (2010:173) adds that a sample is a selection of elements (members or units) from a population and may be used to make statements about the whole population. De Vos et al., (2005:192) state that sampling means taking any portion of a population or universe as representative of that population or universe. They further define sample as a small portion of the total set of objects, events or persons, which together comprise the subject of our study. Sarantakos (2000:139) adds that the major reason for sampling is feasibility. Thus, Grinnell and Williams (1990:127) state that in most cases a 10% sample should be sufficient for controlling sampling errors.

4.3.3 Snowball and purposive sampling

In this study, both snowball and purposive sampling techniques were chosen due to the fact the sampling was not representative. The researcher proposed to use a non-probability sampling technique. In non-probability sampling, the odds of selecting a particular individual are not known because the researcher does not know the population size or the members of the

population (Gravette & Forzano, 2003:118). Thus, the researcher proposed to use both the purposive, judgemental and snowball sampling technique.

The researcher proposed to use snowball technique as some firms were difficult to locate due to changed address during the investigation. Snowball sampling helps to collect data on the population that were difficult to locate by asking other targeted population to provide details required to locate the population whom they used to know. According to De Vos, Strydom, Fouche & Delport (2002:336) researchers use snowball sampling to collect data on few members of the population he can locate then seeks information from those individuals to locate other members of the population. They do that by start using one respondent because these are usually situations where very few respondents are available (De Vos et al, 2002). Welman and Kruger (2001) suggested that the smaller the population the larger the sample should be to ensure satisfactory results. Thus, Barbie and Mouton (2003:166) express the opinion that in cases where the researcher has knowledge of the characteristics of the population to be studied; and where it is almost impossible to enumerate the whole population, a purposive and judgmental sampling procedure is suitable. In this case, the researcher received a list of firms operating in the sector from the different Federations or Ministries, due to a high number of firms' closure during the period under investigation, both snowball, purposive and judgemental sampling were considered in data collection process.

In this case the researcher must first compile a list of names by means of careful questioning in the community until he has a sufficient number of respondents to commence his investigation. Great effort is put into involving a sufficient number of respondents by carefully explaining the purpose and value of the study to them. Observation, interviews with key informants, and studying policy records are ways in which the desired number of respondents can be determined. The researcher wishing to use this method will have to follow a flexible approach in this sampling, since it is impossible to use a rigid set of rules (Watters & Biernacki, 1989:427).

Concerning purposive sampling, Barbie and Mouton (2003:166) express the opinion that in cases where the researcher has knowledge of the characteristics of the population to be studied and where it is almost impossible to enumerate the whole population, a purposive and judgemental sampling procedure is suitable. According to De Vos et al., (2002:207), purposive sampling is based entirely on the judgement of the researcher in that a sample is composed of elements that contain most characteristics, representative or typical attributes of the population. This type of sampling gives the researcher a chance of selecting cases with specific purpose. Furthermore, Singleton et al., (1988:153) pointed out that this type of sample is entirely based on the judgement of the researcher, in that a sample is composed of elements that contain the most characteristic, representative or typical attributes of the population. In purposive sampling the researcher must first think critically about the parameters of the population and then choose the sample case accordingly. Clear identification and formulation of criteria for selection of respondents is, therefore, of cardinal importance (Strydom, 2005:329). Creswell (1998: 118) comments as follows in this regard: "The purposeful selection of participants represents a key decision point. Researchers need clear criteria in mind and need to provide rationales for their decisions". Barbie and Mouton (2004:166) state that the advantage of the purposive sample

technique was that the researcher already had knowledge of the population and its elements under study. The limitation of this selection however is that it is subjective, as it solely depends on the judgement of the researcher.

But one of the limitations of this study was that many of the firms had disappeared due to the low cost competition from the East Asian countries. Also these firms still appeared on the Federations Lists or in the records of the Mauritius Ministry of Industry, Sciences and Research List which is why the researcher chose to contact different firms separately to participate voluntarily in this study. It is important to note that the firms were independent of each other while the literature showed that some firms were branches of a larger firm. Many firms with interesting story of success or failure even labour repression did not respond to the researcher's question. Further investigation is needed due to the complexity and pertinence of the local textile and clothing industry.

4.4 Data collection procedure and measurement instruments

In this case study, the researcher was looking at the sustainability and competitiveness of the textile and clothing industry by exploring at what underpins a firm's survival and the broader lessons thereof. Thus, the researcher designed a questionnaire which covered a number of issues such as company profile (ownership patterns, size), profit and output performance, manufacturing performance, human resources development (labour issues, training issues or involvement in union, and so forth), export performance and value added production paradigm.

As indicated by Mouton (2001:6), in order to collect data, some form of measuring instrument had to be used. These could be sophisticated instruments ranging from high resolution microscopes to gas spectrometers, or instruments such as questionnaires, observations schedules, interviewing schedules and psychological testing.

In addition to the above, Leedy and Ormrod (2001:98) further note that measuring instruments provide a basis on which the entire research effort rests. They further indicate that when planning a research project, one should determine clearly and definitely the nature of the measurement instruments to be used. Green, Tull and Albaum (1988:249) argue that the success of a research endeavour depends on the accuracy of the measurement instrument. Furthermore, Leedy and Ormrod (2001:98) state that instruments should be described in explicit, concrete terms. Evidence that the instruments used should have a reasonable degree of validity and reliability.

In this study, data were collected over the period July 2010 until November 2011 by the researcher with the assistance of three fieldworkers or researcher assistants in both the DRC and Mauritius. First of all, the researcher travelled to the DRC for data collection. The targeted respondents were respectively HR managers and managing directors. At the time of the interview none of the interviewees were willing to cooperate. The researcher then asked a Chief Infographiste (Creator) to complete a questionnaire. Thus, one of the obstacles was that the above respondent did not know all the aspects of the firm which was limiting to provide important information required in the questionnaire.

A timely suggestion by a supervisor at the university, led to the researcher hiring a woman researcher based at the University of Kinshasa (UNKIN) to follow up. Interview was secured and a questionnaire completed. The woman researcher succeeded in interviewing a fifty year old Male, first Responsible du Siege SOTEXKI/Kinshasa with sixteen (16) years' experience at the firm. The post of the responsible du siege is above that of a managing director or Administrateur Delegue General who has knowledge of every aspect of the firm or business.

Concerning South Africa, the researcher attended to all the data collection as the latter lives in South Africa. While the researcher was waiting for a Mauritius visa, a member of the Nelson Mandela Metropolitan University (NMMU) staff secured the researcher with an important connection in Mauritius to hire a fieldworker to collect data in Mauritius. These researchers or fieldworkers were fully informed about this study and especially about data collection and interview techniques by a senior researcher. Data were collected through questionnaires and interviews.

In addition to the above, Leedy and Ormond (2001:98) add that the validity of a measurement instrument is the extent to which the instrument measures what it is supposed to measure. They further pointed out that we can measure something accurately only when we can also measure it consistently. In other words, in order to have validity, we must also have reliability. They further emphasise that the more valid and reliable our measurement instruments are, the more likely we are to draw appropriate conclusions from the data we collect and, thus, to solve our research problem in a credible fashion (Leedy & Ormond, 2001:100).

As noted by Babbie (2004:143), validity refers to the extent to which an empirical measure accurately reflects the concept it is intended to measure. In other words, as stated by Gravetter and Forzano (2003:87), "the validity of a measurement procedure is the degree to which the measurement process measures the variable it claims to measure". Salkind (2000: 113) defines validity as "the quality of the measuring instrument doing what it is supposed to do". Validity is normally referred to in relation to the outcome of a test and therefore various degrees of validity should be interpreted in terms of the results of the study and whether the results are understood within the context of the researcher's purpose. Furthermore, Maree (2007) states that data can be obtained by making use of a questionnaire; by personal interviewing; observation of events as they happen; abstraction, where the sources of information are documents; and postal questionnaires if the targeted geographical area or number of respondents is large. For the purpose of this study, the data collection tools/techniques and instruments which were used are discussed in more details below.

4.4.1 Questionnaire

A questionnaire constituted the principal chosen data collection tool in this study. The researcher proposed to design two questionnaires, one in French and another one in English as in Mauritius and the DRC French is spoken. During the course of interview by the researcher, a questionnaire was given for completion and immediate return. A questionnaire helped to gather quickly and easily information required from the respondents in a non-threatening way.

In fact, Strydom, Fouche and Delpont (2005) define a questionnaire as a set of questions on a form which is completed by the respondent in respect of a research project. They further affirm that the basic object of a questionnaire is to obtain facts and opinions about a phenomenon from people who are informed on particular issues (Strydom et al., 2005). In this study, the main reason for using a questionnaire was to ascertain the respondents' (managers') understanding, expertise and perspectives on the survival and competitiveness of the textile and clothing industry in the Southern African Region. Careful consideration was given to the structure and design of the questionnaire to ensure that accurate and desired information is obtained. The questionnaire incorporated the issues of participant anonymity and confidentiality. A copy of a questionnaire used in this study is attached as Annexure.

In addition to the above, Leedy and Ormrod (2001:202) indicate that that a questionnaire seems to be simple, yet in our experience they can be tricky to construct and administer, and one false step can lead to uninterruptable data or an abysmally low return rate. Thus, Johnson and Christensen (2008:176) add that essentially open-ended questions provide qualitative data, while close-ended questions provide primarily quantitative data. As mentioned by Welman and Kruger (1999), questionnaire and face-to-face interviews are the most common instruments to collect data in social research. A questionnaire is the most appropriate and convenient technique to collect information from respondents on opinions, beliefs, practices, attitudes and convictions.

Indeed, Leedy and Ormrod (2005) have listed the following requirements to be taken into account when compiling a questionnaire:

- Confidentiality should be assured;
- Wherever possible, a choice of answers should be given on the form;
- The questionnaire should be well laid out, with adequate space for answers, where necessary;
- Questions should not be offensive and not require any calculations;
- Questions should not give cause for emotive language; and
- Questions should be short, simple and to the point.

Furthermore, Leedy and Ormrod (2005) state that a questionnaire should also comply with at least the following three objectives:

- It should be executed within the ambit of available time and resources;
- It should reflect accurate information regarding the research study;
- It should meet the aims of the research.

The following types of questionnaire were used:

4.4.1.1 Mailed Questionnaire

In this study, a mailed questionnaire (by post or online emails) was chosen due to its low cost because the response rate is very low reason why the researcher proposes to undertake an in-depth interview at their place of work or via telephone with the participants. A mailed questionnaire is, according to Grinnell and Williams (1990:216-217), one which is sent off by mail in the hope that the respondent will complete and return it. However, this does not always happen, as the response rate is normally low, often around 30%. If initial mailings are followed up, this percentage may be increased (Rossouw, 2003:129).

As noted by Delport (2005), the advantage of the mailed questionnaire is that costs are relatively low. The respondent enjoys a high degree of freedom in completing the questionnaire, and information can be obtained from a large number of respondents within a brief period of time. What is most important is that in mailed questionnaires the same stimulus is offered to all respondents and the possible “contaminatory” influence of a fieldworker is eliminated. Delport further indicates that a mailed questionnaire must be therefore being carefully organized because explanation by a fieldworker is not available. A mailed questionnaire also facilitates the processing of the data (Delport, 2005). Thus, the researcher proposed to follow up by visiting the different respondents or to send fieldworkers or another researcher to do a face-to-face interview and complete the questionnaire at the same time.

4.4.1.2 Self-Administered Questionnaire

In this case, the questionnaire was handed to the respondent, who completed it but the researcher was available in case problems were experienced. The researcher (or fieldworker) limited any contribution to the completion of the questionnaire to the absolute minimum. The researcher thus largely remained in the background and could at most encourage the respondent with a few words to continue with his contribution, or lead him back to the subject (Delport, 2005). The researcher found that this technique was good in terms of completed questionnaires as thirty-eight (38) completed questionnaires out of forty (40) completed questionnaires were from self-administered questionnaire. The mailed questionnaire, on the other hand, did not produce a satisfying result as only two completed questionnaires out of forty (40) completed questionnaires belong to this technique. It is important to note that one hundred and twenty (120) questionnaires were sent out but only forty (40) questionnaires were returned back completed. Thus, out of one hundred and twenty (120) sent questionnaires, more than thirty (30) questionnaires were sent via emails and only two questionnaires were returned completed which reveal the low response rate about this technique. One limitation is that a very good number of firms in the textile and clothing industry in the SAR closed due low cost competition.

4.4.1.3 What is this study going to measure?

How do the concepts and issues identified in the literature review translate into practical questions? The nature of the topic researched in this study dictated the use of a questionnaire as the primary research tool. The questionnaire was highly structured as a data collection technique in which respondents were asked the same set of questions. The questionnaire in this study was developed from the theoretical analysis of the literature review chapter two and chapter three. The questionnaire was selected as a data gathering tool. It gave a uniform answering style,

quicker and easier to administer and analyse. It had been also mentioned that interviews with key informants were contacted telephonically; especially Federation Representatives, National Bargaining Council, Trade Unions members, and other government stakeholders.

This study is about the sustainability and competitiveness of the textile and clothing industry in the SAR. It then tries to explore what underpins a firm's survival and understand why these firms have survived and what can be done to promote sustainability and competitiveness. It provides an understanding of labour repression and value added production paradigm on how they contributed to the textile and clothing industry's survival and competitiveness. This section provides precise information about what is going to be measured and how the questionnaire was constructed. The questionnaire covered a number of issues which were related to performance measurements from 2005 to 2010. It concentrated also on other important key issues concerning the industry sustainability and competitiveness in the SAR by examining what enables a firm's to survive, and understanding what the two most important managerial strategies or alternative strategies are in the production process on how to help firms to survive, how many firms survived, what works in the industry, how it works and what can be done to ensure things in the industry will perform efficiently in the future. Thus, this study proposed to take the following into account and ask certain questions like:

- A company's basic profile which included issues such as ownership patterns, firm size, location, and product profiles. This section presented some important details about a number of firms operating in the SAR.
- The impact of value added production on overall competitiveness and survival of the firms by trying to understand how essential it is for a firm to engage in value added production: What underpin these firms' survival? How many firms survived? What is the overall performance of the industry? Which types of firms have survival? How essential is it for a firm to engage in value added production and how many firms were involved in this? What are the significance of best labour practice and its contribution to the firms' performance?
- Firm level performance which includes issues such as output trends, profitability trends, export trends. This section provides crucial information of the different firms' competitiveness and sustainability. Does firm survival or competitiveness have anything to do with human resources (HR) practices?
- Human resources development: (What the nature and extent of labour repression? Are there any firms involved in labour repression and how many firms are using it? Can best labour practice contribute to firms' performance? Is there any relationship between HR practice and firms' performance? Are there any indications of strikes, lockouts or workers engaged in any violent form of protest in any of your factories/production units? To what extent do the workers unions have contributed on firms survival and competitiveness) Other important issues related to this section include training and development issues, work council, reward system, use of quality circles and communication or the overall industrial relations, retrenchment issues, etcetera. Can

government policy interventions help, encourage and promote the local industry's competitiveness?

Indeed, the construction of questions can be determined by factors such as content, format, type of wording and the order of words. The questionnaire used in this study is attached as Appendix B in English and Appendix C in French (see page 329 to 337).

4.4.2 Interviews

Face-to-face interviews were another important chosen data collection tool in this study because it ensures uniformity and fairness. To assure of a meaningful response rate, the researcher asked the different respondents to complete the questionnaire and planned to do an in-depth interview the key informants at a mutually acceptable time. This interview allowed considerable flexibility in scope and depth. In this study, the researcher intended to interview trade union representatives, some Federation representatives, National Bargaining Council members and other government officials (AMSA and CCA) to help capturing their opinion and view about the pertinence of policies to promote the sustainability and competitiveness of the textile and clothing industry in the SAR. Additionally, the interviews were related to abuses of workers in the local industry. In this study, interviews were conducted in either French or English as in both Mauritius and the DRC are predominantly French-speaking whereas in South Africa English is the predominant language in business. According to Babbie and Mouton (2001:218) also observe the importance of asking questions in the language in which the interviewee feels most comfortable.

In view of the above, Welman (2001:158) argues that the interview is a data-collecting method which usually involves personal visits to respondents at home or at work. In the interview the interviewer asks questions from an interview schedule and records respondents' responses. Interviews are very useful because highly specific data can be obtained in a very short space of time. The interview is also useful because it provides a general overview of people's thoughts. Thus, Bergum quoted in Morse (1991:61) refers to conversation rather than interview, as conversation implies a discussion and captures the attitude of the interaction. The conversation, like the interview, has a central focus, but is not one-sided. Interviewing the participant involves description of the experience, but also involves reflection on the description.

De Vos et al., (2005:296) add that the one-to-one interview gives the researcher and participant much more flexibility. The researcher is able to follow up particular interesting avenues that emerge in the interview, and the participant is able to give a fuller picture. Holstein and Gubrium (1995:76) indicate that a questionnaire written to guide interviews is called an interview schedule or guide. This provides the researcher with a set of predetermined questions that might be used as an appropriate instrument to engage the participant and designate the narrative terrain.

4.4.2.1 In-depth interview

The unstructured face-to-face interview was also referred to as the in-depth interview. As proposed by the researcher, in-depth interviews were conducted with the key informants telephonically at a mutually acceptable time to assure a meaningful response rate. In-depth

interviews helped gain a detailed picture of a participant's beliefs about, or perceptions or accounts of, a particular topic. According to Taylor and Bogdan (1998), in-depth interviews are regarded as an effective alternative to observing a case-study in action as they provide a method that permits direct observation of the people involved in the process and the ability to listen to what those people have to say. As stated by Greeff (2005), an in-depth interview is referred to as a "conversation with a purpose". It is focused and discursive and allows the researcher and participant to explore an issue. It is used to determine individuals' perceptions, opinions, facts and forecasts, and their reactions to initial findings and potential solutions. Denzin quoted in Collins (1998:1) adds to this by referring to the interview as an interactional situation. Interviews are social interactions in which meaning is necessarily negotiated between a number of selves (Collins, 1998:3).

Face-to-face interviews are the most flexible form of the data collection method. The main advantages of the face-to-face interviews are the availability of an interviewer to structure the interview situation, as well as helping and motivating respondents. Its setting allows for optimal communication, as both verbal and non-verbal communications are possible. Structured or partly structured interview schedules with open questions can be used as the interviewer poses the questions, follows up with additional probes, bridges silences, and records answers (De Leeuw, 2008 cited by Alautari, Backman & Brannen, 2008:317). De Vos et al., (2005) state that the researcher will have a set of predetermined questions on an interview schedule but the interview will be guided by the schedule, rather than being dictated to by it.

According to Smith, Harrè and Van Langenhoven (1995:17), recording the interview on tape allows a much fuller record than notes taken during the interview. It also means that the researcher can concentrate on how the interview is proceeding and where to go next. It is recommended that both an electrical and battery-operated tape recorder are used to ensure data capturing. They also remind researchers to use a high-quality tape recorder and tapes. Greeff (2005) adds that external microphones could be useful for clarity. The tapes can later be transcribed for close analysis. The participant should always have the right to ask for the tape after the interview.

4.5 Response rate for this study

Table 4.1 Number of the selected firms in this study and number of responses received

Details concerning firms	South Africa		Mauritius	DRCongo	Total of Firms
	KwaZulu Natal	Eastern Cape			
Firms operating in this area	160 ¹	60 ²	160 ³	1 ⁴	381
Firms selected/Firms received questionnaires	50	19	50	1	120
Firms returned questionnaires	16	7	16	1	40
Returned questionnaires sent via email or post/ Mailed questionnaire	0	0	2	0	30

Source: ¹ National Bargaining Council for Clothing Manufacturing and Garment Knitting Industries (2009); ² SACTWU (2009); ³ Mauritius Ministry of Industry, Sciences and Research (2009); ⁴ Fédération des Entreprises du Congo (FEC, 2009).

Table 4 provided additional details concerning the sample size and data collection. The above table revealed that one hundred and twenty (120) firms were contacted telephonically and via email to negotiate a face-to-face appointment. A questionnaire was immediately sent and distributed to these firms via emails, hand to hand or by postal mail to solicit their responses and opinions. The response rate was 33% of completed and returned questionnaires from SA, Mauritius and the DRC. The overall response rate was good as the researcher received forty (40) completed questionnaires out one hundred and twenty (120) questionnaires sent out. It is important to note that forty (40) firms constituted the targeted sample of this study which represented exactly 10% of this sector from the different areas, locations or provinces targeted in these three countries, especially South Africa, Mauritius, and the DRC. To ensure cooperation and confidentiality, a covering letter, a confidentiality agreement and the researcher's address with stamped envelope were sent via email, postal mail or personally handed to the respondents by the researcher.

The covering letter included a brief explanation of the purpose of the study and assurance of confidentiality. The objective of the covering letter was to ensure a high response rate. The correspondence was persuasive and courteous with an understanding and respect for others to ensure cooperation (Leedy, 1997:196). The envelope was marked with the respondent's number range from one to one hundred and twenty, to enable identification of firms returning the questionnaire sent out. The researcher proposed to do an in-depth interview with the key informants telephonically to complete the relevant firms' responses by presenting them the findings of the study. A tape recording was not used to record important thoughts and ideas of

the different respondents but taking notes helped a lot in both conversations. Later, the researcher analysed the data from the questionnaires and interviews.

To ensure cooperation, the researcher explained to the respondents the purpose, aims and objectives of the study and proposed to present a brief introduction; to make things easy for respondents by calling at convenient time; appease the respondent's concerns; and give assurance about feedback to the respondents on how this study will help promote sustainability and competitiveness of the textile and clothing industry. In order to obtain satisfactory response rate, the researcher designed the questionnaire in a manner that respondents would find it understandable, clear and easy to complete. Further, the researcher proposed to boost the response rate by continuing to remain in contact with the respondents telephonically and by emails.

Before and after the deadline, the researcher did follow up by emails and continued calling to remind respondents to return the completed questionnaire. To improve cooperation, the researcher used a number of means such as providing his identity or presenting authentic credentials like the NMMU letterhead to reassure respondents that the researcher is a bona fide student. Another method adopted by the researcher was to visit different firms after a few telephonic calls or emails to help respondents complete the questionnaire and this method played an important role in term of data collection. The final strategy was to undertake a telephonic interview but this was not possible because all the contacted firms unanimously refused to do a telephonic interview.

4.6 Nature of data collected

The study sought to explore what underpins a firm's survival in the textile and clothing industry in the SAR by looking at the significance of value added production paradigm and labour repression on how to help firms survive. Thus, the researcher proposed to do fieldwork by using a questionnaire. These questionnaires played an important role in collecting the primary data. Other important documents consulted included such primary data as company data, government and industry reports, etcetera. Other important documents used were secondary data such as scholarly journals, articles (treatise, dissertation), newspapers, and other publications which played a key role providing much information for this study.

This study also used a documentary study. Strydom (1997:227) observes that a researcher is allowed by the individual to whom the document belongs to dip into it, to a greater or lesser degree; utilize certain parts of it for research purposes. According to De Vos et al., (2005:314), the third and fourth methods of data collection that are often neglected are the study of documents and their use as secondary analysis. The latter denotes the analysis of any written material that contains information about the phenomenon that is being researched. Mouton (1988:18), for instance, refers to official and personal documents, while Bailey (1994:294-300) distinguishes between document study and secondary analysis. Dane (1990:168) refers to archival research. Patton (2002:306) adds that by using a combination of procedures such as document study, secondary analysis, observation and interviewing, the researcher can more easily validate and cross-check findings. Each data source has its strengths and weaknesses, and

by using triangulation the strengths of one procedure can compensate for the weaknesses of another approach.

This study incorporated variables contributing to the industry sustainability and competitiveness and they were explored in the different firms. These variables were under review's the labour issues, machinery quality, output level, profitability, export level and production level. The study tried to explore what enables a firm to survive in the textile and clothing industry in the SAR by looking at what works in the industry, how it works and what can be done to ensure things in the industry will perform efficiently in the future. It then provided an understanding of the two important managerial strategies which include value added production paradigm and labour repression.

Two categories of data were classified. Firstly, a primary data which was collected by the researcher for the purpose of the study. Such data were original in character and were generated by the survey conducted by individuals or organisations. This category referred to the empirical research which the researcher and fieldworkers conducted in the different firms. Secondly, secondary data were those data which had already been collected and analysed by earlier studies or agencies for their own use. The researcher made use of the secondary data collection which consisted of a review of the relevant local and international literature to provide a conceptual framework on the textile and clothing industry's sustainability and competitiveness by looking at what underpins a firm's survival, what works in the industry, how it works and what can be done to ensure things work better in the future. The researcher made extensive use of, examine, read and critically analyse published studies, unpublished dissertations and treatises and access accredited journals, policy documents, legislations, electronic sources and others specific literature. The reason behind this literature study was that the research aims and objectives are very pertinent, sensitive and complex.

4.7 Data analysis techniques used

The researcher proposed to analyse in-depth interview by making extensively use of coding and classification of data according to the various themes in the research problem. The researcher received assistance on how to analyse data from the Statistic Unit at NMMU, Port Elizabeth. Babbie and Mouton (2001:414) explain that coding is "the conversion of data items into numerical codes." Coding is essentially the quantification of qualitative data. Thus, the researcher will analyse the data for similarities in response. For example, if asked what qualities the interviewee looks for a friend, it may be that certain qualities are commonly cited. The variable of 'friendship quality' would be assigned a code and each of the interviewee responses would also be numerated. The result of coding is that a great deal of qualitative narrative data is refined into a series of codes for further processing.

In addition to the above, data from the questionnaire were analysed by using a bivariate descriptive statistical method. The data collected from the various textile and clothing industries was statistically analysed using tables, graphs, pie charts, bar charts and other statistical tools such as Chi-square test, cross-tabulations evidence in the form of bivariate graphs. Bivariate descriptive method helps to understand the relationship between the different variables

especially the relationship between labour repression and value added production paradigm contribution to the firms' survival. This was also used to explore the relationship between variables especially tried to understand if there was a relationship between HR practices and firm performance and any broader lessons.

All data collected and received were analysed by using STATISTICA software due to its flexibility and excellent capacity for labelling variables. The emphasis was not for computation but to help with interpretation. As Polit and Hungler (1991:405) argue that the use of statistical tools for analysis enables the researcher to reduce, summarize, organize, evaluate, interpret, and communicate numerical information.

4.7.1 Data codes

Table 4.2 Data codes

Variables	Label	Coding
X1	Gender	0= Female; 1= Male
X2	Ownership	0= National; 1= Foreigner; 2= Joint venture
X3	Firm size	Estimate of the US\$ million of the firm's turnover
X4	Labour force	Number of workers in the firm

Besides the above, table 4.2 provides important details on how data analysis. Creswell (1994:153) pointed out that the process of data analysis is eclectic; there is no right way. Data analysis requires that the researcher is comfortable with developing categories and making comparisons and contrasts. It also requires that the researcher be open to possibilities and see contrary or alternative explanations for the findings. De Vaus (2002:330) argues that path analysis is a procedure for analysing and presenting results. It is used for testing casual models and requires that a model is formulated using a pictorial casual flow graph. The flow graph is used as a way of presenting results and assists what the researcher is attempting to portray.

In brief, once the data has been collected and summarized, the researcher needs to make sense of the data by beginning the process of data analysis. During data analysis and interpretation process, the researcher draws conclusions about the research aims and objectives based on the evidence collected. At this stage suggestions and recommendations need to be made by proposing further investigation and the possible application of the results to other disciplines. Recommendations help improve theories and policies.

4.8 Ethical consideration

Fieldwork is definitely more colourful and challenging (Ryen, 2002b cited by Seale, Gobo, Gubrium and Silverman, 2007:218). Fieldwork is constantly driven by ethical challenges. The researcher understands the term 'ethical' to mean 'do not harm' or embarrass anyone and to respect the privacy and confidentiality of respondents. This is recognized by Fine (1993), who

claims that ‘The production of good things might not be pretty’ and ‘Unresolvable ethical dilemmas are endemic to work’ (Fine 1993 cited by Seale, Gobo, Gubrium and Silverman, 2007:218). According to Haimés (2002:89), ‘social scientists go beyond the specific theoretical and empirical practices to enquire further into the social processes that lie behind the very designation of certain matters as being “ethical issues” (Haimés, 2002 cited by Seale, Gobo, Gubrium and Silverman, 2007:218). Kvale (1996:10) adds that ethics is not restricted to fieldwork, but refers to all stages in the research process including (field relations and) writing up the report. Indeed, the NMMU Research Ethical Committee has granted the researcher permission to conduct this study. Additionally, codes and consent refer in particular to ‘informal consent’. This means that research subjects have the right to know that they are being researched, the right to be informed about the nature of the research and the right to withdraw at any time (Ryen, 2004:232).

The second standard ethical issue refers to confidentiality. Researchers are obliged to protect participants’ identity, places, and location of the research. Lastly, trust refers to the relationship between the researcher and the participants, and to the researcher’s responsibility not to ‘spoil’ the field for others in the sense that potential research subjects become reluctant to research (Ryen, 2004:232). In this way, Fine (1993) adds that trust also applies to the report or the discursive practices defining the standards for presenting both the researcher and the work as trustworthy. In this way, the three ethical issues of consent, confidentiality and trust are closely linked (Fine, 1993 cited by Seale, Gobo, Gubrium and Silverman (2007:218).

4.9 Conclusion

In this chapter, the researcher provided an overview of the research design and methodology used in this study. A triangulation research design with a questionnaire as data-collecting tool was used. Interviewing key informants played a crucial role in terms of the conclusion of this study. The questionnaire was administered to HR managers or other managing directors of the different textile and clothing industries in the SAR. Other sections in this chapter looked at simple random sampling, data analysis issues and ethical considerations. The researcher received an adequate response rate.

In the next chapter, the empirical study and presentation of the South African results are discussed, analysed, presented and interpreted. It then provided also the different findings related to this study. Lastly, the researcher proposed some recommendations about the textile and clothing industry competitiveness.

CHAPTER FIVE: FINDINGS ABOUT THE SOUTH AFRICA TEXTILE AND CLOTHING INDUSTRY

This chapter has four main sections. Section 5.1 forms the introduction, while Section 5.2 gives the presentation of the data. Section 5.3 provides the interviews and other findings of the study and Section 5.4 is the conclusion.

5.1 Introduction

The purpose of this Chapter is to analyse, present and interpret the data that was obtained from the empirical study. This chapter has four main sections. Section one is the introduction. Section two provides the presentation of the data or presents the research findings. Here the researcher discusses the basic details of the firms, the HR practices, value added production and other related questions concerning the textile and clothing industry in South Africa by exploring the issues related to labour force and value added production paradigm. What underpins a firm's survival (firms which have survived or new entrants) in the textile and clothing industry is critically analysed; and the reasons for their survival and competitiveness is discussed. Section three provides the different interviews with stakeholders. Section four contains the conclusion. The researcher also presents recommendations about what can be done to ensure things in the industry will perform efficiently in the future. Briefly, the findings revealed the pertinence of including best labour practices and value added production paradigm to promote competitiveness and keep firms survival as two important managerial strategies used in the production process.

5.2 Presentation of the data

This section has six important sub-sections. The first sub-section presents the basic details about the firms. The second sub-section discusses the HR practices. The third sub-section explores the links between the different HR practices and performance. The fourth sub-section discusses the value added production paradigm issues. The fifth sub-section provides the other related questions about the study. The last sub-section discusses the issues related to government involvement in the sector.

It is important to clarify certain signs or observations before the researcher starts to analyse the data in the next paragraphs and chapters. Except the bibliographical details of the respondents and firm details, the questionnaire was design with five sections corresponding to section A to section E. But during the data capturing by a statistician staff at NMMU, the questionnaire had new structure consisting of eleven sections starting from section A to section K. For example, section "A" consisted of the first-four questions (A1, A2, A3, and A4) and each of these questions becomes a variable by capturing its details in STATISTICA software for further analysis. Thus, from section A to section F, the questions or variables were related to the basic details about the firm; section G and Section H looked at the different trends regarding the performance of the firm; section I discussed only the issues related to labour or HR; section J discussed only issues related to value added production paradigm and firms' sustainability and

competitiveness; and lastly section K provided the other concerns, especially governmental intervention, assistance or support on how to promote the local industry.

5.2.1 Basic details about the firms

This sub-section presents ten important points related to the study.

5.2.1.1 The size of labour force (B3)

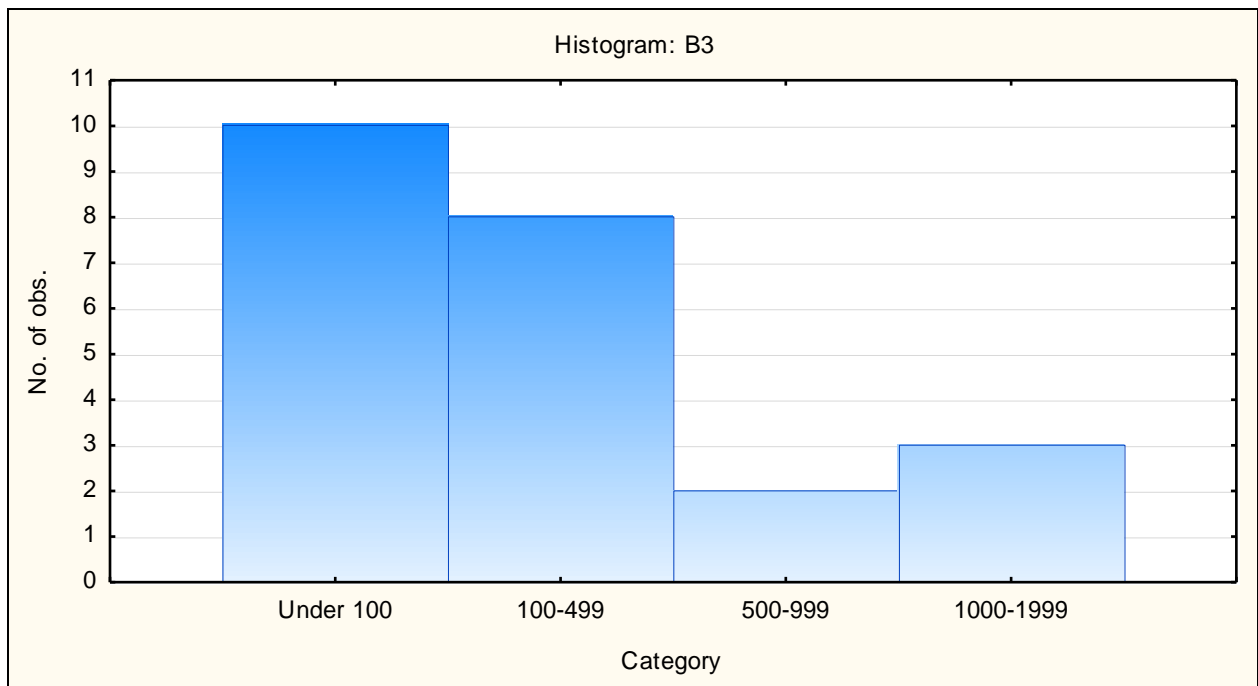


Figure 5.1 The size of the labour force

Figure 5.1 shows that ten (10) out of twenty-three (23) firms had a labour force of under 100 workers which represents 43%. This means that most of firms in this study had a labour force under 100 workers. The researcher further found eight (8) out of twenty-three (23) firms had a labour force of between 100-499 workers which represents 35%. Only two (2) out of twenty-three (23) firms had a labour force of between 500-999 workers which represents 9%. And the same study found that three (3) out of twenty-three (23) firms had a labour force of between 1000-1999 workers which represents 13%. This means that most of the textile and clothing firms in South Africa which formed part of this study were dominated by the first two categories, namely with a labour force under 100 workers and between 100-499workers. The significance of the above findings is that most of the South African firms in this study are categorized with a labour force under 100 workers and between 100-499 workers. Briefly, the pertinence of these findings constituted the principal criteria to categorize or classify firms of different sizes. Firms can be classified by their labour force, location, output level, profit level, etcetera but, in this study, the researcher proposed to use “turnover level” as a measurement indicator to categorize firms.

Thus, the researcher considered four classifications for the different targeted firms as follows: small, medium, large and very large firms. Morris (1978:4) succeeded to classify firms in four major types: their industry grouping, location, size (in terms of capital employed), and whether or not they were foreign-controlled. In the addition to the above view, Salinger, Borhat, Flaherty and Keswell (1999:8) suggest that firms can be classified according to several criteria, including size, type of output, location, degree of modernity of plant equipment and management, labour relations, relationships with retailers, and degree of dependence on international markets. According to Morris (1978:4), the size of capital employed was categorized as follows: Under R100 000, R100 001-R500 000, R500 001-R3 000 000, R3 000 001- R8 000 000, Over R8 000 000 and this range from small firms to very large firms. From the above categorization, the researcher proposes to use the turnover level to classify firms as follows: the first classification (small firm) is characterized by a turnover level from under US\$500 000 and US\$500 000-US\$900 000. The second classification (medium firm) is characterized by a turnover level between US\$1 million to US\$3 million and US\$4 million to US\$7 million. The third classification (large firm) is characterized by a turnover level US\$8 million to US\$10 million and US\$11 million to US\$15 million. And the last classification (very large) is characterized by a turnover level over US\$15 million. In brief, the researcher proposed to use the US\$ dollar currency in this study to make it easier for analysis and to avoid any misinterpretation, as the three countries under investigation use different currencies. For instance, South Africa uses the South African Rand as currency; the DRC uses the Congolese Franc and Mauritius uses the Mauritius Rupee.

5.2.1.2 Cross-tabulation between size of labour force (B3) and labour cost cutting (I1)

Table 5.1 Cross-tabulation between size of labour force and labour cost cutting

	Summary Frequency Table (data (2) SOUTH AFRICA) Marked cells have counts > 10 (Marginal summaries are not marked)			
	B3	I1 Yes	I1 No	Row Totals
Count	Under 100	3	7	10
Total Percent		13.04%	30.43%	43.48%
Count	100-499	5	3	8
Total Percent		21.74%	13.04%	34.78%
Count	500-999	1	1	2
Total Percent		4.35%	4.35%	8.70%
Count	1000-1999	1	2	3
Total Percent		4.35%	8.70%	13.04%
Count	All Grps	10	13	23
Total Percent		43.48%	56.52%	

The above table 5.1 confirmed the Chi-square test between size of labour force (B3) and labour cost cutting (I1) as there was no relationship between the two variables. The above table showed that cost cutting or retrenchment with affirmative response represented 43% of size of labour force with affirmative response and 57% of size of labour force with negative response. Furthermore, the findings revealed that 56% of the firms in this study did not retrench their workforce and 43% of the firms had a workforce size under 100 workers.

5.2.1.3 Chi-square test between size of labour force and labour cost cutting or retrenchment

Table 5.2 Chi-square test between size of labour force and retrenchment

Statistic	Statistics: B3(4) x I1(2) (data (2) SOUTH AFRICA.sta)		
	Chi-square	df	p
Pearson Chi-square	2.077372	df=3	p=.55650
M-L Chi-square	2.098377	df=3	p=.55224
Phi	.3005337		
Contingency coefficient	.2878168		
Cramér's V	.3005337		

Table 5.2 showed that there was no link or relationship between size of labour force and retrenchment or labour cost cutting which means that these two variables did not contribute in the same proportion to the firms' survival and competitiveness. Thus, its implication is that retrenchment does not depend on size of labour force to boost firms' performance and keep doing well to survive. The researcher then proposed to interpret the Chi-square test to see if there was any link. The Pearson Chi-square test helped determine if in general there is any relationship between two variables. Since the Chi-square had a $p > 0.05$, it was clear that there was no relationship between size of labour force and retrenchment or labour cost cutting. This means that labour cutting cost strategy (I1) and labour force (B3) were not statistically significant and also showed that there was no relationship between labour force and labour cutting cost strategy (I1) or retrenchment for firms to survive and remain competitive. The finding further showed that 56% of the firms in this study did not retrench their workforce and 43% of the firms had a workforce size under 100 workers. The implication is that there is no relationship between these two variables (labour force and retrenchment) as hiring or firing occurs irrespective of the size of workforce. These two variables (labour force and retrenchment) played an important role in firms' survival and competitiveness according to the firm's capacities to resolve their production cost problem or their performance or whether they are experiencing growth. In brief, retrenchment should be viewed as a curative or preventive strategy to help firm to survive and remain competitive.

5.2.1.4 Which firms hired or fired their workforce and what is the size of these firms?

From the above findings, one of the pertinent questions raised in this section is to understand which types of firms hired or fired; why did this happen in each case and what was their size? In response to the questions, the researcher proposes to investigate labour cost cutting variable, size of labour force, country of origin and the three classifications ordered in the previous paragraph to explain the situation. In this study, labour cost cutting refers only to retrenchment or reduction of the workforce in the company to help reduce the production cost. Thus, the company may adopt many other strategies such as cutting wages, working hours, workers' rights, and workers benefits just to reduce the labour cost. Concerning the first classification (small firm), all the nine (9) firms were domestic; seven (7) out of nine (9) firms had a labour force size under 100

workers; one firm had labour force size between 100-499 workers and lastly another one firm had a labour force size between 1000-1999 workers; two (2) out of nine (9) firms improved their labour force due to more store opening, increased demand; only two (2) out of nine (9) firms decreased their labour force due to lack of orders while six (6) out of nine (9) firms were stable. This means that most of the small firms in this study were dominated by firms with a labour force size under 100 workers and also these small firms are succeeding to keep their labour force working in the company for survival and competitiveness. The implication of the above findings is that most of these firms with a labour force size under 100 workers find it easy to open doors and contribute in big number to the economic activity. In addition to the above findings, the researcher found another important finding supporting somehow the above findings by showing that seven (7) out of nine (9) firms in this classification (small firm) did not use labour cost cutting strategy while (2) firms only did use labour cost cutting strategy. Underlining here that labour cost may be cut by mechanisms other than simply reducing workforce sizes - such as cutting wages, working hours, workers' rights, and workers benefits. However, the use of the above strategies is related to labour repression and give an unfair cost advantage to the firm.

For the second classification (medium firm), all nine (9) firms were domestics; two (2) out of nine (9) firms had a labour force size under 100 workers; five (5) out of nine (9) firms had a labour force size between 100-499 workers and lastly two (2) out of nine (9) firms had a labour force size between 500-999 workers; three (3) out of nine (9) firms improved their labour force due to company growth, turnover increase, brought new firms, increased demand/seasonal demand; while six (6) out of nine (9) firms decreased their labour due to lack of work, market share loss, decrease in demand, stream lining (lines-productivity). This means that most of the medium firms in this study were dominated by firms with a labour force size between 100-499 workers and also these medium firms are not succeeding to keep their labour force working in the company as some of these medium firms in this study have been retrenching or experienced a decrease of their labour force for survival and competitiveness. In addition to the above, the researcher found another important finding supporting somehow the above findings by showing that five (5) out of nine (9) firms in this classification (medium firm) did not use labour cost cutting strategy while four (4) out of nine (9) firms did use labour cost cutting strategy.

The third classification (large firm) is not represented in this study. Concerning the fourth classification (very large firm) shows that two (2) out of five (5) firms were domestic while another two (2) out of five (5) firms were foreigner-owned firms and lastly one out of five (5) firms was a joint venture; one firm had a labour force size under 100 workers; two (2) out of five (5) firms had a labour force size between 100-499 and lastly two (2) out of five (5) firms had a labour force size between 1000-1999 workers and also revealed that one firm out of five (5) firms improved its labour force due to the fact that that firm brought a new company; three (3) out of five (5) firms experienced a decrease in their labour force due to early retirement/not replacing as leave, shrinking demand and we find with excessive capacity, reduction production/not replacement, improve productivity; and lastly one firm was stable. This means that most of these very large firms in this study were dominated by firms with a labour force size between 100-499 workers and 1000-1999 workers and also these very large firms in this study

are not succeeding to keep their labour force working in the company as these firms have been retrenching or experience a decrease of their labour force for survival and competitiveness as four (4) out of five (5) firms retrenched their work force. The implication of these above findings is that when people lose their jobs they become vulnerable and face serious socioeconomic impact.

5.2.1.5 Change in workforce

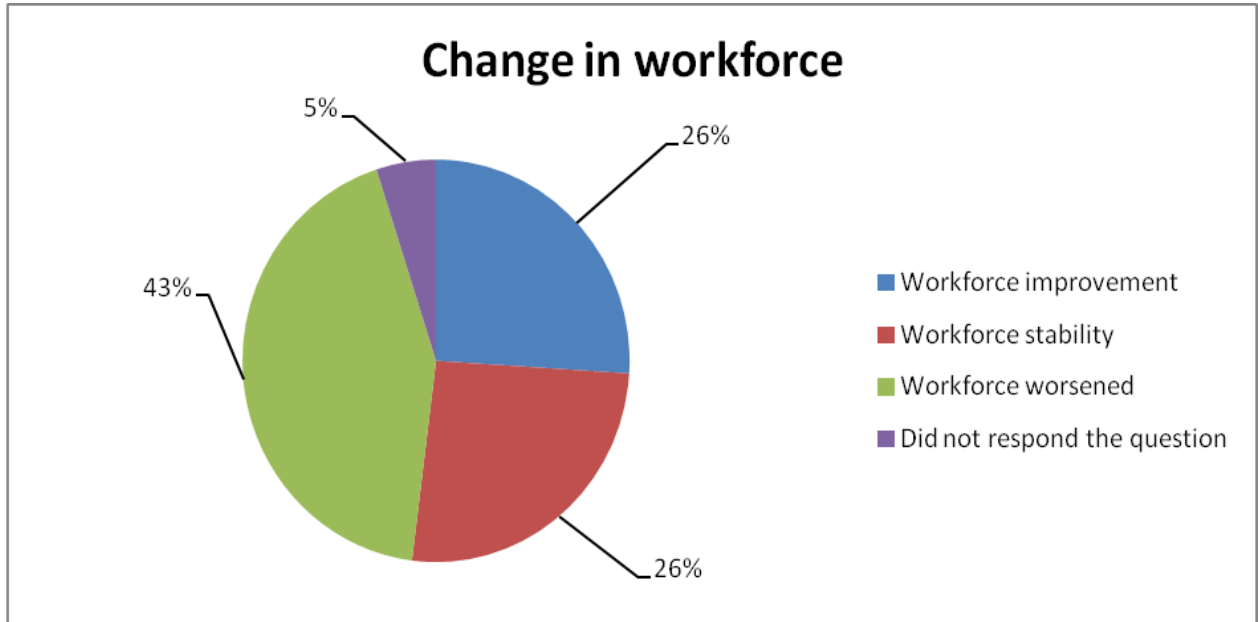


Figure 5.2 Change in workforce

In addition to the above findings, the next question was to understand if during 2005 to 2010 the number of employees had changed? In response to the question, the researcher found that during the years under review there had been a change of the labour force in the different firms. Figure 5.2 on previous page revealed that six (6) out of twenty-three (23) firms declared that their labour force had improved which represented 26%. Ten (10) out twenty-three (23) firms declared that their labour force had worsened which represented 43%. Other six (6) out of twenty-three (23) firms declared that their labour force had stabilized which represented 26%. Lastly, only one out of twenty-three (23) firms did not know what happened to them during the past five years. This means that most of the firms in this study successfully kept their workforce working in their firms as these firms improved and stabilized their workforce during 2005 to 2010 which combined represents 52% of all the firms.

An interesting discovery is that some firms in this study have been involvement in labour cost cutting or retrenchment. These firms declared that their workforce had worsened during the past five years which represents almost 43% of the firms in this study. The implication is that any change of the workforce in a company plays an important role on how to survive and be competitive. Even when firms create redundancies or retrenchments, they still go under. Increasing the workforce can be associated, in this study, with a company which is performing well and looking to increase productivity. But retrenchment or labour cost cutting is a preventive

or curative strategy to resolve the production cost problem. This last strategy has a serious negative socioeconomic impact on the workforce.

5.2.1.6 The country of origin of ownership of the different firms in this study

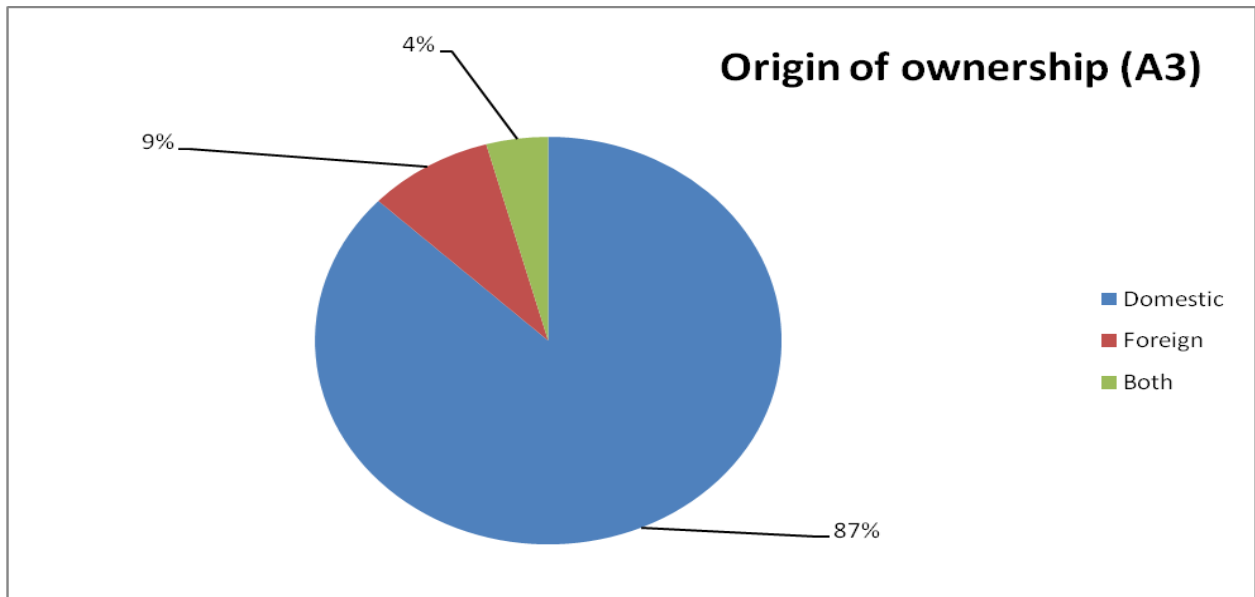


Figure 5.3 Country of origin of ownership

Figure 5.3 showed that most of the firms in this study were South African with twenty (20) out of twenty-three (23) firms being domestic which means 87% of the firms were South African. This implies that the textile and clothing industry in this study is dominated by domestic firms. The importance of the above findings reveals the proportion of local entrepreneurs' contribution and participation to the economic activity of their country. One of the objectives in this study is to understand how key stakeholders can continuously contribute to the promotion of the textile and clothing industry in South Africa. These firms' survival strategies of retrenchment or job losses are dangerously anti-social and affect the stable source to provide the basic needs of thousand family-members reason why government intervention is needed to support the local textile and clothing industry to remain competitive and survival.

The researcher also looked at only two foreigner-owned firms which represented two (2) out of twenty-three (23) firms or 9%. One out of twenty-three (23) firms was a joint venture privately owned firm by a local and a foreigner-owner. This implies that only some companies operating in the textile and clothing industry in this study belong to foreigners due to the fact that most of the foreigner-owned firms refused to participate in the study. It is important to note that few foreigner-owned firms are operating in the sector in both KwaZulu Natal and Eastern Cape Province but the researcher had great difficulty collecting data from these foreigner-owned firms (Chinese, etcetera) as all these firms gave excuses and did not want to participate in this study. The implication is that the promotion of foreigner investment or foreigner-owned firms in any economy plays a crucial role in a country's development and prosperity. Most of the foreigner-owned firms usually brought much assured capital into the country and contributed to the local

economy. But these firms also contributed significantly to job creation and GDP formation. Government has an obligation to continuously stimulate new investments or new foreigner-owned firms in the country and more specifically to attract new investors in textile and clothing industry.

From the above findings, a pertinent question arose was regarding which types of firms are firing their employees? Responding to this, the researcher proposes to investigate the ownership origin, retrenchment or labour cost cutting and firms' classification to explain the situation. In this study, labour cost cutting refers only to retrenchment or reduction of the workforce in the company as the company may adopt many strategies such as cutting wages, extending working hours, workers' rights, withholding workers benefits just to reduce labour cost. Concerning the first classification (small firm), all the firms were local or domestic and only one out of nine (9) was involved in labour cost cutting or retrenchment. In the second classification (medium firm), the researcher found that all the firms in this classification were local or domestic and four (4) out of nine (9) firms were involved in labour cost cutting or retrenchment. This means that the medium firms are firing more than the other firms in this study. No firms operated in the large classification. The implication of the above findings explains well the socio-economic impact of the workforce retrenched from their jobs.

In the last classification (very large firm), the researcher found that this classification was diversified as it composed of a number of foreigner-owned and local firms. The findings revealed that only two firms were foreigner-owned which represented two (2) out of five (5) firms. Two (2) out of five (5) firms were domestic or local owned firms and lastly one out of five (5) firms was a joint venture privately owned by a local and a foreigner-owner. The meaning of the above findings is that the very large firms in this study were dominated by South African owned and foreigner-owned firms but most of the foreigner-owned firms in the area refused to participate in this study. By contrast, the first classification (small firm) and second classification (medium firm) were dominated by local or domestic firms. Certain firms in these two above classifications were involved in labour cost cutting or retrenchment with more firing than in the medium and very large firms. Another interesting finding was that some of the firms in the last classification (very large firm) were involved in labour cost cutting or retrenchment which corresponded to two (2) out of five (5) firms. This means that the very large firms were also the type of firms which fired more of their workforce in this study. The implication of the above findings explains well the socio-economic impact of the workforce retrenched from their jobs. In brief, the above findings showed that hiring or firing the workforce depends on the firms' capacities to resolve their production cost problem or whether they are performing well or growing, etcetera.

5.2.1.7 Cross-tabulation between origin of ownership (A3) and labour cost cutting (I1)

Table 5.3 Cross-tabulation between origin of ownership and retrenchment

	Summary Frequency Table (data (2) SOUTH AFRICA) Marked cells have counts > 10 (Marginal summaries are not marked)			
	A3	I1 Yes	I1 No	Row Totals
Count	Domestic	7	13	20
Total Percent		30.43%	56.52%	86.96%
Count	Foreign	2	0	2
Total Percent		8.70%	0.00%	8.70%
Count	Both	1	0	1
Total Percent		4.35%	0.00%	4.35%
Count	All Grps	10	13	23
Total Percent		43.48%	56.52%	

The above table 5.3 confirmed the Chi-square test between origin of ownership (A3) and labour cost cutting (I1) as there was no relationship between the two variables. The above table showed that last cost cutting or retrenchment with affirmative response represented 43 % of origin of ownership with affirmative response and only 57% of origin of ownership with negative response. Furthermore, the findings revealed that 56% of the firms in this study did not retrench their workforce and 87% of the firms were locally-owned.

5.2.1.8 Chi-square test between origin of ownership and retrenchment

Table 5.4 Chi-square test between origin of ownership and retrenchment

Statistic	Statistics: A3(3) x I1(2) (data (2) SOUTH AFRICA.sta)		
	Chi-square	df	p
Pearson Chi-square	4.485000	df=2	p=.10619
M-L Chi-square	5.594483	df=2	p=.06098
Phi	.4415880		
Contingency coefficient	.4039553		

Table 5.4 shows that there was no link or relationship between the origin of ownership and retrenchment or labour cost cutting which means that these two variables do not contribute in the same proportion to the firms' survival and competitiveness. Thus, its implication is that retrenchment does not depend on origin of ownership to boost firms' performance and continue doing well or to survive. The researcher then proposed to interpret the Chi-square test to see if there was any link. The Pearson Chi-square test helps determine if in general there is any relationship between two variables. Since the Chi-square had a $p > 0.05$, it was clear that there was no relationship between origin of ownership and retrenchment or labour cost cutting. This means that labour cutting cost strategy (I1) and origin of ownership (A3) were not statistically significant and also showed that there was no relationship between the origin of ownership and labour cutting cost strategy (I1) or retrenchment for firms to survive and remain competitive. The finding showed that 56% of the firms in this study did not retrench their workforce and 87%

of the firms in this study were locally owned firms. The implication of the above finding is that there is no relationship between these two variables (origin of ownership and retrenchment). Hiring or firing depends on a firm irrespective of the origin of ownership to help these firms' survival and remain competitive. These two variables (origin of ownership and retrenchment) play an important role in a firm's survival and competitiveness according to the firm's capacity to resolve its production cost problem or whether they are performing well or in a growth situation. In brief, retrenchment should be viewed as a curative or preventive strategy to help the firm survive and be competitive.

5.2.1.9 Change in ownership structure of the different firms (A4)

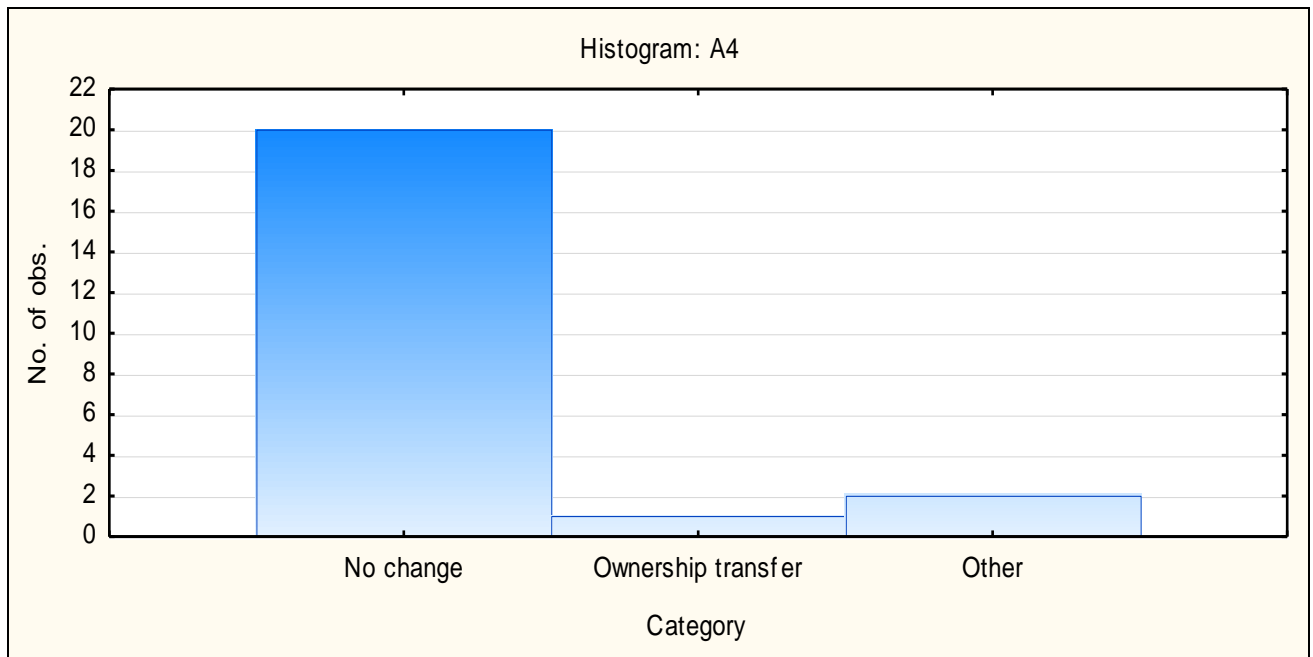


Figure 5.4 Change in ownership structure

Figure 5.4 showed that for the past five years, twenty (20) out of twenty-three (23) firms did not change their ownership structure which represents 87 % of the firms did not change their ownership structure. Only one out of twenty-three (23) firms experienced an ownership transfer. Two (2) out of twenty-three (23) firms experienced other types of change in their ownership structure (workers cooperative and buying new company) which represents 8.7% of firms experienced other types of ownership structure change. This means that the textile and clothing industry in this study is dominated by firms which did not change their ownership structure during the past five years. The implication of the above finding is that these firms are experiencing stable ownership which is a sign of good governance and leadership in the firms.

The above findings are interesting and relevant as they help to understand the firm’s capacity to resolve their problems. Twenty (20) out of twenty-three (23) firms in this study did not change their ownership structure and only three (3) out of twenty-three (23) firms in this study did change their ownership just to boost their performance, capacity, strength and confidence to remain competitive. What effects does a change in ownership have? Responding to this question, the researcher found that it could help accelerate growth and increase market share, etcetera. According to the respondents, “this changing ownership consisted of ownership transfer, a newly-created company, worker cooperative being part of ownership structure”. The implication of this finding is that the firms that changed their ownership structure succeeded to stabilize and resolve their problems which helped these firms to perform well. This implies that changing the firm ownership structure played an important role in firms’ transformation and contributed to the firms’ future progress.

5.2.1.10 Frequency table of the turnover of the different firms (B1)

Table 5.5 Frequency table of the turnover of the different firms

Category	Frequency table: B1 (data (2).sta)			
	Count	Cumulative Count	Percent	Cumulative Percent
Under 500 000 US\$	6	6	26.08696	26.0870
500 000 US\$ - 900 000 US\$	3	9	13.04348	39.1304
1 - 3 million US\$	8	17	34.78261	73.9130
4 - 7 million US\$	1	18	4.34783	78.2609
Over 15 Million US\$	5	23	21.73913	100.0000
Missing	0	23	0.00000	100.0000

The above table 5.5 shows that eight (8) out of twenty-three (23) firms had a turnover between 1-3 million US\$ which represents 35%. The researcher also found that six (6) out of twenty-three (23) firms had a turnover under 500 000 US\$ which represents 26%; five (5) out of twenty-three (23) firms had a turnover over 15 million US\$ which represents 22%; while three (3) out of twenty-three (23) firms had a turnover between 500 000 US\$ - 900 000 US\$ which represents 13% and only one out of twenty-three (23) firms had a turnover between 4-7 million US\$ which represents 4%. This means that most of the firms in this study were dominated by firms which had a turnover between 1-3 million US\$.

In addition to the above findings, the researcher found that no firms were represented in the categories of turnover between 8-10 million US\$ and between 11-15 million US\$. There was another important group of firms with a turnover under 500 000 US\$ and over 15 million US\$ which were very important in term of their turnover. The implication of this finding was that these firms had an important market share, investment, capital or a vast sum of money injected in their daily life activities. Thus, the turnover level is the strength and capacity of firms to continue their businesses. In this study, turnover should be understood as the capacity for a company to resolve the daily problems for their survival and competitiveness. Thus, the textile and clothing firms in this study had an important capacity to run their businesses and resolve

their problems as most of the firms had a turnover between 1-3 million US\$ with another important number of firms between under 500 000 US\$ and over 15 million US\$.

The above findings also provide some important details on how to classify these firms with their turnover. From the above details, the researcher proposes to group firms in four classifications to help distinguish their size for statistical purposes and identify their characteristics in terms of their performance and make things easier to understand as each firm has its own complexity and differences. According to Salinger, Borhat, Flaherty and Keswell (1999:8), firms can be classified according to several criteria, including size, type of output, location, degree of modernity of plant equipment and management, labour relations, relations with retailers, and degree of dependence on international markets. This study will look at turnover contribution to help differentiate firms' size for statistical purposes. This consisted in converting the different currencies (South African Rand, Congolese Franc and Mauritius Rupees) to the US dollar for statistical analysis and comparison.

The four classifications were the following: the first classification was characterized by small firms where some of these firms that survived as five (5) out of nine (9) firms decreased their profit level, three (3) out of nine (9) firms increased their profit level and only one firm has stabilized its profit level; also some of these firms were doing quite good as three (3) out of nine (9) firms increased their turnover and other three (3) out of nine (9) firms have stabilized their turnover; most of these firms in this study are operating in the local market and all of these firms here do not export; most of these firms had less than 100 workers and some of these firms had 100-499 workers; and their turnover was between under 500 000 US\$ and between 500 000US\$ - 900 000US\$.

The second classification was characterized by medium firms where only some of these firms were doing quite well; also some of these firms operate in local market and some of the same firms were exporting; most of these firms had between 100-499 workers and only some firms had between 500-999 workers; and their turnover was between 1-3 million US\$ and between 4-7 million US\$. The next classification was characterized by large firms with a turnover between 8-10 million US\$ and between 11-15 million US\$ but there was no firms represented in this classification in this study.

The last classification was characterized by very large firms where the most of these firms were competing on the international market and only some of these firms were doing well; four (4) out five (5) firms were exporting while only one firm did not export; two (2) out five (5) firms had between 1000-1999 workers; two (2) out of five (5) firms had between 100-499 workers; and lastly all these five firms had a turnover of over 15 million US\$. Only some of these very large firms responded to one of the study objectives about competitiveness, sustainability and how turnover is relevant to help the firm adapt and resolve problems.

5.2.2 HR practices

This sub-section presents eighteen important points related to the study.

5.2.2.1 Firm involvement in labour cutting cost (I1)

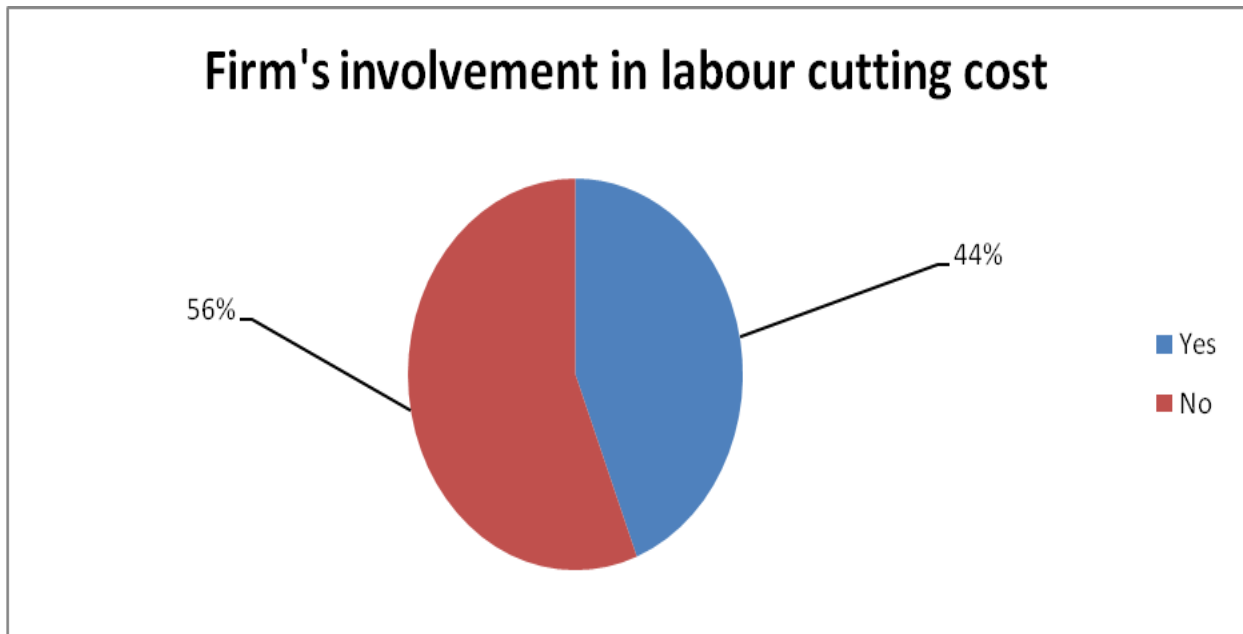


Figure 5.5 Firm involvement in labour cost cutting

Figure 5.5 shows that ten (10) out of twenty-three (23) firms were involved in the labour cutting cost which represents 44%. Fourteen (14) out of 23 twenty-three firms were not involved in the labour cutting cost which represents 56%. This means most of the firms in this study were not involved in retrenchment operations whereas only some firms were involved in retrenchment. This study considers retrenchment as a curative and preventive strategy to help firms remain survival and competitive due to a number of problems such as business losses, uncompetitiveness or poor performance, etcetera.

The implication of the above findings is that 44% of the firms retrenched their workforce with a massive socioeconomic impact on many families. Indirectly retrenchment may affect the firm negatively as people then do not have money to buy the products due to increased poverty and this may result on stagnation of the industry. The above finding describes the pertinence of workforce reduction or retrenchment as a strategic tool for survival. One of the observations is that retrenchment is a temporary intervention and quick fix or short-term solution to the production cost problem and its persistence in the long-term is becoming an ineffective solution as the incapacity of the firm will result on its uncompetitiveness and it will be obliged to close. In brief, retrenchment in study should be understood as a curative or preventive strategy. It is also an important barometer or an indicator showing the capacity of the firm to do business and to continue operation.

The tenth question in the questionnaire was ‘what is your labour force’. Responding to this question, the trend of labour force (I10) has shown a sharp decline of labour force in the different firms from 2005 to 2010. This could be due also to, as suggested by Vlok (2006:237), a sharp decrease in employment. Further details are provided by comprehensive information about job losses in the industry gathered by SACTWU’s research unit, the Southern African Labour Research Institute (SALRI). SALRI’s database tracks job losses through retrenchments, closures and liquidations in unionized workplaces in the industry.

These disturbing findings above contradict the idea of job creation and relate more closely to hard HRM practices and cost minimisation as most of the firms have been retrenching or reducing workforces as a tool to remain surviving and thousands of families are left without any stable source of livelihood. The fact is that workers losing their jobs in this sector with poor wages, become more vulnerable to poverty, abuses, crime, have to depend on government social grants, extended families and borrow money from ‘UMASHONISA’ Zulu word meaning “micro lender”. This situation corresponds to hard HRM practices covered in the literature review but underlines that hard HRM does not mean lean staffing.

The ‘hard’ variant of human resource management considers employees only as a resource of the organization and the human resources should be used effectively in order to achieve organizational goals (Maund, 2001). With this hard variant, human resource management focuses on cost reduction and containment, links with strategy and the role of HRM in furthering the competitive advantage of the organization (Manning and Worland, 2005:6). In the hard model, control is more concerned with performance systems, performance management, and tight control over individual activities, with the ultimate goal to secure the competitive advantage of the organization (Guest, 1995). This implies that the individual is managed on a much more instrumental basis than under the soft model, where both competitive advantage and employee commitment are accorded equal importance. In this study, soft HRM should be a way to follow by exploring other strategies and adaptation measures for survival and remain competitive.

In addition to the above, the researcher asked the following question (see attached questionnaire, section I at page 328): why firms were involved in labour cost cutting? The most common responses to the above question were the following: “Due to shrinking demand, we find excessive capacity; Short time; Survival; Improve productivity; Lower market demand/Less manufacturing; Closed factory-put money to CMT; Downsizing and looking at new methodology; Demand constraints on delivery warrant increase in labour force; The worker is not working up to standards”.

According to SACTWU, since 2003 more than 55 500 jobs have been lost and official statistics show a 37% reduction in employment since 1996. This is due to, as suggested by Morris et al., (2006), liberalization and the restructuring of the industry which has resulted in large decreases in employment, while productivity has increased through cost-minimization and downsizing rather than production growth. SACTWU has responded to this crisis through a variety of

strategies aimed at reducing in the short-term the pressure caused by the surge in imports, enhancing the competitiveness of the South African industry and placing it on a sustainable long-term development path. However, success in this regard depends on a fundamental restructuring and reorientation of the industry (Vlok, 2006:228).

5.2.2.2 What patterns occur between low training, high redundancy or retrenchment and types of firm and their impact to the firms' performance?

Responding to the above question, the researcher proposes to use five variables: classification of firms, type of firms, training, profit and retrenchment. It is important to note that low training and developmental activities will be measured by firms that are not involved in training and developmental activities. High redundancy will be measured by firms that are retrenching in this study. The findings revealed that only seven (7) out of twenty-three (23) firms were not involved in training and developmental activities which represent 30%. Ten (10) out of twenty-three (23) firms retrenched their workforce which represent 44%. This section tries to explain the impact of low training and high redundancy on the overall performance of the above firms.

Concerning the first classification (small firm), the findings revealed that all the firms were domestic firms belonging to South Africans while only five (5) out of nine (9) firms decreased their profit level. Two (2) out of nine (9) firms did retrenched its workforce and lastly 5 firms out of 9 firms were not involved in training and developmental activities. This means that most of these small firms in this study are performing poorly and one of the inconveniences of the poor performance can be explained by the low level of training and developmental activities and the high level of redundancy or retrenchment to ensure the firms' survival. The implication of the above finding is that the most of the small firms in this study do not stimulate productivity due to low training and developmental activities. Only some of the small firms in this study were unable to promote job creation due to high redundancy or retrenchment which explains the survival environment of these small firms instead of promoting competitiveness and firms that perform well.

In the second classification (medium firm), the findings revealed that all the firms were domestic firms belonging to South Africans. Two (2) out of nine (9) firms increased their profit level and another two (2) out of nine (9) firms stabilized their profit level. Four (4) out of nine (9) firms retrenched their workforce and lastly only one out of nine (9) firms was not involved in training and developmental activities. This means that only some of these medium firms are performing well and this can be explained by the fact that eight (8) out of nine (9) medium firms are involved low training and developmental activities while the majority of the medium firms were involved in high redundancy or retrenchment. The implication of the above finding is that the minority of the medium firms did not stimulate productivity due to low training and developmental activities but most of these medium firms were unable to promote job creation due to high redundancy or retrenchment. In brief, the medium firms performed well considering other variables such as export level, etcetera.

In the last classification (very large firm), the result shows that two (2) out of five (5) firms were domestic, another two (2) out of five (5) firms were foreign-owned and only one out of five (5) firms was a joint venture. Only one out of five (5) firms stabilized its profit level. Four (4) out of

five (5) retrenched their workforce and lastly all these very large firms were involved in training and developmental activities. This means that only some of these very large firms in this study performed well and this can be explained by the fact that none of these firms was involved in low training while the most of these very large firms were involved in high redundancy or retrenchment. The implication of the finding is that all the very large firms were involved in training and developmental activities which stimulated productivity. But most of these very large firms were unable to promote job creation due to high redundancy or retrenchment. In brief, the very large firms performed considering other variables such as export level, etcetera.

5.2.2.3 Firms involvement in training and developmental activities (I3)

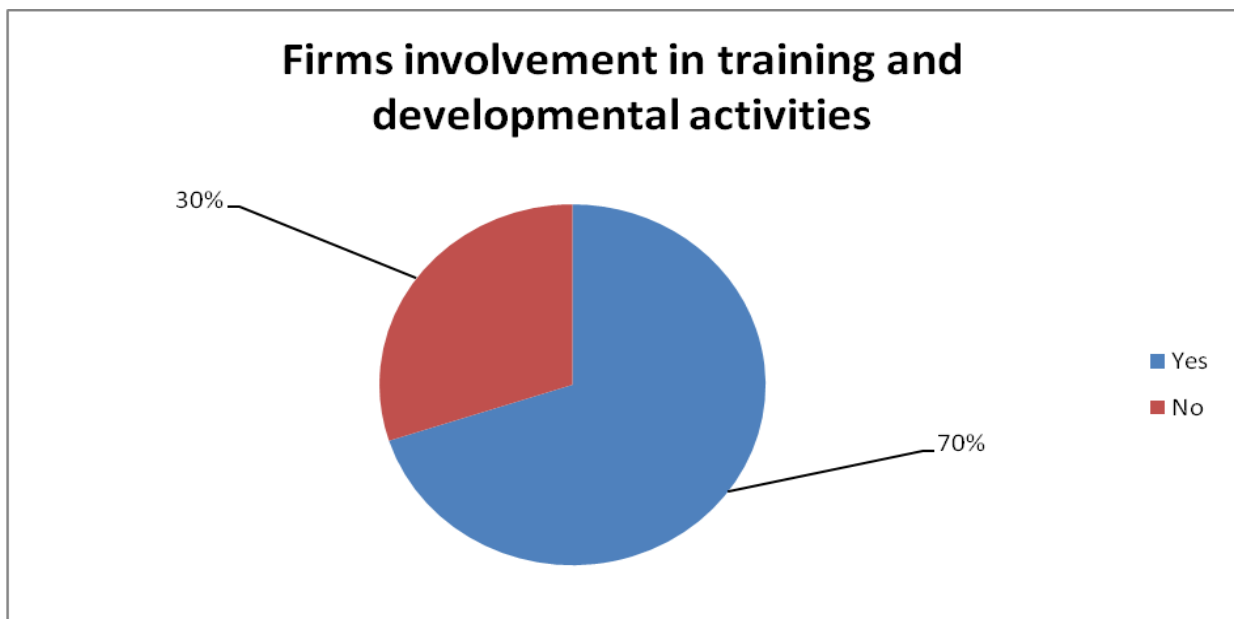


Figure 5.6 Firm involvement in training and developmental activities

Figure 5.6 showed that sixteen (16) out of twenty-three (23) firms were involved in training and developmental activities (I3) which represents 70%. Seven (7) out of twenty-three (23) firms were not involved in training and developmental activities which represents 30%. This means that most of the textile and clothing firms in this study were involved in training and developmental activities. It also means that most of these firms motivated their workforce to achieve high performance and boost their growth. The implication of the above findings is that training and development activities contributed to boost the firms' productivity and thus helped them to become competitive. There is a permanent need to continue developing workforce skills in the textiles and clothing industry.

The above finding emphasises best labour practice in South Africa and how soft HRM practice should be promoted in many firms for their development. By giving training and developmental opportunities to workers the possibility to improve productivity exists. The soft model emphasizes that such commitment will be generated if employees are trusted, if they are trained and developed, and if they are allowed to work autonomously and have control over their work

(Guest, 1987; Kamoche, 1994; Tyson 1995a). Training and development became the focal point for the clothing and textile industry, because they realized that it required skilled and well educated staff for modern manufacturing procedures. Although these needs were identified in the industry, it is still reported that investment in the clothing and textile sector has not significantly expanded the pool of highly skilled workers and technicians (Vlok, 2006:241). Controversially, the Sector regarding Education and Training Authorities (SETA), - a South African Government initiative to address training and development needs, reported to have made progress regarding skills development (Vlok, 2006:241).

Other findings revealed that eight (8) out of twenty-three (23) firms did provide internal training and developmental activities (I3) which represent 35%. Only one firm out of twenty-three (23) firms did provide external training and developmental activities while six (6) out of twenty-three (23) firms did provide both internal and external training and development activities which represents 26%. This means that most of the textile and clothing firms in this study were using internal training and developmental activities to boost their performance and remain competitive. The implication of the above finding is that training and developmental activities play an important role in the workforce confidence, stimulate a need to improve and boost productivity. It is important to note that eight (8) out of twenty-three (23) firms did not respond to the question.

One of the most important questions in this section was to look at which types of firms are providing training and development activities? Which are making money and which not? What type of firms are they? Responding to these questions, the researcher proposes to investigate four variables: classification of firms, type of firms, training involvement and profit level. This section tries to explain which firms are involved in training and development activities by looking at the overall performance of these firms and whether they are doing well or making money. Concerning the first classification (small firm), the findings revealed that all the firms were domestic firms belonging to South Africans while only four (4) out of nine (9) firms did provide training and developmental activities. Three (3) out of nine (9) firms increased their profit level and only one out of nine (9) firms stabilized its profit level. This means only some of these small firms are providing training and developmental activities as only some of these small firms are making money or profit.

In the second classification (medium firm), the findings revealed that all these medium firms in this study were domestic firms belonging to South Africans while seven (7) out of nine (9) firms did provide training and developmental activities. Two (2) out of nine (9) firms increased their profit level and two (2) out of nine (9) firms stabilized their profit level. This means that the medium firms are the important type in terms of providing training and developmental activities as the most of these medium firms in this study are profitable.

In the last classification (very large firm), the results show that two (2) out of five (5) firms were domestic, another two (2) out of five (5) firms were foreign-owned and only one out of five (5) firms was a joint venture while all the five (5) firms did provide training and developmental activities. Only one out of five (5) firms stabilized its profit level. In view of the above, only

some of these firms are doing well and making money and involved in training and development activities. The implication of the above finding revealed that these very large firms are performing well the reason being that all five (5) firms are providing training and developmental activities.

5.2.2.4 Firm rewarding system

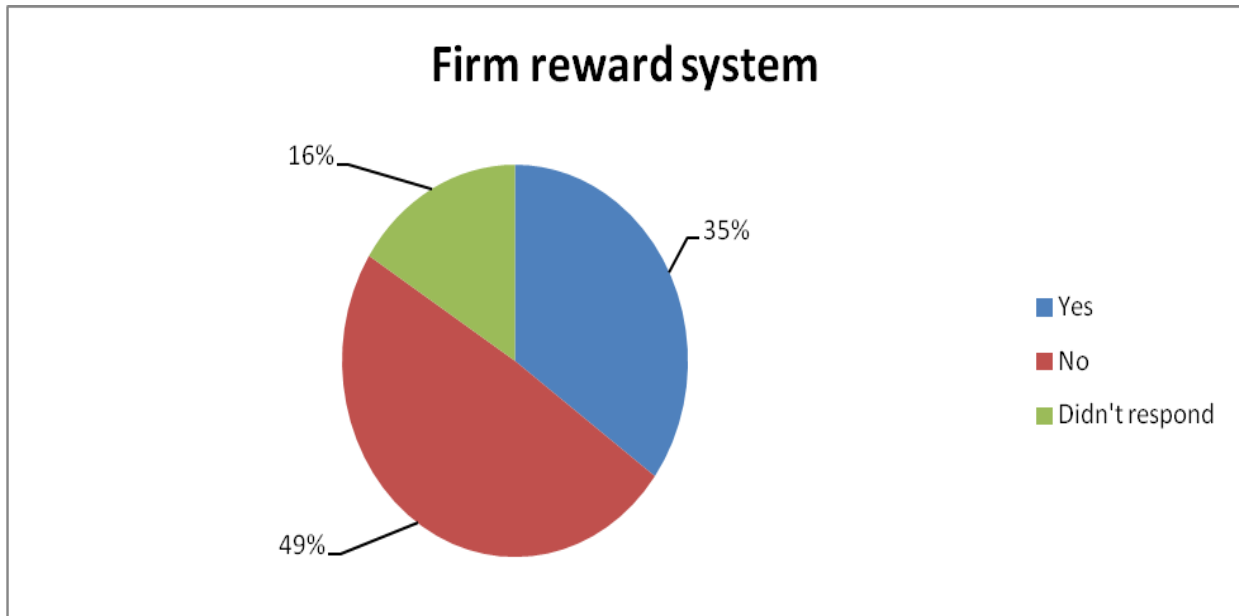


Figure 5.7 Firm rewarding system

Figure 5.7 shows that eight (8) out of twenty-three (23) firms had a reward system regarding performance based pay (16) which represents 35%. Four (4) out of twenty-three (23) firms did not respond to the question and lastly eleven (11) out of twenty-three (23) firms did not have a reward system which represents 49%. This means that the most of the firms in this study do not have a reward system regarding performance based pay. This is an important indicator of motivation and boosts firm productivity and performance. Low level and poor reward system can be linked to the poor performance of some firms in this study which use survival strategies such as retrenchment and other forms of bad working environments resulting on unhappy workforce, demands for salary increases, strike manifestation, etcetera.

In addition to the above, the pertinent question was to understand which types of firms had a reward system? Responding to the question, the researcher proposes to investigate reward system and retrenchment variables. Concerning the first classification (small firm), only one out of nine (9) firms had a contingent pay or reward system while eight (8) out of nine (9) firms did not retrench their workforce. This means that most of the small firms that formed part of this study did not have contingent pay plans as only one firm had a reward system. But the most of these small firms succeeded to keep their workforce. The implication of this above finding is that these small firms are not providing more motivations and stimulate workforce growth and development.

In the second classification (medium firm), six (6) out of nine (9) firms had a contingent pay or reward system while five (5) out of nine (9) firms did not retrenched. This means that most of these medium firms did have a reward system. But most of these medium firms also succeeded in keeping their workforce. Compared to the other classification, the medium firms motivated their workforce more and even contributed to their development.

In the last classification (very large firm), only one out of five (5) firms had a contingent pay or reward system while also only one out of five (5) firms did not retrenched its workforce. This means that only some of these very large firms had a reward system and did not keep their workforce. The implication of the above finding is that these very large firms in this study are not motivating and promoting their workforce.

5.2.2.5 Is the firm unionized (I12)?

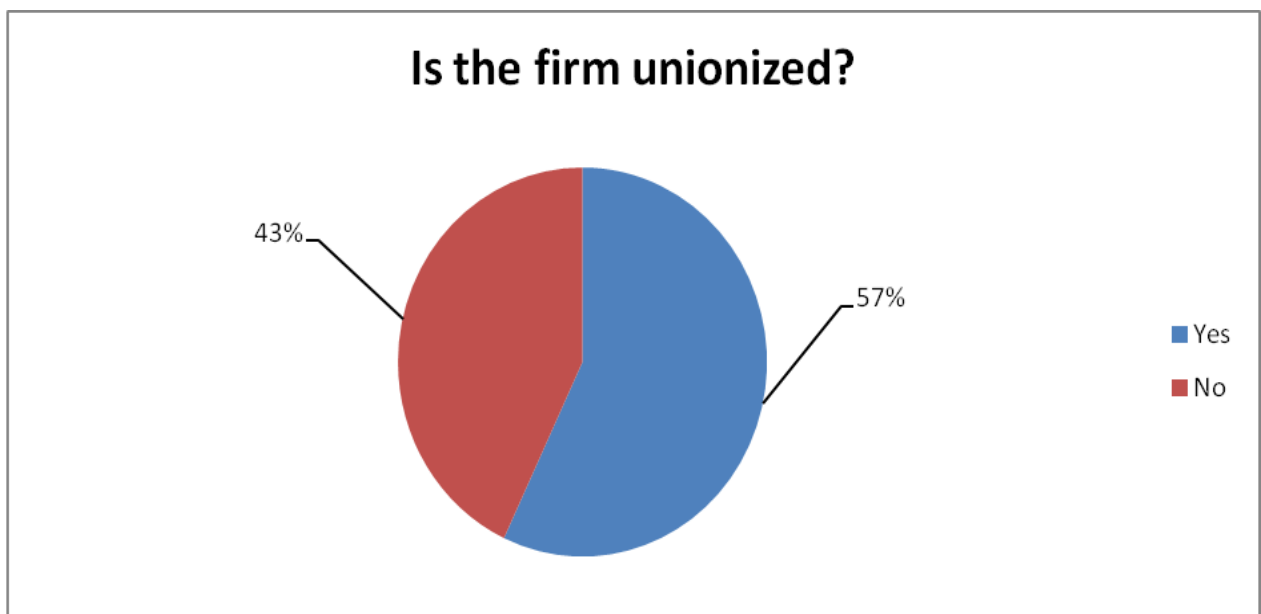


Figure 5.8 Unionized firms vs firms not unionized

Figure 5.8 shows that thirteen (13) out of (23) firms were unionized (I12) which represents almost 57%. Ten (10) out of twenty-three (23) firms were not unionized which represents 43%. This means that most of the firms in this study were unionized. The implication of this above finding is that unions play an important role in the workforce and the employer dialogue. The unions do negotiate with corporations, businesses and other organizations on behalf of its members. Also they do play another important role by looking at the working conditions and wage related matters. In South Africa, most of the textile, leather and clothing industries are affiliated to SACTWU which represent its members more effectively in matters of wage negotiation; run big campaigns to save jobs, have led the call to set up a 'buy South African campaign', agreed to support the local industry and it covers more than 100 000 workers in South Africa (www.sactwu.org.za, Accessed on 24th October 2011).

What would be interesting is to look at which types of firms are unionized? Are these the ones losing or making money, cutting jobs or hiring? Responding to this question, the researcher proposes to investigate three variables: union involvement, types of firm and profit level. This section tries to explain which firms are doing well or making money by examining whether the firms being unionized and increased or stable profit level have any impact on firm performance. Concerning the first classification (small firm), the findings revealed that all these firms were domestic. Only two (2) out of nine (9) firms were unionized while three (3) out of nine (9) firms increased their profit level and only one out of nine (9) firms stabilized their profit level. This means that only some of these small firms were unionized which is a good thing in terms of workers' protection and best working environment.

In the second classification (medium firm), all these medium firms were domestic. Six (6) out of nine (9) firms were unionized while two (2) out of nine (9) firms increased their profit level and other three (3) out of nine (9) firms stabilized their profit level. This means that the most of these medium firms were unionized – thus playing an important part in job protection.

In the last classification (very large firm), the result shows that two (2) out of five (5) were domestic while another two (2) out of five (5) firms were foreign-owned and only one joint venture which was foreigner and locally-owned. All the firms were unionized while only one out of five (5) firms stabilized its profit level. This means that the most of these very large firms in this study were unionized. According to the observation, only some of these firms are doing well and making money.

In addition to the above, the following findings tried to discover if non-unionized firms and decreased profit level have any impact on a firm's performance. Concerning the first classification (small firm), seven (7) out of nine (9) firms were not unionized and five (5) out of nine (9) firms decreased their profit level. This means that most of the small firms in this study were not unionized: not a good sign when it comes to job protection and a good working environment.

In the second classification (medium classification), three (3) out of nine (9) firms were not unionized while five (5) out of nine (9) firms decreased their profit level. In the last classification (very large firm), only three (3) out of five (5) firms decreased their profit level as all the firms were unionized. This means that the firms are showing an interest in job protection and a good working environment but raise concerns about their survival and competitiveness due to the fact that some of these very large firms in this study are performing well as they successfully penetrate the international market.

5.2.2.6 Any strikes in any of your factories/production unites (I15)

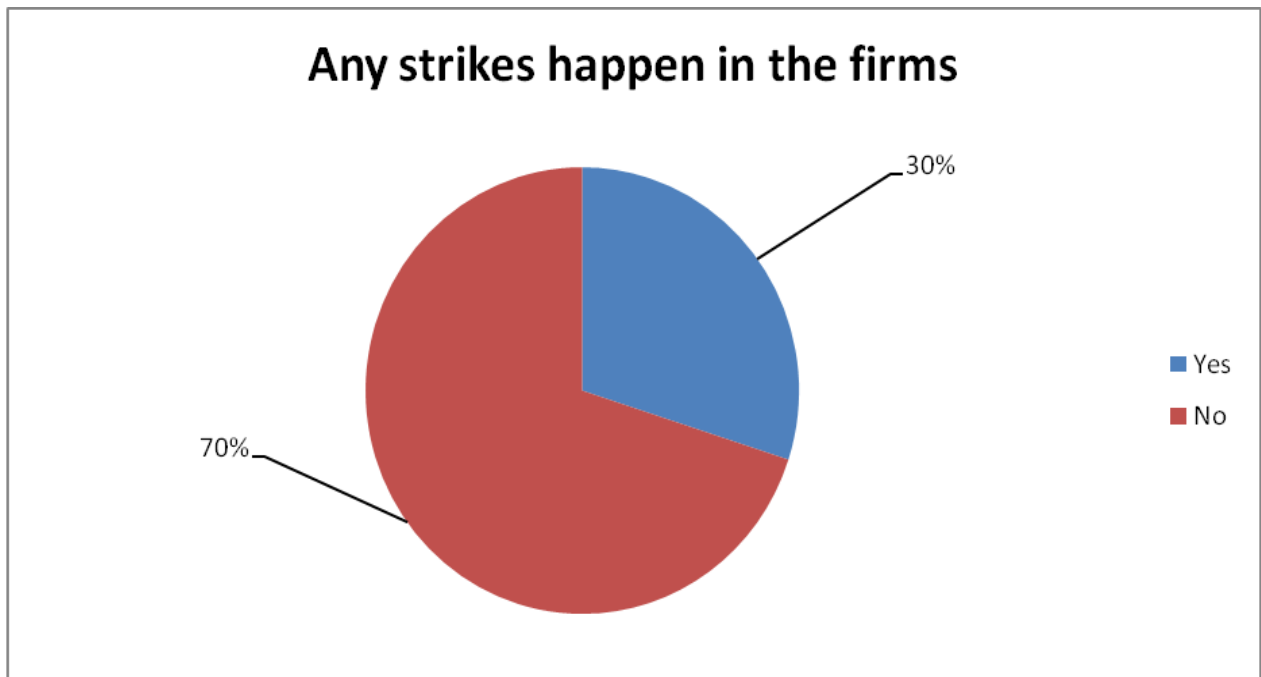


Figure 5.9 Firm involvement in strikes manifestation

The above figure 5.9 showed that seven (7) out of twenty-three (23) firms experienced strikes manifestation in factories or production units (I15) which represents almost 30% and sixteen (16) out of twenty-three (23) firms did not experienced any strikes which represents 70%. This means that the majority of the textile and clothing firms in this study did not experience any strike manifestation in their factories or production units which is a good sign of stability in work environment. But there is concern about some of these firms which have been involved in strike manifestations. The implication of strike manifestations is that the production process is stopped during strikes. This situation leads to break of production and no salary is paid. In brief, these strike manifestations have a negative impact on firms' growth and performance.

Other findings related to violence during strike manifestations (I17) revealed that two (2) out of twenty-three (23) firms were engaged in violent forms of protest that are extreme or desperate forms of protest which represents 9%. On the other hand twenty-one (21) out of twenty-three (23) firms were not engaged in any violent forms of protest that are extreme or desperate forms of protest which represents 91%. This means that the majority of these firms were not engaged in any violent forms of protest that are extreme or desperate forms of protest.

The implication of these violent manifestations is that the work environment is characterized by more extreme protests, violence, and desperate forms of protests but more importantly during protests the production process ceases which has a negative impact on the firm. This type of situation shows that in these firms something is wrong and the results are sales and profits drop, purchasing power ceases, people lose their jobs. Press involvement has two effects; initially it may add to prevailing negativity bringing it to public which may eventually lead to resolution of the problem being experienced.

Another pertinent question was to understand which type of the firms are strikes prone. Are they unionized? Are they for example the firms retrenching their labour? Responding these questions, the researcher proposes to investigate three variables: strike involvement; union involvement and retrenchment to find possible links. Concerning the first classification (small firm), the findings revealed that only one out of nine (9) firms experienced strike manifestations in factories or production units while two (2) out of nine (9) firms were unionized and two (2) out of nine (9) firms had retrenched their workforce. This means that only some of the small firms were involved in strike manifestations and retrenchment. This implies that there is unhappiness in the firm and insecurity which impact negatively to the firms' performance and competitiveness.

In the second classification (medium firm), the findings revealed that four (4) out of nine (9) firms experienced strike manifestations in factories or production units while six (6) out of (9) firms were unionized and four (4) out of nine (9) firms retrenched their workforce. This means that the situation of most of the medium firms was involved in strike manifestations and retrenchment. The implication is that the production process is stopped during the strikes and other related negative impacts due to strike action, occurred.

In the last classification (very large firm), the findings revealed that two (2) out of five (5) firms experienced strike manifestations in factories or production units. All these firms were unionized. Four (4) out of five (5) firms retrenched their workforce. This means that only some of the very large firms were involved in strike manifestations and retrenchment. In brief, only some of the firms' classifications were affected by strike action which explains the present downward trend some of these firms are presently facing and how the negative situation can affect firms' performance. The implication of the above finding is that the workforces were lost or retrenched. The firms that had experienced complaints or strikes but were unionized which meant that they underwent a very long process to retrench workers who were union members.

5.2.2.7 Cross-tabulation between retrenchment (I1) and union involvement (I12)

Table 5.6 Cross-tabulation between retrenchment and union involvement

Summary Frequency Table (data (2) SOUTH AFRICA.sta)				
Table: I1(2) x I12(2)				
	I1	I12 Yes	I12 No	Row Totals
Count	Yes	8	2	10
Row Percent		80.00%	20.00%	
Count	No	5	8	13
Row Percent		38.46%	61.54%	
Count	All Grps	13	10	23

The above table 5.6 provided important details about retrenchment (I1) compared to union involvement (I12). It was important to understand the distribution of retrenchment in the textile and clothing industry with union involvement because it gave a clear indication of best labour practice. The above table shows that there is clear link between involvement in labour cutting cost (I1) and union involvement (I12) as involvement in labour cutting cost (I1a) with affirmative response or retrenchment represented 80% of firms involved in union (I12a) with affirmative response or yes and only 20% of firms not involved in union (I12 b) with negative response or no union involvement.

The same findings in table 5.6 revealed also that involvement in labour cutting cost (I1 b) with negative response or no retrenchment represented 38% of firms involved in union (I12 a) with affirmative response or yes and no retrenchment represents 62% of firms not involved in union (I12 b) with negative response or no. This means that only some firms were involved in retrenchment and simultaneously involved in union activities. The significance of these above findings is that retrenchment is an important strategy for the short-term to resolve problems related to production costs and was used for survival and competitiveness reasons. But union involvement is an important indicator of best labour practice promoting a mutual dialogue and discussion between the workforce and the employer.

5.2.2.8 Chi-square test between retrenchment (I1) and involvement in union (I12)

Table 5.7 Chi-square test between retrenchment and involvement in union

Statistic	Statistics: I1(2) x I12(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	3.968521	df=1	p=.04636
M-L Chi-square	4.161061	df=1	p=.04136
Phi for 2 x 2 tables	.4153846		
Tetrachoric correlation	.6205866		
Contingency coefficient	.3836063		

The above table 5.7 shows that there is a link or relationship between retrenchment or labour cost cutting (I1) and involvement in union (I12) which means that these two variables are helping at a certain proportion to the firms’ survival and competitiveness. Thus, their implication helps firms to boost their performance and continue doing well or survive. With $p < 0.05$, it was clear that there was a relationship between involvement in union and retrenchment or labour cost cutting. This means that retrenchment or labour cost cutting (I1) and involvement in union (I12) are statistically significant and also shows that there is a relationship between retrenchment and involvement in union for firms’ survival and competitiveness. On the previous page, the cross-tabulation (see table 5.6) showed a link was due to the fact that involvement in retrenchment (I1) was predominant in involvement in union (I12) as involvement in retrenchment represented 80% of involvement in union. This means that involvement in union is influenced by any firm involved in retrenchment. The finding showed that 57% of the firms in this study were involved

in unions and 56% of the firms in this study did not retrench their workforce to remain survival and competitive.

But the same result shows that some firms in this study were involved in strikes. The implication of the above finding is that there is a relationship between firms which did not retrench and involvement in union as an important indicator on how firms comply to best labour practice by enabling their workforce to achieve high performances as a motivation to help them to perform well and remain survival and competitive. One concern is the pertinence of the strikes in certain firms which negatively impact on firms' performance as most of the workforce is unable work and the company is unable to produce and all the negative correlated effects occur. Thus, strikes prevent the production process and firms suffer major losses.

5.2.2.9 Cross-tabulation between involvement in union (I12) and strike manifestation (I15)

Table 5.8 Cross-tabulation between involvement in union and strike manifestation

	Summary Frequency Table (data (2) SOUTH AFRICA) Marked cells have counts > 10 (Marginal summaries are not marked)			
	I12	I15 Yes	I15 No	Row Totals
Count	Yes	7	6	13
Total Percent		30.43%	26.09%	56.52%
Count	No	0	10	10
Total Percent		0.00%	43.48%	43.48%
Count	All Grps	7	16	23
Total Percent		30.43%	69.57%	

The above table 5.8 confirmed the Chi-square test between strike manifestation (I15) and involvement in union (I12) as there was no relationship between the two variables. The above table showed that involvement in union (I12) with affirmative response represented 30 % of strike manifestation with affirmative response and 26 % of strike manifestation with negative response. Furthermore, the findings revealed that 57% of the firms in this study were involved in union and 30% of the firms had strike manifestation.

5.2.2.10 Chi-square test between involvement in union (I12) and strike manifestation (I15)

Table 5.9 Chi-square test between involvement in union and strike manifestation

Statistic	Statistics: I12(2) x I15(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	7.740385	df=1	p=.00540
M-L Chi-square	10.32232	df=1	p=.00131
Phi for 2 x 2 tables	.5801194		
Tetrachoric correlation	.8122314		
Contingency coefficient	.5017954		

Table 5.9 shows that there is a link or relationship between involvement in union (I12) and strike manifestations (I15). This means that these two variables contributed to a certain proportion of firms' survival and competitiveness. The implication was that the firms boosted their performance and kept doing well or survival. Since the Chi-square had a $p < 0.05$, there was a relationship involvement in union and strike manifestation. This means that involvement in union (I12) and strike manifestations (I15) were statistically significant and also showed that there was a relationship between involvement in union and strikes as firms complying in best labour practice to remain survival and competitive.

In addition to the above, other findings revealed that 57% of the firms in this study were involved in unions while only 30% of these firms being studied were involved in strike manifestations. The implication of the above finding is that there is a relationship between firms which had strike manifestations and involvement in union as there had been problems in those firms where most of the workforce was unhappy. The union tried to negotiate for a solution by protecting its members according to how firms should comply with best labour practice. These interventions helped promote the survival and competitiveness of the firms.

5.2.2.10 Does your firm have a work council?

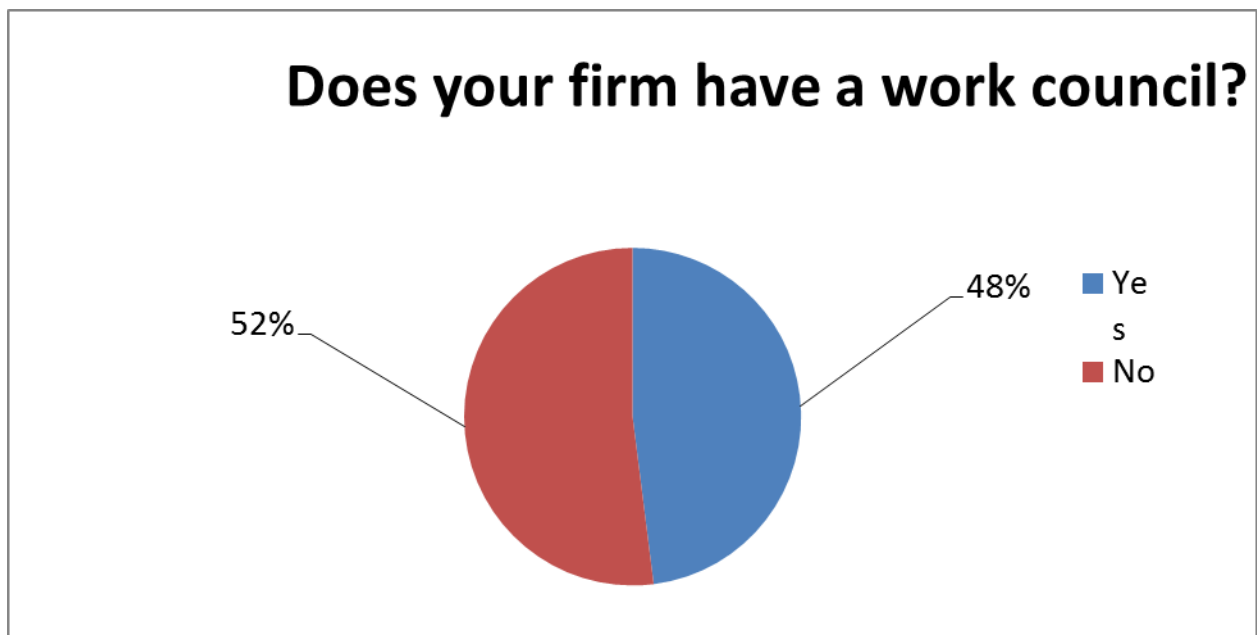


Figure 5.10 Firms with a work council vs firms without a work council

The above figure 5.10 shows that eleven (11) out of twenty-three (23) firms have a work council (I19) which represents almost 48%. Twelve (12) out of twenty-three (23) firms do not have a work council which represents 52%. This means that most of these firms do not have a work council. The work council is an internal body responsible for dealing with matters related to the company. The implication of the above finding is that there is a serious problem in these companies as a large number of the firms do not have internal problems.

One of the pertinent questions was to understand which types of firms have a work council? Are they unionized? Are they for example the ones retrenching labour? Responding to this question, the researcher proposes to investigate four variables: work council involvement, type of firms, union involvement and retrenchment and see if there is any link between them. Concerning the first classification (small firm), the findings revealed that all these small firms were domestic firms, two (2) out of nine (9) firms had a work council while two (2) out of nine (9) firms were unionized and two (2) out of nine (9) firms retrenched their workforce. This means that only some of these small firms have an internal body dealing with work problems while some had union involvement. The implication of the above finding is that a better work environment can help firm to survive and remain competitive.

In the second classification (medium firm), the findings revealed that all the medium firms were domestic firms, six (6) out of nine (9) firms had a work council while six (6) out of nine (9) firms were unionized. Four (4) out of nine (9) firms retrenched their workforce. This means most of these medium firms have an internal body dealing with work problems while most of these medium firms had union involvement. Thus, most of these medium firms were improving their work environment. But in this classification, firms were characterized by retrenchment or labour cost cutting. It appears that the medium firms had been involved in much discussion concerning these retrenchments.

In the last classification (very large firm), the findings revealed that two (2) out of five (5) firms were domestic firms while another two (2) out of five (5) firms were foreigner-owned firms and one joint venture which was a foreigner and locally-owned firm, three (3) out of five (5) firms had a work council while all the five (5) firms were unionized and four (4) out of five (5) firms retrenched their workforce. This means that most of the very large firms have an internal body to deal with work problems while the majority of these firms were unionized. But the main concern with these very large firms was the number of the workforce retrenched.

5.2.2.11 Cross-tabulation between involvement in union and work council involvement

Table 5.10 Cross-tabulation between involvement in union and work council involvement

	Summary Frequency Table (data (2) SOUTH AFRICA) Marked cells have counts > 10 (Marginal summaries are not marked)			
	I12	I19 Yes	I19 No	Row Totals
Count	Yes	9	4	13
Total Percent		39.13%	17.39%	56.52%
Count	No	2	8	10
Total Percent		8.70%	34.78%	43.48%
Count	All Grps	11	12	23
Total Percent		47.83%	52.17%	

The above table 5.10 confirmed the Chi-square test between work council (I19) and involvement in union (I12) as there was no relationship between the two variables. The above table showed that involvement in union with affirmative response represented 39% of work council with affirmative response and only 17% of work council with negative response. Furthermore, the findings revealed that 57% of the firms in this study were involved in union and 48% of the firms had a work council.

5.2.2.12 Chi-square test between involvement in union and work council involvement

Table 5.11 Chi-square test between involvement in union and work council involvement

Statistic	Statistics: I12(2) x I19(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	P
Pearson Chi-square	5.489977	df=1	p=.01913
M-L Chi-square	5.784944	df=1	p=.01616
Phi for 2 x 2 tables	.4885639		
Tetrachoric correlation	.7020697		
Contingency coefficient	.4389744		

This table 5.11 shows that there was a link or relationship between involvement in union (I12) and work council (I19) which means that these two variables contributed to a certain proportion of firms' survival and competitiveness. Thus, its implication helps the firms boost their performance and continue to do well. With $p < 0.05$, it was clear that there was a relationship between involvement in union and work council. This means that involvement in union (I12) and work council (I19) were statistically significant and also showed that there was a relationship between involvement in union and work council for the firms complying in best labour practice to remain survival and competitive. The finding showed 57% of the firms in this study were involved in unions and only 48% of the firms in this study had a work council. But the same result shows that some firms in this study were involved in strike manifestations.

The implication of the above findings is that there was a relationship between firms that had work council and involvement in union as an important body to resolve internal problems and looking at how to protect its members by complying with best labour practice and promote the survival and competitiveness of the firms.

5.2.2.13 Firms involvement in quality circles

Table 5.12 Frequency table for firms involvement in quality circles

N=23 Category	Frequencies (Identical resp. were ignored) (data (2).sta) Variable: I20_1 (Multiple Dichotomy; count value: 1)		
	Count	Prcnt.of Responses	Prcnt.of Cases
I20_1 Make use of team working	14	29.79	60.87
I20_2 Team briefings	5	10.64	21.74
I20_3 General workforce meeting	11	23.40	47.83
I20_4 Make use of staff notice-boards	11	23.40	47.83
I20_5 Make use of surveys	1	2.13	4.35
I20_6 Make use of suggestion boxes	5	10.64	21.74
Totals	47	100.00	204.35

The above table 5.12 shows that 29.79% of the firms made use of team working (I20-1); 10.64% of the firms preferred team briefings (I20-2); 23.40% of the firms chose general workforce meetings (I20-3); 23.40% of the firms made use of staff notice-boards (I20-4); 2.13% of the firms made use of surveys (I20-5) and lastly 10.64% of the firms made use of suggestion boxes (I20-6). This means that most of the firms in this study made use of team work as an important channel to communicate in order to help them realize their objectives. It is also important to note that two groups made use of general meeting and staff notice-board as their preferred methods.

The quality circle is an important tool to help the firm communicate with their workforce. This is an important method that contributed to the organizations' growth. These methods of communication acted as a platform for both employers and employees to discuss either conflicting issues or the progress of the firm. One of the pertinent questions will try to understand which type of the firms makes use of these quality circles. Are they unionized? Are they for example the ones retrenching labour? Responding to these questions, the researcher proposes to investigate four variables: each quality circle, union involvement, type of firms and retrenchment and see what their impact was. It is important to note that the next paragraphs discussed about each quality circle from the previous table 5.12 and their descriptions in the different classifications.

5.2.2.13.1 First classification (small firm)

As regards making use of team working, the researcher found that all the nine (9) firms were domestic firms. Six (6) out of nine (9) firms made use of team working while only two (2) out of nine (9) firms were unionized. Also one out of nine (9) firms retrenched its workforce. Looking at team briefing in this classification, the study shows that only three (3) out of nine (9) firms made use of team briefing. For the general workforce meeting, three (3) out of nine (9) firms made use of general workforce meeting. Making use of staff notice-boards shows that only two (2) out of nine (9) firms made use of the staff notice-board. Concerning making use of surveys,

only one out of nine (9) firms made use of surveys. Lastly for the use of suggestion boxes, the researcher found that only one out of nine (9) firms made use of suggestion boxes. This means that most of the small firms in this study made use of team working as an important channel to communicate in the firm in order to achieve its objectives.

The implication of this finding is that team working constitutes an important tool for communication in the firms which plays a crucial role in organizational growth and competitiveness.

5.2.2.13.2 Second classification (medium firm)

Concerning making use of team working, the researcher found that all these medium firms were domestic firms. Seven (7) out of nine (9) firms made use of team working while six (6) out of nine (9) firms were unionized. Only four (4) out of nine (9) firms retrenched their workforce. Referring to team briefing, the findings revealed that only two (2) out of nine (9) firms made use of team briefing. For the general workforce meeting, six (6) out of nine (9) firms made use of general workforce meeting. Thus, making use of staff notice-boards revealed that six (6) out of nine (9) firms made use of staff notice boards. Concerning making use of survey, the study shows that none of the firms made use of survey. Lastly for the use of suggestion boxes, the findings revealed that two (2) out of nine (9) firms made use of suggestion boxes. This means that most of these medium firms made use of the team working. In this classification, it is interesting to note that most of the firms made use of general workforce meeting and staff notice-boards. The implication of this finding is that the quality circles are important tools for communication in firms and play a crucial role in organizational growth and competitiveness.

5.2.2.13.3 Last classification (very large firm)

Concerning making use of team working, the findings revealed that two (2) out of five (5) firms were domestic firms. Two (2) out of five (5) firms were foreigner-owned firms and lastly one joint venture which was a foreigner and locally-owned firm. Only one out of five (5) firms made use of team working. All the firms were unionized and four (4) out of five (5) firms retrenched their workforce. For the general workforce meeting, three (3) out of five (5) firms made use of general workforce meeting. Making use of staff notice-boards revealed that three (3) out of five (5) made use of staff notice-boards. Lastly for the use of suggestion, the findings revealed that two (2) out of five (5) made use of suggestion boxes. This means that most of these very large firms made use of general workforce meeting and staff notice boards. An interesting observation is that there were no firms making use of the following: team briefing and making use of survey. The next paragraphs tried to understand if there is any relationship between the above variables (quality circles, retrenchment and involvement in union) and why?

5.2.2.14 Cross-tabulation between staff notice-boards and involvement in union

Table 5.13 Cross-tabulation between staff notice-boards and involvement in union

	Summary Frequency Table (data (2) SOUTH AFRICA) Marked cells have counts > 10 (Marginal summaries are not marked)			
	I20_4	I12 Yes	I12 No	Row Totals
Count	Yes	4	8	12
Total Percent		17.39%	34.78%	52.17%
Count	No	9	2	11
Total Percent		39.13%	8.70%	47.83%
Count	All Grps	13	10	23
Total Percent		56.52%	43.48%	

The above table 5.13 confirmed the Chi-square test between making use of staff notice-boards (I20-4) and involvement in union (I12) as there was no relationship between the two variables. The above table showed that involvement in union with affirmative response represented 17% of make use of staff notice-boards with affirmative response and only 39% of make use of staff notice-boards with negative response. Furthermore, the findings revealed that 57% of the firms in this study were involved in union and that 23% of the firms made use of staff notice-boards.

5.2.2.15 Chi-square test between staff notice-boards and involvement in union

Table 5.14 Chi-square test between staff notice-boards and involvement in union

Statistic	Statistics: I20_4(2) x I12(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	5.489977	df=1	p=.01913
M-L Chi-square	5.784944	df=1	p=.01616
Phi for 2 x 2 tables	-.488564		
Tetrachoric correlation	-.702070		
Contingency coefficient	.4389744		

Table 5.14 showed that there was a relationship between using staff notice-boards (I20 4) and involvement in union (I12) which means that these two variables contributed to a certain proportion to the firms' survival and competitiveness. Since the Chi-square had a $p < 0.05$, there was a relationship between staff notice-boards and involvement in union. This means that make use of staff notice-boards (I20 4) was statistically significant to the involvement in union (I12). The implication of the above findings is that make use of staff notice-boards and union involvement help firms boost their performance and keep doing well. Additionally, make use of staff notice-boards and involvement in union are part of best labour practice as this communication constitutes an important tool to inform the workforce about the daily life of the firms high performance and competitiveness. In brief, communication is linked to the union involvement which plays an important role in firms' survival and competitiveness.

5.2.2.16 Cross-tabulation between make use of team working and retrenchment

Table 5.15 Cross-tabulation between make use of team working and retrenchment

	Summary Frequency Table (data (2) SOUTH AFRICA) Marked cells have counts > 10 (Marginal summaries are not marked)			
	I20_1	I1 Yes	I1 No	Row Totals
Count	Yes	5	4	9
Total Percent		21.74%	17.39%	39.13%
Count	No	5	9	14
Total Percent		21.74%	39.13%	60.87%
Count	All Grps	10	13	23
Total Percent		43.48%	56.52%	

The above table 5.15 confirmed the Chi-square test between make use of team working (I20-1) and retrenchment (I1) as there was no relationship between the two variables. The above table showed that last cost cutting or retrenchment with affirmative response represented 22% of make use of team working with affirmative response and another 22% of make use of team working with negative response. Furthermore, the findings revealed that 56% of the firms in this study did not retrench their workforce and 30% of the firms that made use of team working.

5.2.2.17 Chi-square test between make use of team working and retrenchment

Table 5.16 Chi-square test between make use of team working and retrenchment

Statistic	Statistics: I20_1(2) x I1(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	.8775946	df=1	p=.34886
M-L Chi-square	.8778567	df=1	p=.34879
Phi for 2 x 2 tables	.1953363		
Tetrachoric correlation	.3059104		
Contingency coefficient	.1917131		

The above tables 5.16 showed that there was no link or relationship between make use of team working (I20 1) and retrenchment (I1) as the Chi-square test had a $p > 0.05$. This means that make use of team working and retrenchment were not statistically significant. The Chi-square test details showed that there was no influence between make use of team working or retrenchment for firms to survive and remain competitive. Thus, its implication is that retrenchment does not depend on making use of team work to boost firms' performance and keep doing well and surviving.

Furthermore, the researcher tried to investigate if there was no relationship between the other different quality circles variables. The findings revealed that there was no relationship between make use of team working (I20 1) and involvement in union (I12) which means that these two variables did not contribute proportionately to the firms' survival and competitiveness. Thus, its implication is that making use of team working does not depend on union involvement to boost firms' performance and keep doing well. As shown the Chi-square had a $p>0.05$ (see page 345, table 5a). The researcher found that there was no relationship between make use of team briefings (I20 2) and retrenchment (I1) as the Chi-square had a $p>0.05$ (see page 345, table 5b). Also, the findings showed that there was also no relationship between make use of team briefings (I20 2) and involvement in union (I12) as the Chi-square had a $p>0.05$ (see page 345, table 5c). Concerning general workforce meeting (I20 3), the researcher found that there was no relationship between make use of general workforce meeting (I20 3) and retrenchment (I1) as the Chi-square had a $p>0.05$ (see page 345, table 5d). This means that these two variables did not contribute proportionately to the firms' survival and competitiveness. Thus, its implication is that retrenchment does not depend on make use of general workforce meeting to boost firms' performance and keep doing well or survival. Lastly, the findings revealed that there was no relationship between make use of general workforce meeting (I20 3) and involvement in union (I12) as the Chi-square had a $p>0.05$ (see page 346, table 5e).

Thus, the researcher found that there was no relationship between staff notice-boards and retrenchment as the Chi-square had a $p>0.05$ (see page 346, table 5f). Concerning the use of surveys, the researcher found that there was no relationship between make use of surveys (I20 5) and retrenchment (I1) or involvement in union (I12) as the Chi-square had a $p>0.05$. This means that these three variables did not contribute proportionately to the firms' survival and competitiveness. The implication is that retrenchment does not depend on make use of surveys to boost firms' performance and keep doing well. The findings revealed that there was no relationship between making use of surveys and retrenchment as the Chi-square had a $p>0.05$ (see page 346, table 5g) which explains why involvement in union does not depend on making use of surveys. Furthermore, the findings showed that there was no relationship between making use of surveys (I20 5) and involvement in union (I12) as the Chi-square had a $p>0.05$ (see page 346, table 5h). Lastly concerning suggestion boxes, findings showed that there was no relationship between making use of suggestion boxes (I20 6) and retrenchment (I1) as the Chi-square had a $p>0.05$ (see page 347, table 5i) which means there was no relationship between making use of suggestion boxes (I20 6) and retrenchment (I1). The findings showed that there was no relationship between suggestion boxes and involvement in union as the Chi-square had a $p>0.05$ (see page 347, table 5j). In brief, the above findings revealed that there is no relationship between some quality circles with retrenchment and union involvement as each firm depends to its capacity to make use of any channel to communicate. These quality circles are an important element for firms' performance and competitiveness as most of the firms made use of team working.

5.2.2.18 Are there any firms involved in labour repression?

Importantly, in this study, labour repression refers to any unfair cost advantage used in a firm to remain competitive. It comprises issues such as wage repression, abusive reduction of labour production cost; exploitative wage; deprivation; inhumane treatment; arbitrary sacking; repression of workers' rights; code of conduct violation; reduction of worker benefit; forced labour; unfair retrenchment; abusive retrenchment; and very poor working conditions.

Retrenchment is viewed in this study as a preventive or curative strategy that helps firms remain survival and competitive. One of the research questions is to understand if there is any sign or indication of labour repression in the textile and clothing firms under investigation. How many firms in this study were involved in labour repression? The researcher proposes to look at the overall labour issue on how these textile and clothing firms could be related to labour repression.

This paragraph proposes to look at the following variables: retrenchment, involvement in training and development activities, involvement in union, involvement in strikes, work council and quality circle. In this study, the findings revealed that most of the firms were involved in retrenchment, representing 44% of the firms while 30% of the firms were not involved in training and developmental activities. Also, 43% of the firms were not unionized while 30% of the firms were involved in strike manifestations. Thus, 48% of firms did not have a work council while quality circles, as a tool for communication, showed that 23% of the firms made use of the staff notice-boards. The above findings did not show any involvement in labour repression as the two variables (strike involvement, retrenchment) that could have provided that information unfortunately reveal no information. The study shows that only some firms were involved in strikes and retrenchment but it reveals no further details about labour repression. In brief, none of the firms in this study were involved in labour repression which results on most of the firms practically complying to best labour practice to some extent.

In brief, there was no report of abusive retrenchment and most of strike manifestations or protests were due to wage increases and workers' demand to be placed on the government's new training layoff scheme (Herald, 2010:8).

The other three variables (involvement in union, quality circle and work council) play a crucial role on the above pertinent question as most of the firms were unionized, made use of quality circles and had a work council as an important body and channels looking at the overall HRM or labour issues. As indicated above, unions had played an important role by looking at working conditions and wage related matters and also negotiating with corporations, businesses and other organizations on behalf of its members. On the other hand, work council helped to deal with internal matters related to the company while the quality circle provided different firms an important communication channel. In addition, the above findings revealed that most of the firms were involved in best labour practice as these firms did provide training and development, reward system, union, quality circles and work council, etcetera.

5.2.3 Exploring the links between the different HR practices and performance

This sub-section is crucial as it provides very important details about possible links between the different sets of HR practices and performance. Also, this sub-section helped to understand how the firms under investigation can explain their relative performance. The researcher proposes to measure the possible links by using the different HR practices and the indicators of performance such as export level, profit level and output level. This sub-section provides important information on how to draw out broader theory lessons (HRM generally) and practices on how firms' performance is linked to HR practices.

5.2.3.1 Cross-tabulation between retrenchment (I1) and profit level (G2)

Table 5.17 Cross-tabulation between retrenchment and profit level

	Summary Frequency Table (data (2) SOUTH AFRICA) Marked cells have counts > 10 (Marginal summaries are not marked)				
	I1	G2 Improved	G2 Decreased	G2 Stable	Row Totals
Count	Yes	1	7	2	10
Total Percent		4.35%	30.43%	8.70%	43.48%
Count	No	4	6	3	13
Total Percent		17.39%	26.09%	13.04%	56.52%
Count	All Grps	5	13	5	23
Total Percent		21.74%	56.52%	21.74%	

The above table 5.17 confirmed the Chi-square test between profit level (G2) and labour cost cutting (I1) as there was no relationship between the two variables. The above table showed that cost cutting or retrenchment (I1) with affirmative response represented 4.35% of improved profit level; 30.43% of decreased profit level and 8.70% of profit level. Furthermore, the findings revealed that 56% of the firms in this study did not retrench their workforce and 22% of the firms improved their profit level while another 22% stabilized their profit level.

5.2.3.2 Chi-square test between retrenchment (I1) and profit level (G2)

Table 5.18 Chi-square test between retrenchment and profit level

Statistic	Statistics: I1(2) x G2(3) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	1.714793	df=2	p=.42427
M-L Chi-square	1.813380	df=2	p=.40386
Phi	.2730498		
Contingency coefficient	.2634070		
Cramér's V	.2730498		

Table 5.18 showed that there was no link relationship between retrenchment or labour cost cutting (I1) and profit level (G2) which means that these two variables did not contribute proportionately to the firms' survival and competitiveness. The researcher then proposed to interpret the Chi-square test to see whether there is any relationship. The Pearson Chi-square test helps determine if, in general, there is any relationship between two variables. Since the Chi-square had a $p > 0.05$, there was no relationship between profit level and retrenchment or labour cost cutting. This means that retrenchment or labour cutting cost strategy (I1) and profit level (G2) as shown on table 5.17 were not statistically significant. The Chi-square test also showed that there was no relationship between the profit level and labour cutting cost strategy or retrenchment for firms to be profitable or to perform well.

The finding showed that 54% of the firms in this study retrenched their workforce while 22% of the firm improved their profit level and 22% of the firms in this study succeeded in stabilizing their profit level. The implication of the above finding is that there is no relationship between these two variables (profit level and retrenchment). Firms' performance did not depend on the two variables relationship together but each variable somehow helped firms to perform better. Bearing in mind that profit level is a principal, necessary or direct indicator for firms' performance on the same level as the export level and output level, but retrenchment is not an indicator of firms' performance although best labour practice does influence customers' decision or indirectly motivate firms to perform well. These two variables (profit level and retrenchment) play an important role in a firm's survival and competitiveness according to their contribution to the organizational daily activities. In brief, profit level alone is a principal indicator of firm success and good performance and although HR practices are not indicators of performance. HR practices do contribute to some extent indirectly to the firms' survival and competitiveness. Further tests are needed to see whether there is any relationship between these two variables. Lastly, retrenchment should be viewed only as a curative or preventive strategy to help the firm remaining surviving and competitive.

5.2.3.3 Cross-tabulation between retrenchment (I1) and export level (E2)

Table 5.19 Cross-tabulation between retrenchment and export level

	Summary Frequency Table (data (2) SOUTH AFRICA) Marked cells have counts > 10 (Marginal summaries are not marked)			
	I1	E_2 Yes	E_2 No	Row Totals
Count	Yes	9	1	10
Total Percent		39.13%	4.35%	43.48%
Count	No	13	0	13
Total Percent		56.52%	0.00%	56.52%
Count	All Grps	22	1	23
Total Percent		95.65%	4.35%	

The above table 5.19 confirmed the Chi-square test between export level (E2) and labour cost cutting (I1) as there was no relationship between the two variables. The above table showed that cost cutting or retrenchment with affirmative response represented 39.13% of export level with affirmative response and only 4.35% of export level with negative response. Furthermore, the findings revealed that 56% of the firms in this study did not retrench their workforce and only some firms succeeded to export to different regions or countries such as SADC, EU or US, etc.

5.2.3.4 Chi-square test between retrenchment (I1) and export level (E2)

Table 5.20 Chi-square test between retrenchment and export level

Statistic	Statistics: I1(2) x E_2(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	1.359091	df=1	p=.24370
M-L Chi-square	1.725206	df=1	p=.18902
Phi for 2 x 2 tables	-.243086		
Tetrachoric correlation	-.306930		
Contingency coefficient	.2362075		

Table 5.20 showed that there was no link or relationship between retrenchment or labour cost cutting (I1) and export level (E2) which means that these two variables did not contribute proportionately to the firms' survival and competitiveness. Since the Chi-square had a $p > 0.05$, there was a relationship between export level and retrenchment or labour cost cutting. This means that retrenchment or labour cutting cost strategy (I1) and export level (E2) were not statistically significant and they also showed that there was no influence relationship between the export level (E2) and labour cutting cost strategy (I1) or retrenchment for firms to be profitable or to perform well.

The finding showed that 54% of the firms in this study retrenched their workforce and eight (8) out of twenty-three (23) firms are exporting with one firm out of twenty-three (23) firms exporting to the SADC countries as a market destination; while three (3) out of twenty-three (23) firms exporting to the EU as a market destination; also two (2) out of twenty-three (23) firms exporting to the US as a market destination and lastly two (2) out of twenty-three (23) firms exporting to the other market destinations such as China, the UK, New Zealand. The implication of the above finding is that there is no relationship between these two variables (export level and retrenchment) as firms performance does not depend on the two variables together but each variable somehow helped firms to perform better. It is important to note that export level is a principal, necessary or direct indicator for firms' performance similar to that of a profit level and output level. Retrenchment is not an indicator of firms' performance but as a best labour practice does influence customers' decision and indirectly motivate firm to perform well. These two variables (export level and retrenchment) played an important role in the firms' survival and competitiveness according to their contribution to the organizational daily activities. In brief, only the export level is a principal indicator of firm success and good performance. HR practices are not indicators of performance but they do contribute to some extent indirectly to firms' survival and competitiveness. Further tests are needed to see whether there is any relationship between these two variables. Lastly, retrenchment should be viewed only as a curative or preventive strategy to help the firm remaining survival and competitive.

Concerning the other different HR practices, the researcher found that there was no relationship between training and developmental activities (I3) and profit level (G2) which means that these two variables did not contribute proportionately to the firms' survival and competitiveness. As shown the Chi-square had a $p>0.05$ (see page 348, table 5m). This means that there was no relationship between profit level (G2) and training and developmental activities. The findings revealed that there was no relationship between retrenchment (I1) and profit level (G2) with $p>0.05$ (see page 347, table 5k). Furthermore, the researcher found that there was no relationship between strike manifestation (I15) and profit level (G2) as the Chi-square had a $p>0.05$ (see page 348, table 5p). There was no relationship either between work council (I16) and profit level with $p>0.05$ (see page 349, table 5r). There was no relationship between team working (I20 1) and profit level (G2) with $p>0.05$ (see page 349, table 5t). Lastly, there was no relationship between the different quality circles and profit (see page 348 to 349). In brief, the findings revealed that there was no relationship between the other different sets of HR practices and profit level. The implication was that only profit level was an indicator of performance. The different HR practices did not indicate any direct link to firms' performance. However, the findings revealed that there is no link between profit level and HR practices on how to boost firms' performance. Lastly, further tests are needed to see whether there is any relationship between these two variables.

In addition to the above findings, the researcher found that there was no relationship between export level (E2) and training and developmental activities (I3). This means that these two variables did not contribute proportionately to the firms' survival and competitiveness. As shown the Chi-square had a $p>0.05$ (see page 347, table 5l). This means that there was no relationship between export level and training and developmental activity. The implication is

that only export level was an indicator of performance while training and developmental activities were not an indicator of performance. Also, the findings revealed that there was no relationship between export level (E2) and union involvement (I12) with $p > 0.05$ (see page 348, table 5n). This means that there is no relationship between export level and union involvement. Lastly, the Chi-square test between the other quality circles variables and export level revealed that there was no relationship between the different quality circles and export level. This means that there was no influence between the different sets of HR practices and export level. Briefly, the findings revealed that export level alone was an indicator of performance. The different HR practices were not direct indicators of firms' performance but did contribute indirectly to some extent, both as regards the firm's survival and competitiveness. The findings revealed that there was no link between export level and HR practices on how to boost firms' performance. Additionally, the above findings did not show whether HR practices are related to the firms' performance or whether HR practices are part of the performance process. The researcher proposes more tests and investigations need to be done to demonstrate whether there is any causal relationship between HR practice and firm performance as this study was based on a single test, namely, the Chi-square test.

5.2.4 Value added production paradigm

This sub-section discusses eight significant points. It is important to note that in this study, value added production paradigm refers to the daily activity of the firms which transform raw materials into marketable goods of high value. Value adding means to take something, add value to it and sell a finished or semi-finished article; for example, by transforming yarn and then weaving or knitting it into fabrics by adding the following values (labour cost and production cost). Thus, by dyeing and printing the fabrics, you are adding some more value (printing and dyeing cost). Then, the fabric is made into clothing and more value (again additional labour cost and sewing cost) is added.

5.2.4.1 Firm involvement in value added production paradigm (J1)

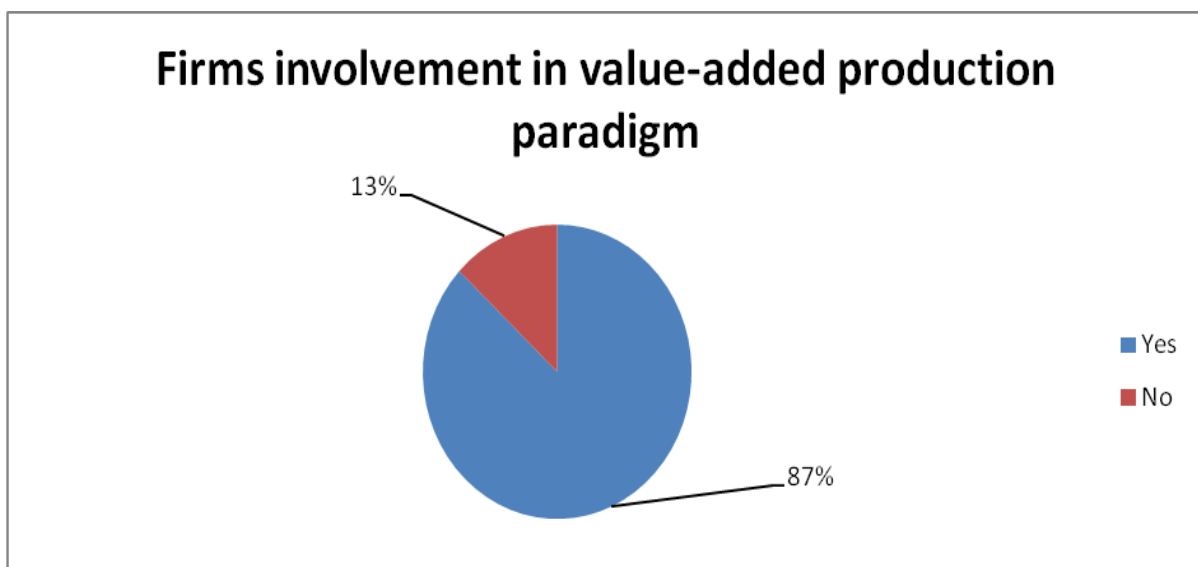


Figure 5.11 Firm involvement in value added production

The above figure 5.11 showed that twenty (20) of twenty-three (23) firms were involved in value-added production paradigm (J1) which represents almost 87% while only three (3) out of twenty-three (23) firms were not involved in value-added production paradigm which represents 13%. This means that the textile and clothing industry in this study was dominated by firms focussing on value added production paradigm. This is an important indicator for the firms' performance, competitiveness and development.

According to Velia et al. (2006:13) value added is used to provide some insight into the degree of transformation which occurs within industries. Though it is associated with the notion of productivity, the concept is on the product as opposed to on the factor of production and on how these are combined to yield the output. Coltrain et al., (2000:4) indicate that adding value is the process of changing or transforming a product from its original state to a more valuable state. They further add that a broad definition of value added is to economically add value to a product by changing its current place, time, and form characteristics to characteristics more preferred in the marketplace (Coltrain et al., 2000:5).

In addition to the above, the researcher posed the following question "What exactly is your firm doing as value-added production paradigm" (J2). The most common responses to the above question were as follows: "Converting raw into finished goods; Exploring new technology; Converting yarn into clothing; From raw material to finished product; Changing fabric by making shirts; Raw material to garment; Buying fabric and manufacturing it into work wear overalls; Manufacturing of clothing and textile; buying fabric and makes formal wear".

5.2.4.2 Contribution of value added production to sustainability and competitiveness

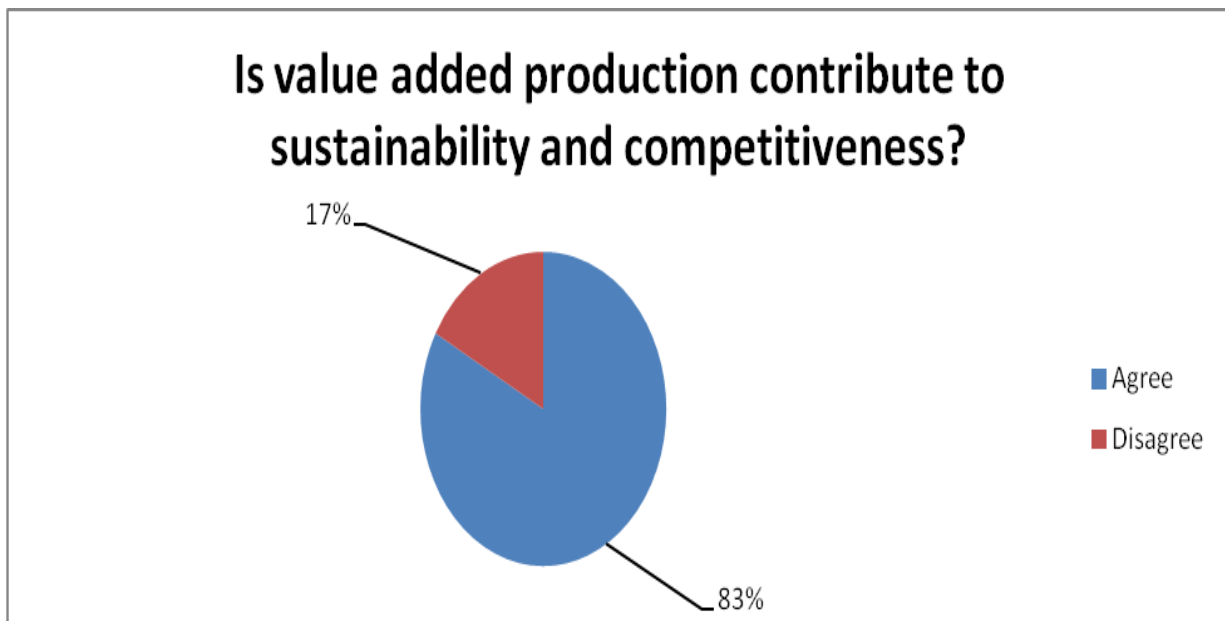


Figure 5.12 Contribution of value added production to sustainability and competitiveness

Figure 5.12 revealed that nineteen (19) out of twenty-three (23) firms agreed that focussing on value-added production paradigm to help firms' survive and remain competitive (J3) which represents 83%. Four (4) out of twenty-three (23) firms did not agree focussing on value-added production paradigm to help firms survive and remain competitive, thus representing 17%. This means that the textile and clothing industry in this study is dominated by firms which focussed on value added production paradigm. The respondents acknowledged that this value added production paradigm did help them to survive and remain competitive. The implication of the above findings is that value added production paradigm is a good indicator for firms' overall performance and helped them to remain in business and continue to be competitive.

In addition to the above findings, the overall HRM or labour issues did not show or give any indication of involvement in labour repression as strike manifestations and retrenchment could not provide any information related to labour repression. The implication of the above discussion tries to promote an understanding of one of the principal propositions concerning the study.

The study did not show any sign of labour repression even though some firms were involved in strikes and retrenchment. There were no further details about labour repression. Strikes and retrenchment are not signs of labour, repression; however, the researcher proposes to use them in this study to see whether these two variables could help give more indication of labour repression. It is important to note that involvement in union; quality circle and work council are against any form of labour repression.

In this study, most of the firms were unionized, made use of quality circles and had a work council as important bodies and channels to look at the overall HRM or labour issues. As indicated above, unions do play an important role by looking at the working conditions and wage related matters and also negotiate with corporations, businesses and other organizations on behalf of its members. On the other hand, work council helps deal with matters related to the company while the quality circle provides the various firms with an important channel of communication. The above findings revealed that most of the firms were involved in best labour practice as these firms did provide training and development, reward system, union, quality circles and work council.

In view of the above findings, the next section tried to understand if there is any relationship between value added production paradigm and labour cost cutting or retrenchment.

5.2.4.3 Cross-tabulation between retrenchment (I1) and value added production (J1)

Table 5.21 Cross-tabulation between retrenchment and value added production

	Summary Frequency Table (data (2).sta) Marked cells have counts > 10 (Marginal summaries are not marked)			
	I1	J1 Yes	J1 No	Row Totals
Count	Yes	9	1	10
Row Percent		90.00%	10.00%	
Count	No	11	2	13
Row Percent		84.62%	15.38%	
Count	All Grps	20	3	23

The above table 5.21 and figure 5.13 below in the next page show the involvement in labour cost cutting (I1) distribution compared with value-added production paradigm (J1). The pertinence of the two variables help to better understand the influence they have in terms of firms' survival and competitiveness in the textile and clothing industry. This section corresponds to one of the main objectives and research questions of this study on how to understand and critically analyse the two important and predominant alternative strategies (labour force related issues and value-added production paradigm) and to exercise their veracity in important ways so as to help the industry survive; as well as revealing their implications for key stakeholders. These two variables give a clear indication of how these firms are performing and surviving in this industry in the future. There seems to be an unclear link between involvement in labour cutting cost (I1) and value-added production paradigm (J1) as involvement in labour cutting cost (I1 a) with affirmative response or retrenchment represented 90% of firms involved in value-added production paradigm (J1 a); with affirmative response or yes; and only 10% of firms not involved in value-added production paradigm (J1 b) with negative response or no.

The same findings in table 5.21 also revealed that involvement in labour cutting cost (I1 b) with negative response or no retrenchment represented 85% of firms involved in value-added production paradigm (J1 a) with affirmative response or yes and no retrenchment represents 15% involvement in value-added production paradigm (J1 b) with negative response or no. This means that only some firms were involved in retrenchment and were simultaneously using value added production paradigm. The significance of the above findings is that retrenchment is an important strategy for the short-term, aiming to resolve problems related to production costs. This strategy was used for survival and competitiveness reasons. But value added production paradigm plays a crucial role for the firm's competitiveness and prosperity and is thus a permanent and continual strategy in the firms' daily activity in order to remain competitive.

5.2.4.4 Bivariate distribution¹ between retrenchment and value added production

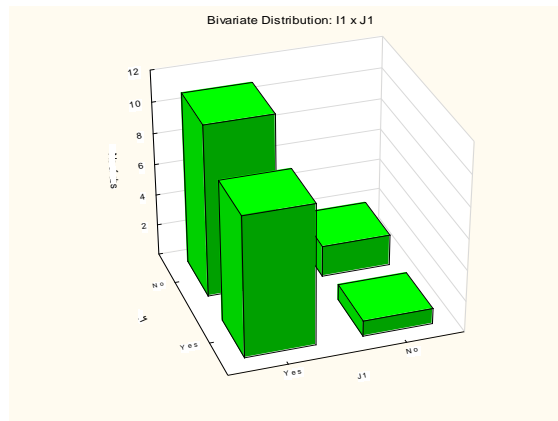


Figure 5.13 Bivariate distribution between retrenchment and value added production

Table 5.22 Chi-square test between retrenchment and value added production

Statistics	Statistics: I1(2) x J1(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	.1444872	df=1	p=.70386
M-L Chi-square	.1477112	df=1	p=.70073
Phi for 2 x 2 tables	.0792594		
Tetrachoric correlation	.1611676		
Contingency coefficient	.0790116		

What do these above findings tell us about the different types of firms? Are these firms making money or cutting jobs or hiring? Responding to this question, the researcher proposes to investigate the following three variables: value added production paradigm, labour cost cutting and profit level. In the first classification (small firm), the findings revealed that three (3) out of nine (9) firms improved their profit level. Furthermore, one out of nine (9) firms stabilized its profit level while two (2) out of nine (9) firms retrenched their workforce and eight (8) out of nine (9) firms were involved in value added production paradigm. This means that the majority of these small firms were involved in value added production paradigm which is a good sign for the daily activity for the firm's competitiveness. In the second classification (medium firm), two (2) out of nine (9) firms improved their profit level; also two (2) out of nine (9) firms stabilized their profit level while four (4) out of nine (9) firms retrenched their workforce and eight (8) out of nine (9) firms were involved in value added production paradigm. This means also that the majority of these medium firms were involved in value added production paradigm.

In the last classification (very large firm), only one out of five (5) firms stabilized its profit level while four (4) out of five (5) firms retrenched their workforce and lastly four (4) out of (5) firms were involved in value added production paradigm. This means that the majority of these very large firms were involved in value added production paradigm. This is interesting as all these

¹ This figure provides similar information contained in a cross-tabulation, in graphic format.

firms were making profit or money and continued to be involved in value added production for their competitiveness and survival by focussing more on design, consistent quality, product specialization, packing, make-up into garments, research and development, etcetera. Some firms also preferred to reduce their cost by retrenching the workforce but this strategy was against the firms' objectives of job creation and related more closely to hard HRM practices. In view of the above observation, the finding means that these firms will continue to perform well and will also be sustainable in the future.

In addition to the above findings, table 5.22 on the previous page revealed that there was no relationship between retrenchment and value added production paradigm which means these two variables did not contribute proportionately to the firms' survival and competitiveness. As shown the Chi-square had a $p > 0.05$. This means that labour cutting cost strategy (I1) and value-added production paradigm (J1) were statistically not significant which means there was no relationship between labour cutting cost strategy (I1) and value-added production paradigm (J1) for firms to survive and remain competitive. The above finding tries to answer one of the propositions of the study related to the question: Which firms are facing a start choice between best labour practice and value added production paradigm? In brief, no relationship was found between value added production paradigm and labour repression. Furthermore, the study revealed that there was no sign of labour repression due to the fact that certain variables used to measure whether such strategy could provide any information related to labour repression but the findings are unsupportive of such practices.

The implication of the above finding is that there was no relationship between the two variables (retrenchment and value added production paradigm) but that they have been used simultaneously to help the firm's survival and to remain competitive. This implies that the firm's choice between retrenchment and value added production paradigm, co-ordinated simultaneously, depends on the strategy of one company with another. Instead, the two variables were not correlated as almost all the firms were involved in value added production paradigm and only some firms retrenched their workforce. These two strategies play an important role in the firms' survival and competitiveness. But retrenchment can only be used for a short period as a curative or preventive strategy, whilst value added production is continuously and permanently part of the daily activity of the firm. In brief, these two important alternative strategies used in the production process play an important role in the firms' survival and competitiveness. However, there are other important factors which contribute to the firms' sustainability and competitiveness such as increased investment in research and development, improved education and training, modernisation of the production infrastructures.

5.2.4.5 Which of the following aspects characterized your firm?

Table 5.24 Frequency table for the characteristics of the firms

N=22 Category	Frequencies (Identical resp. were ignored) (data (2).sta) Variable: J4_1 (Multiple Dichotomy; count value: 1)		
	Count	Prnt.of Responses	Prnt.of Cases
J4_1 (Design)	5	12.50	22.73
J4_2 (Marketing)	4	10.00	18.18
J4_3 (Consistent quality)	11	27.50	50.00
J4_4 (Product specialisation)	10	25.00	45.45
J4_5 (Make-up into garment)	5	12.50	22.73
J4_6 (Packing)	2	5.00	9.09
J4_7 (Research & development)	1	2.50	4.55
J4_8 (Others)	2	5.00	9.09
Totals	40	100.00	181.82

The above table 5.24 showed that 12.50% of the respondents chose design (J4-1); 10% of the respondents preferred marketing (J4-2); 27.50% of the respondents chose consistent quality (J4-3); 25% of the respondents chose product specialisation (J4-4); 12.50% of the respondents preferred make-up into garment (J4-5); 5% of the respondents chose packing (J4-6); 2.50% of the respondents chose research and development (J4-7) and lastly 5% of the respondents preferred other things (J4-8). This means that most of the firms in this study rely firstly on consistent quality, product specialisation, design and make-up into garments to remain competitive and survival. The implication of the above characteristics plays an important role on how to boost firms' competitiveness and performance. These above findings showed how much the textile and clothing trade in South Africa is trying to face low cost competition by producing high quality products compared to inferior products or bad quality goods imported from East Asian countries which are comparatively low priced due to technological advantages. Most firms operating in this sector still need more attention as they contribute to job creation and formation of the GDP. Thus, government support and other incentives are still needed to help these firms upgrade their technology in order to remain competitive and survive.

5.2.4.6 Is value added production paradigm creating wealth in the firm?

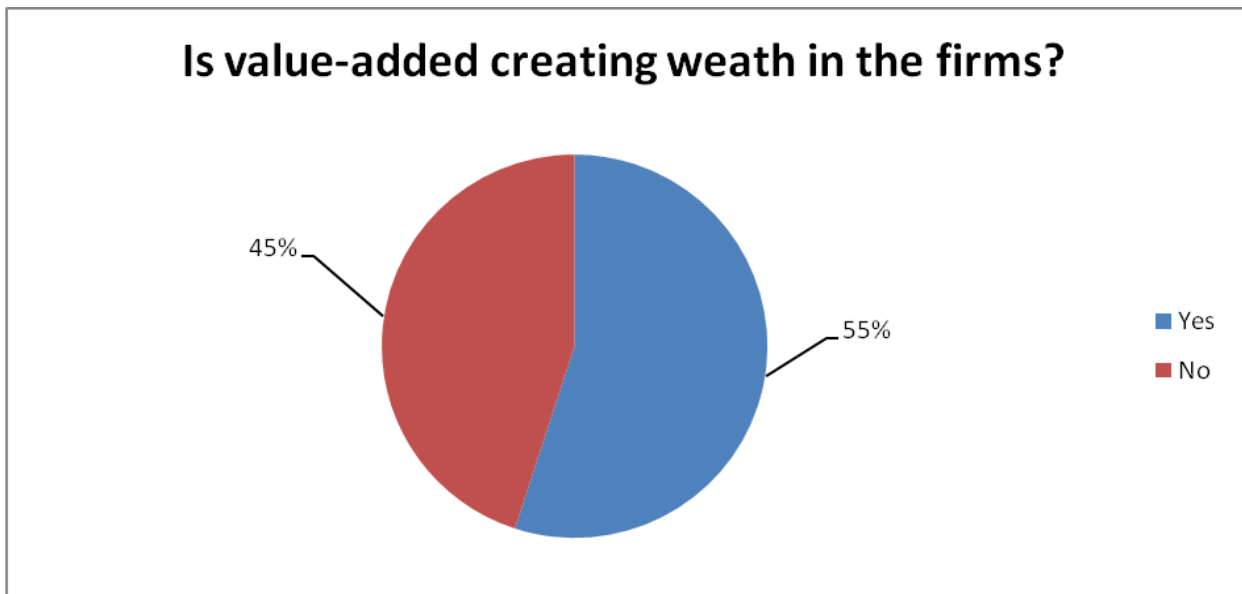


Figure 5.14 Is value added production creating wealth in these firms?

The above figure 5.14 shows that twelve (12) out of twenty-three (23) firms agreed that focussing on value-added production paradigm created wealth in the firms which represented 55%. Only ten (10) out of twenty-three (23) firms did not agree that focussing on value-added production paradigm created wealth which represented 45%. This means that most of these firms in this study acknowledged that focussing on value added production paradigm created wealth in their firms. The implication of the above findings is that value added production paradigm plays an important role for the firms' performance, competitiveness and development.

In addition to the above, the researcher found the following answers to a question related to the above question which provides an explanation about value-added production paradigm creating wealth in the firms (J6). The most common responses to the above question were: "niche market has sustained us and helped to maintain, but volumes are too low to recover overheads for the size of plant; new technology means improved quality; better quality & innovative designs add value; we produce a commodity which buyers can purchase in quantities from Australia/USA etc, - very competitive; this has enabled the company to make a profit by buying fabric and manufacturing it, then selling it to other companies. "Manufacturing certain products helps reduce costs and therefore products are cheaper and more competitive; this is helping these firms to stay open".

5.2.4.7 What are the firm’s strengths as regards its competitiveness and sustainability?

Table 5.25 Frequency table for the firm forces for its competitiveness and sustainability

N=23 Category	Frequencies (Identical resp. were ignored) (data (2).sta) Variable: J7_1 (Multiple Dichotomy; count value: 1)		
	Count	Prnt.of Responses	Prnt.of Cases
J7_1 (Price)	14	31.11	60.87
J7_2 (Quality products)	19	42.22	82.61
J7_3 (Shorter lead time)	10	22.22	43.48
J7_4 (Innovative production)	2	4.44	8.70
J7_5 (Others)	0	0.00	0.00
Totals	45	100.00	195.65

The above table 5.25 showed that 31.11% of the respondents chose price (J7-1); 42.22% of the respondent prefer quality products (J7-2); 22.22% of the respondents chose shorter lead time (J7-3); 4.44% of the respondents chose innovative production (J7-4). This means that most of the firms in this study rely firstly on quality of their products and price to remain competitive and sustainable. The quality and price constitute two important crucial factors to keep the firm competitive. The above findings have been confirmed by Roberts and Thoburn (2002), who argue that SA firms should compete on quality, design and delivery rather than simply their price. This is not possible without investment in capital, technology, innovation and skills. The importance of firms’ competitiveness relies on their ability to stay ahead of potential competition by strategizing on how to continuously perform well in a particular market. This competitiveness should encompass cost, quality, flexibility, reliability, adaptability and the capacity to innovate. These interventions will include activities on manpower, machines, materials and methods. In order to remain globally competitive, local producers should keep the following in mind: best labour practices, “state of the art” equipment and machinery, raw materials at low prices and niche products (speciality type products).

In addition to the above, the researcher found the following to a question related to the above: “Does focusing on this strategy help your firm’s competitiveness?(J7): capital investment limits innovation-due to low volume, investment is not viable; eleven (11) out of twenty-three (23) firms responded by “yes” about their strategy which was used to help them remain competitive. The most common responses to the above question was: “price was the major focus based on international commodity pricing: work force understands our position and are prepared to work long hours to meet delivery times”.

5.2.4.8 What is enabling the firms' survival in the face of increased low cost competition?

Table 5.26 Frequency table for aspects of what is keeping the firms' survival face of increased low cost competition

N=23 Category	Frequencies (Identical resp. were ignored) (data (2).sta) Variable: J9_1 (Multiple Dichotomy; count value: 1)		
	Count	Prct.of Responses	Prct.of Cases
J9_1 (Value-added production)	12	42.86	52.17
J9_2 (Labour cutting cost)	7	25.00	30.43
J9_3 (Something else)	8	28.57	34.78
J9_4 (Don't know)	1	3.57	4.35
Totals	28	100.00	121.74

The above table 5.26 showed that 42.86% of the respondents chose value-added production paradigm (J9-1); while 25% of the respondents used labour cutting cost (J9-2); 28.57% of the respondents preferred to something else; and lastly 3.57% of the respondents replied that they don't know what is keeping them survival and competitive. This means that most of the firms in this study are using value added production paradigm to keep them survival in the face of increased low cost competition. The interesting finding is that some firms acknowledged the contribution of the other factors or something else which kept firms' survival and competitive. The above result shows that retrenchment occupies the last position between these three above strategies on how to keep the firms' survival and competitive. Retrenchment is a short-term solution to resolve firms' production cost problem or it is a quick-fix strategy which in the long-term becomes ineffective.

In addition to the above, value added production paradigm refers to the daily activity of the firms which consist of transforming raw materials into marketable good of high value. The pertinence of value added production paradigm relies on the wealth created in the firm. By contrast, retrenching people helps save money in the production process and makes things cheaper. If people do not have jobs, no-one will support the retail trade as people then lose spending power. This situation raises a lot of social concerns in relation to labour issues. In brief, value added production paradigm and labour cost cutting are two important and predominant alternative strategies used in the production process on how to help firms' remain survival and competitive.

The South African textile industry has faced a general crisis of competitiveness, the firms under review have managed to secure their survival by concentrating on niche markets, the latter facilitated by an on-going re-skilling process. The internal training initiative primarily represented a response to increased overseas competition, rather than a response to legislation aimed at promoting affirmative action or further skills development. However, the bulk of employees interviewed believed that they had, in some manner, been empowered by the process. In the end, the problems highlighted reveal more challenges associated with updating work organization than insurmountable barriers to meaningful workplace reform (Wood and Sela,

2000:462). The reason for focusing on value-added production paradigm is to understand how these firms have continuously done to survive in the face of increased low cost competition. The findings revealed that the survival of these firms were reliant on the following characteristics such as design, marketing, consistent quality, product specialization, and research and development.

5.2.5 Other related questions about the study

This sub-section has eleven important points. It is important to note that this sub-section provides crucial details about firms' survival and competitiveness such as profit level, output level, market destination, and which textile and clothing firms have survived.

5.2.5.1 Principal market destination of the firms

This section is very important as it provides an understanding of a firm's principal market destination (G6) which is a place where demand and supply result in price fixing of goods and service. The findings revealed that all the twenty-three (23) firms unanimously produced firstly for their local market. This means that all these firms succeeded to sell all their products locally by responding to the different needs of the local market by selling to important local retailers such as Mr Price, Pep Stores, Foschini, Truworhs and other dealers. This means that a good quantity of textile and clothing products is consumed locally. The South African market is different to both Mauritius and DRC in terms of its home market which is much larger.

The implication of the above finding is that everywhere in South Africa opportunities flourish for job creation and contribution to economic activity across the different sectors of life (street vendors, dealers, retailers, textile and clothing firms) and services. This finding helps us understand how most of the local retailers often rely on local production and endure long lead-times where the fabric used to manufacture the garments is imported. This is the case for Foschini where 70% of its garment are locally produced (Gauteng Enterprise Propeller, 2010: 5). Furthermore, the researcher observed that most of these textile and clothing firms relied on imported raw material inputs.

In addition to the above, the researcher found that only one out of twenty-three (23) firms exported to the SADC countries as a market destination; while three (3) out of twenty-three (23) firms exported to EU; also two (2) out of twenty (23) firms exported to the US and lastly two (2) out of twenty-three (23) firms exported to other market destinations, such as: China, the UK, New Zealand. This means that most of the textile and clothing firms in this study succeeded in penetrating the international market and this is a good indicator of competitiveness at a high level. The implication of these textile and clothing exporting firms is that they bring back into the country foreign exchange earnings; they also contribute to job creation and to economic activity and thus they promote the competitiveness of these local firms. In brief, export orientation is an important indicator related to firms' performance as its boosts firms to do well by showing its progress in terms of market expansion and success in terms of foreign exchange earnings.

The respondents indicated that they had a market opportunity in the above countries (the UK, the US, China) as South Africa has trade agreements with different countries. For example, they have a trade agreement with the European Union, the United States under AGOA and preferential access to SADC countries with a SADC Free Trade Agreement.

As a result, exports from the region are mainly low priced basic items such as trousers, T-shirts and sweaters that typically have long production runs, low labour content and few styling changes (US International Trade Commission, 2004; Economic Intelligence Unit, 2004). The implications of the above finding are that there is an important entry of foreign exchange earnings into South Africa and a positive impact in terms of job creation and contribution to economic activity. It appears that the textile and clothing exporting firms become competitive and thus promote a good profile for the country in the international arena.

5.2.5.2 Which textile and clothing firms are really surviving during 2005 to 2010?

This question is one of the principal research questions in this study. The question provides crucial and sensitive details about the textile and clothing firms' survival and competitiveness in this study. Firm survival in this study refers to a firm that continues to operate no matter what the risk of being viable in future - even financial instability and bankruptcy due to the decreased profit level for a very long period. Firms experiencing lowest profit levels are not the same as those fighting for survival. Thus, the researcher proposes to measure the survival of firms by using the profit level because a firm's success can only be measured by the profit level. A firm experiencing serious competitiveness problems cannot continue to operate for a very long time without collapsing. The idea behind this question is that during the period 2005 to 2010 only some firms in this study did not have a profit and these continue to experience serious problems of competitiveness. This is the reason why the researcher suggested calling those firms 'survival'. What types of firms are surviving? How many firms have survived? Are they unionized? Do they belong to foreigners or are they locally-owned? Are they the ones shedding the workforce or retrenching?

Responding to this question, the researcher proposes to investigate the following variables: type of firms (local or foreigner firm), union involvement, retrenchment or labour cost cutting, profit level and the different classification. This question attempts to understand the significance of the above variables. This is the reason why the researcher will run a Chi-square test to see whether there is any relationship between type of firms and profit. Concerning the first classification (small firm), the findings revealed that all the textile and clothing firms in this classification were local companies (South African); five (5) out of nine (9) firms experienced a decrease in their profit level; seven (7) out of nine (9) firms did not retrench their workforce and two (2) out of nine (9) firms were unionized. This means that most of these local textile and clothing firms in this study survived even though their profit level was down or decreased during the last five years. These firms have complied to some extent to best labour practice as most of these small firms did not retrench their workforce and only some of these small firms were unionized. The implication of the above findings is that best labour practice somehow helped these surviving firms to remain competitive. In brief, only five (5) small firms survived in this study.

In the second classification (medium firm), the findings revealed that all the textile and clothing firms in this classification were local companies (South African); four (4) out of nine (9) firms experienced a decrease in their profit level; five (5) out of nine (9) firms did not retrench their workforce and six (6) out of nine (9) firms were unionized. This means that only some of these local textile and clothing firms in this study survived even though their profit level was down or decreased during the last five years. These firms have complied to some extent with best labour practice as most of these medium firms did not retrench their workforce and also most of these medium firms were unionized. The implication of the above finding is that the best labour practice somehow helped these surviving firms to remain competitive. In brief, only four (4) medium firms were survival in this study.

In the last classification (very large firm), the findings revealed that all the textile and clothing firms in this study were characterised by two (2) South African firms out of five (5) firms while two (2) out of five (5) firms were foreigner-owned firms and one a joint venture firm; four (4) out of five (5) firms experienced a decrease in their profit level; only one out of five (5) firms did not retrench its workforce and all these five (5) firms were unionized. This means that most of these very large firms in this study survived, belong to both local and foreigners-owners as these very large firms experienced a decrease in their profit level during the last five years. This situation raised a serious concern about the above firms' competitiveness and survival. These very large firms have complied to some extent to best labour practice as some of these very large firms did not retrench their workforce and all these firms were unionized. The implication of the above findings is that the best labour practice has helped somehow these surviving firms to remain competitive. In brief, HR practices play a good role in the firms' survival which means HR practices have been an important factor directly or indirectly to the firms' survival. Thus, only four (4) very large firms survived in this study.

5.2.5.3 Cross-tabulation between origin of ownership (A3) and profit level (G2)

Table 5.27 Cross-tabulation between origin of ownership and profit level

	Summary Frequency Table (data (2) SOUTH AFRICA) Marked cells have counts > 10 (Marginal summaries are not marked)				
	A3	G2 Improved	G2 Decreased	G2 Stable	Row Totals
Count	Domestic	5	10	5	20
Total Percent		21.74%	43.48%	21.74%	86.96%
Count	Foreign	0	2	0	2
Total Percent		0.00%	8.70%	0.00%	8.70%
Count	Both	0	1	0	1
Total Percent		0.00%	4.35%	0.00%	4.35%
Count	All Grps	5	13	5	23
Total Percent		21.74%	56.52%	21.74%	

The above table 5.27 confirmed the Chi-square test between origin of ownership (A3) and profit level (G2) as there was no relationship between the two variables. The above table showed that the decreased profit level represented 43.48% of domestic firms; 8.70% of foreign firms and

only 4.35% of joint venture. Furthermore, the findings revealed that 22% of the firms in this study increased their profit level while another 22% stabilized their profit level and 87% of the firms were locally-owned.

5.2.5.4 Chi-square test between origin of ownership (A3) and profit level (G2)

Table 5.28 Chi-square test between origin of ownership and profit level

Statistic	Statistics: A3(3) x G2(3) (data (2) SOUTH AFRICA)		
	Chi-square	df	P
Pearson Chi-square	2.653846	df=4	p=.61731
M-L Chi-square	3.766462	df=4	p=.43853
Phi	.3396831		
Contingency coefficient	.3216338		
Cramér's V	.2401922		

Table 5.28 shows that there was no link or relationship between origin of ownership (A3) and the profit level (G2) which means that these two variables did not contribute proportionately to the firms' survival and competitiveness. Profit level improvement does not depend on types of firms to boost firms' performance and keep doing well. As shown the Chi-square had a $p > 0.05$. This means that origin of ownership (A3) and the profit level (G2) were not statistically significant and also showed that there was no relationship between origin of ownership (A3) and the profit level (G2) for the firms' survival and competitiveness. The above findings showed that the textile and clothing firms in this study is dominated by local firms with some foreigner-owned firms. The findings revealed that 56 % of the firms in this study decreased their profit level during the last five years. The implication of the above findings is that the improvement of the profit level does not depend on origin of ownership but on a number of other factors such as good quality management, increase investment in research and development, improved education and training, and modernisation of production infrastructures. But profit level and origin of ownership play an important role to help the firms to remain survival and competitive as most of these firms survived with to a decreased profit level for the last five years.

5.2.5.4 Cross-tabulation for basic details of the SA textile and clothing industry

Table 5.29 Cross-tabulation for basic details of the SA textile and clothing industry

	Summary Frequency Table (data (2).sta) Marked cells have counts > 10 (Marginal summaries are not marked)						
	A3	B1 Under 500 000 US\$	B1 500 000 US\$ - 900 000 US\$	B1 1-3 million US\$	B1 4-7 million US\$	B1 Over 15 million US\$	Row totals
Count	Domestic	6	3	8	1	2	20
Row Percent		30.00%	15.00%	40.00%	5.00%	10.00%	
Total Percent		26.09%	13.04%	34.78%	4.35%	8.70%	86.96 %
Count	Foreign	0	0	0	0	2	2
Row Percent		0.00%	0.00%	0.00%	0.00%	100.00%	
Total Percent		0.00%	0.00%	0.00%	0.00%	8.70%	8.7%
Count	Both	0	0	0	0	1%	1
Row Percent		0.00%	0.00%	0.00%	0.00%	100.00%	
Total Percent		0.00%	0.00%	0.00%	0.00%	4.35%	4.35 %
Count	All Grps	6	3	8	1	5	23
Total Percent		26.09%	13.04%	34.78%	4.35%	21.74%	

The above table 5.29 and the below figure 5.15 presented origin of ownership (A3) distribution compared to the turnover level (B1). It is important to understand the distribution origin of ownership (A3) in the textile and clothing industry in this study and the turnover level (B1) because the above information gives a clear indication of these firms' capacities. The finding revealed that the domestic firms (A3-1) were predominant in terms of turnovers (B1) as 30% of the local firms had a turnover under 500 000 US\$ while 15% of these local firms had a turnover between 500 000-900 000 US\$; other 40% of these local firms had a turnover between 1-3 million US\$ while another 5% of the local firms had a turnover between 4-7 million US\$. Lastly 10% of these local firms had a turnover over 15 million US\$. This means that the local firms were dominated by firms which had a turnover between 1-3 million US\$. The implication of the above finding is that this turnover level constituted an important capacity for these local firms to remain surviving and competitive. In the category of foreign-owned firms 100 % of the firms had a turnover of over 15 million US\$ and there was also a joint venture in this study which had a turnover of over 15 million US\$. This means that both the foreign-owned and joint venture firms had a capacity to run their business and keep them remain surviving and competitive.

5.2.5.5 Bivariate distribution² between origin of ownership & turnover

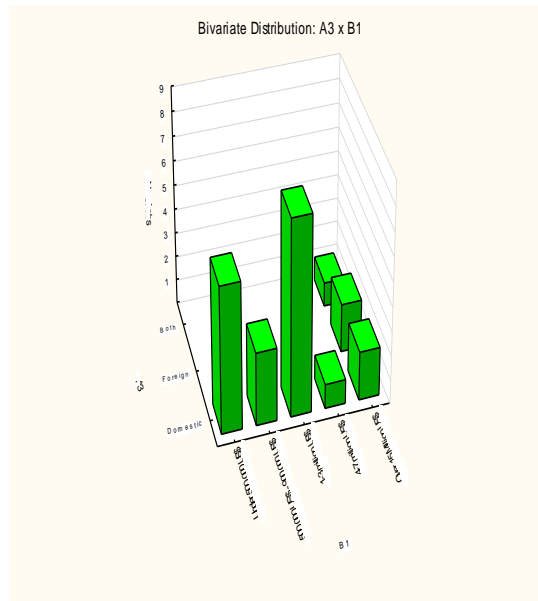


Figure 5.15 Bivariate distribution of origin of ownership and turnover

Table 5.30 Chi-square test between origin of ownership and turnover

Statistics	Statistics: A3(3) x B1(5) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	12.42000	df=8	p=.13343
M-L Chi-square	11.08165	df=8	p=.19712
Phi	.7348469		
Contingency coefficient	.5921565		
Cramér's V	.5196152		

Concerning the above table 5.30, the findings show that there was no link or relationship between the types of firms (A3) and the turnover level (B2) which means that these two variables did not contribute proportionately to the firms' survival and competitiveness. As shown the Chi-square had a $p > 0.05$. This means that the types of firm (A3) and the turnover level (B2) were not statistically significant and also showed that there was no relationship between the types of firm (A3) and the turnover level (B2) for firms survival and competitiveness.

² This figure provides similar information that contained in a cross-tabulation, in graphical format.

In addition to the above, the next question to understand was whether during the period 2005 to 2010 turnover of the firm had changed? The researcher found that eight (8) out of twenty-three (23) firms or 36.4% of the firms, declared improved their turnover for those years under review; while another eight (8) out of twenty-three (23) firms or 36.4%, declared decreased their turnover for those years, and only six (6) out of twenty-three (23) firms or 27.3%, declared stabilized their turnover during the last past years under review. This means that most of the firms in this study had improved their turnover level but only some firms during that period had decreased their turnover level. The implication of the above findings is that most of these firms improved their capacity to resolve problems but only some firms did not improve their turnover level which resulted in poor interventions to resolve their problems as their capacity had weakened.

It is crucial to understand the above findings regarding which firms are succeeding or failing and to understand what are the differences in their characteristics that may explain this? Responding to the question, the researcher refers to the above classifications of the firms, their turnover level, their profit level and export level. Concerning the first classification (small firm) which is characterized by turnover between under 500 000 US\$ and 500 000 US\$ - 900 000 US\$ where three (3) out of nine (9) firms improved their turnover while another four (4) out of nine (9) firms remained stable and only two (2) out of nine (9) firms decreased their turnover; three (3) out of nine (9) firms increased their profit level while one out of nine (9) firms stabilized its profit level. Lastly none of these small firms exported. This means most of the firms in this classification had a good turnover level. The implication of the above finding is that seven (7) out of nine (9) firms were capable of responding to different problems as their turnover had improved or stabilized and helped the firms' survive and remain competitive during the period 2005 to 2010. In brief, only some of these small firms did well even though they did not export.

The second classification (medium firm) is characterized by turnover between 1-3 million US\$ and 4-7 million US\$ where three (3) out of nine (9) firms improved their turnover. Three (3) out of nine (9) firms remained stable and another three (3) out of nine (9) firms decreased their turnover. Two (2) out of nine (9) firms increased their profit level while three (3) out of nine (9) firms stabilized their profit level. Lastly three (3) out of nine (9) firms exported. This means that most of the firms in this classification had good turnover level, and the same medium firms did well or succeeded to penetrate the international market and improved their profit level. The implication of the above finding is that six (6) out of nine (9) firms were capable of resolving to different problems as their turnover had improved or stabilized and helped the firms survive and remain competitive during the period 2005 to 2010. In brief, these medium firms did perform well despite same minor internal problems as they had succeeded to improve their profit level and penetrated the international market.

The last classification (very large firm) was characterized by turnover of over 15 million US\$ where two (2) out of five (5) firms improved their turnover while three (3) out of five (5) firms decreased their turnover. Only one out of five (5) stabilized its profit level and lastly four (4) out of five (5) firms exported. Many firms experienced many changes such as growth or decline in their turnover. This means that most of the firms in this classification had good turnover level and the majority of these very large firms succeeded to penetrate the international market. But

three (3) out of five (5) firms experienced a number of problems which affected their capacity to resolve problems just to help them remain survival and competitive. According to the respondents these changes were due to issues like: transfer in the firm, newly-created company, and worker cooperative being part of the ownership structure. The majority of the firms experienced changes due to unknown internal or external factors. In brief, these very large firms did perform well irrespective of some small internal problems as they succeeded to penetrate the international market.

5.2.5.6 Output level of the firms

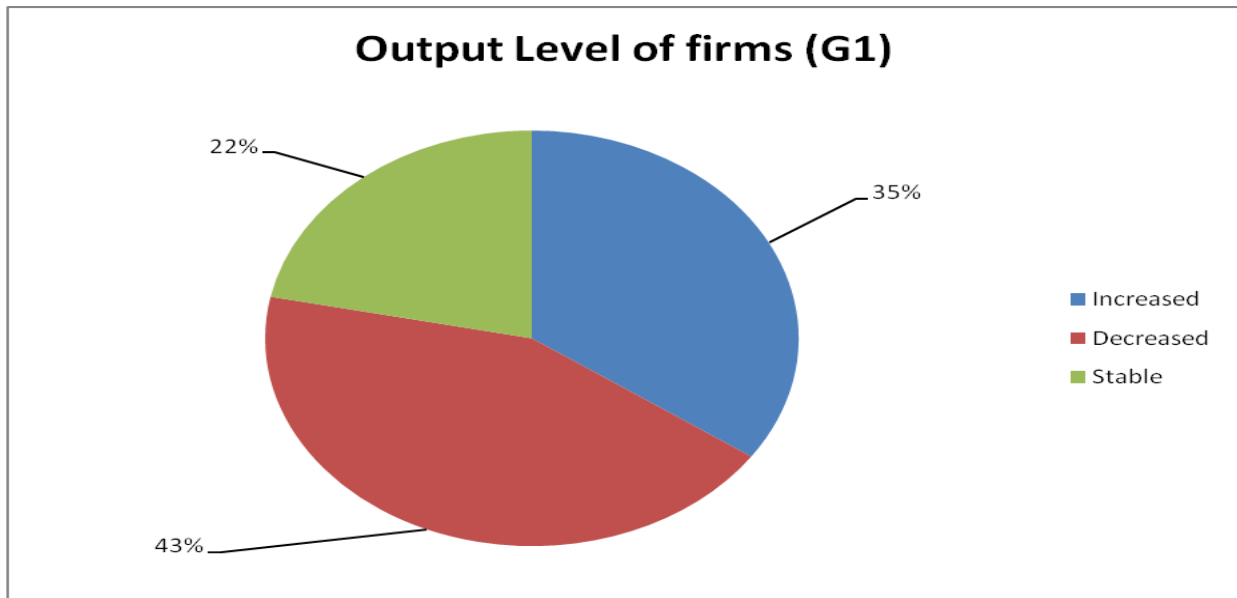


Figure 5.16 Output level of firms

The above figure 5.16 revealed that eight (8) out of twenty-three (23) firms increased their output level during the period 2005 to 2010 which represented 35% of the firms. The researcher also found that ten (10) out of twenty-three (23) firms decreased their output level which represented 43% of the firms. And only five (5) out of twenty-three (23) firms stabilized their output level during the period under review which represented 22% of the firms. This means that most of the firms in this study did experience a decrease in their output level. The output level is considered to be the measurement of performance and survival of firms in this study but it is also a good indicator of firms' fulfilling their objectives for growth and prosperity. The output level is an important indicator of performance as the second objective of this study tries to understand and critically analyse the different production paradigms (labour issues and value added production paradigm) by looking at and comparing the actual performance of the textile and clothing industry in the Southern African Region (SAR).

One of the questions raised by the above observation is to understand which firms are doing well? The researcher proposes to look at the overall performance of these firms by using only the profit level, the output level and the classifications. Concerning the first classification (small firm) only four (4) out of nine (9) firms increased their output level while only one out of nine

(9) firms stabilized its output level. This means that only some of the firms in this classification ameliorate their output level and some firms improved their profit level. The findings also revealed that in this classification only four (4) out of (9) firms improved or stabilized their profit level. The implication of these above findings is that only some of these small firms performed very well due to simultaneous improvements in their output level and profit level. The overall performance of firms in this classification is quite good.

In the second classification (medium firm), three (3) out of nine (9) firms increased their output level while three (3) out of nine (9) firms stabilized their output level. This means that most of these medium firms in this classification improved their output level. The findings also revealed that only four (4) out of nine (9) firms decreased their profit level. This shows that the overall performance in the second classification is quite good as most of these medium firms simultaneously improved their output level and profit level.

Concerning the fourth classification (very large firm), only one out of five (5) firms increased its output level, another one out of five (5) firms stabilized its output level. This means that only some of the very large firms in this classification performed very well as they succeeded to improve or stabilize their output level. Also one out of five (5) firms experienced increased its profit level. The implication of this last classification is that only some firms in this classification performed quite well due to their increased or stable output level and profit level. And lastly, most of the very large firms raised serious concerns about their survival and competitiveness. This situation is due to, as indicated by the respondents, other factors which explained the poor performance of most of the textile and clothing firms in the different classifications: lack of competitiveness in certain firms, illegal imports, lack of work, shrinking demand, market share loss and financial constraints.

The above findings could be also due to - as suggested by Vlok (2006:231) - that one would expect these increases in retail sales to be accompanied by significant expansion in the local clothing, textile and footwear manufacturing industry and a concomitant increase in employment. However, this has not been the case – employment has declined dramatically, while output has been stagnant over the period under review. This indicated that the industry had not been able to adapt adequately to the challenge posed by increased import competition in the wake of trade liberalization, currency appreciation and the increasing competitiveness of, in particular, China.

Vlok further indicates that the principal reasons for the decline in the industry were structural, but the then crisis was largely caused (and the long-term survival of the industry was seriously threatened) by a sharp surge in imports, especially from China aggravated by the earlier pegging of the Chinese currency to the US Dollar and, subsequently, to a basket of currencies (Vlok, 2006:231). In view of the above, Democratic Alliance (2006) indicated that production had stagnated while real prices had fallen. This had led to declining output value. Twenty-four textiles companies had closed since July 2002 and several others had been threatened with liquidation (Business Report, 2005). Closures have been particularly widespread in the spinning and fabric knitting sector and in the clothing sector where Chinese imports have proven to be

formidable competition (Democratic Alliance, 2006:11). On the other hand a number of firms which were performing quite well could attribute their performance to a number of reasons such as: increased profit, increased demand, increase turnover, and export opportunity. These above findings provided important details about firms' survival and competitiveness which corresponded to one of the principal objectives of this study.

5.2.5.7 Profit level of the firms

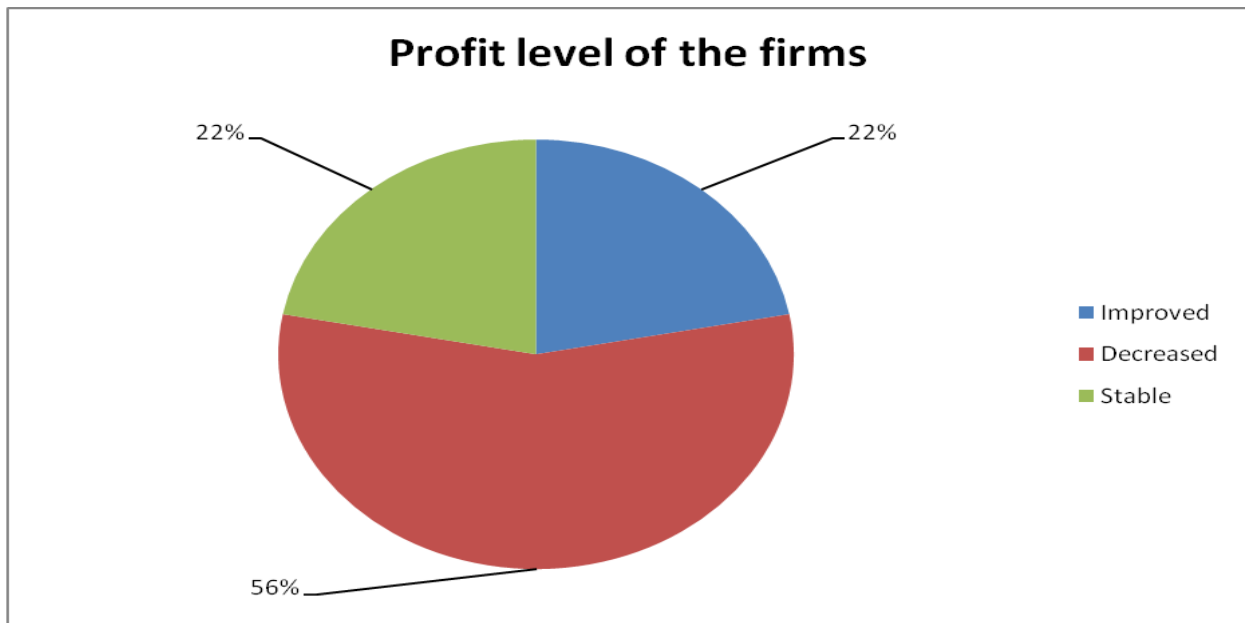


Figure 5.17 Profit level of firms

The above figure 5.17 shows that five (5) out of twenty-three (23) firms increased their profit level during the period 2005 to 2010 which represented 22% of the firms. The researcher also found that thirteen (13) out of twenty-three (23) firms decreased their profit level which represented 56% of the firms. And another five (5) out of twenty-three (23) firms stabilized their profit level during the period under review which represented 22% of the firms. This means that most of the firms in this study did experience a decrease in their profit level and raised a concern about their competitiveness and survival. This is a very important indicator of firms' performance, success and competitiveness. The profit level could also provide additional information about firms which were doing well and those which were not doing well. This indicator tried to respond to the last objective of this study which sought to analyse and better understand the extent and implications of these findings on how to contribute to the industry success.

In addition to the above, the researcher remained critical on how the different firms performed. Concerning the first classification (small firms), the result was not good as most of the firms in this category declared that they did experience a decrease in their profit level corresponding to five (5) out of nine (9) firms while only three (3) out of nine (9) firms experienced an increase in their profit level and only one out of nine (9) firms declared that its profit level was stable. This

means that most of the small firms in this study performed poorly as their profit level decreased during the period under review. The implication of the above finding is that a decrease in profit level affected the company capacity to intervene in different matters and respond to the different needs of the firm such as improved training and skills; upgrading the productive infrastructure, etcetera by raising concerns about the firm's competitiveness and survival.

In the second classification (medium firm), the results were much better as compared to the above findings (small firms) as four (4) out of nine (9) firms declared that they did experience a decrease in their profit level while two (2) out of nine (9) firms experienced an increase in their profit level. Another three (3) out of nine (9) firms declared that their profit level were stable. This means that most of these medium firms experienced an increase or stability in their profit level but only some firms did not ameliorate their profit level as these firms experienced a decrease in their profit level which is a good indication of poor performance for certain firms only.

In the last classification (very large firm), almost the same result to the above findings, the result shows that four (4) out of five (5) firms did experience a decrease in their profit level while one out of five (5) stabilized its profit level. This means that the majority of the very large firms performed poorly as the profit level decreased for the period 2005 to 2010. This implies that certain firms in this last classification performed quite well also despite the increase or decrease of the profit level because the observation and critical analysis of the last classification (very large firm) showed that the majority of these firms competed in the international market by exporting almost all their products. The researcher tried to clarify here that the decreased profit in the very large firms did not mean necessarily a negative result or loss but might mean just a brief reduction of profit.

But concerning the overall observation, the researcher acknowledges that most of the firms in the different classifications experienced a decrease in their profit level and managed to survive. Firms that experienced the lowest profits level are not the same as those fighting for survival. Owing to the low cost competition, the above firms tried to adapt through production cost reduction and retrenchment or to relocate but a good number of firms have closed since the 1990s and early 2000s leaving many workers and their families without a stable source of livelihood.

In view of the above, this could also be due to what Thoburn and Roberts (2002) suggested, as most South African textile firms reported that the greatest effect of trade liberalization was competition from Chinese and other imports and most particularly from clothing imports. Liberalization and subsequent import competition has put pressure on many firms and had a major impact on profitability, employment, product development, product range and the nature of the technology used by firms. Liberalization has influenced production changes and restructuring. Firms that experienced a high level of import competition have often been forced to make changes to their production techniques and invest in new technology.

The implication of these poorly-performing firms raised concerns about governmental objectives in terms of job creation as these poorly-performing firms had to reduce their workforce and government cannot intervene. This raises a concern about the effectiveness of the government’s promotion of the local industry. Lastly, one important observation is that one firm in the second classification (medium firm) refused to give the details concerning its profit level as it considered this information to be private and confidential.

5.2.5.8 Cross-tabulation between output level (G1) and profit level (G2)

Table 5.31 Cross-tabulation between output level and profit level

	Summary Frequency Table (data (2).sta)				
	Marked cells have counts > 10 (Marginal summaries are not marked)				
	G1	G2 Improved	G2 Decreased	G2 Stable	Row Totals
Count	Increased	4	0	4	8
Row Percent		50.00%	0.00%	50.00%	
Total Percent		17.39%	0.00%	17.39%	34.78%
Count	Decreased	1	9	0	10
Row Percent		10.00%	90.00%	0.00%	
Total Percent		4.35%	39.13%	0.00%	43.48%
Count	Stable	0	4	1	5
Row Percent		0.00%	80.00%	20.00%	
Total Percent		0.00%	17.39%	4.35%	21.74%
Count	All Grps	5	13	5	23
Total Percent		21.74%	56.52%	21.74%	100%

The above table 5.31 and the below figure 5.18 present the output level (G1) distribution compared with the profit level (G2). It is important to understand the distribution of the output level (G1) in the textile and clothing industry in this study with their profit level (G2) because their findings give clear indication of how these firms performed and how sustainable this sector could be in the future. It seems to be clear that increased output level (G1a) is predominant in both improved profit level (G2 a) and stable profit level (G2 c) as the increased output level (G1 a) represented 50% of both improved profit level (G2 a) and stable profit level (G2 c). This means that output level is an important factor influencing the profit level. This finding provides some important details about the improvement of the output which resulted on the improvement of the profit level also by helping the firms to have more revenues and capacities to respond to different problems for their survival and competitiveness. This above finding helps understand how much influence the increased output level (G1 a) has contributed to some extent to the different textile and clothing firms by improving their profit level (G2 a) and stabilizing their profit level (G2 a).

The researcher found also that decreased output (G1 b) is predominant in decreased profit level (G2 b) as the decreased output level (G1 b) represented 90% of the decreased profit level (G2 b). This means that the decrease in the output level also resulted in the decrease of the profit level for most of the firms. The researcher observed that most of the firms in this study were poorly performing and this can be explained by the decrease simultaneous of the output level and the profit level. The implication of this is that this situation is not good as the capacity of the firm to resolve problems is very low, thus affecting both the production level of the firm and its labour force as it has been the case for most of the firms retrenching.

In view of the above observation, these firms are hanging in the balance as they raised a lot of concerns by simultaneously experiencing a decrease of the output level and the profit level. This negative situation is very bad for these firms' performance and sustainability. Also, other internal and external factors may explain the poor performance of the above firms such as: bad production systems, no access to financial institutions, customer service, lack of skilled labour, poor management performance and wage problems. The decreased output level and the profit level continued to threaten the potential of most of the firms' survival and competitiveness. These conditions will impact negatively as regards any prospect for job creation and GDP formation. Drastic intervention is needed to resolve the situation. In this situation, most of the firms had closed since the 1990s and early 2000s, also due to low cost competition.

The same findings revealed that stable output (G1 c) is predominant in decreased profit level (G2 b) as the stable output level (G1 c) represented 80% of the decreased profit level (G2 b). This means that the stability in the output level was also accompanied by the decrease in the profit level. The researcher also found that most of these firms had performed poorly resulting in their profit level decrease. The implication of this finding raised a lot of concerns about the capacity of these firms to resolve problems. Thus, most of these firms are continuously working hard to survive and remain competitive. Governmental intervention and support could help improve matters. In this situation, most of these firms tried to adapt through production cost reduction and retrenchment or to relocate.

5.2.5.9 Bivariate distribution³ and Chi-square test between output level and profit level

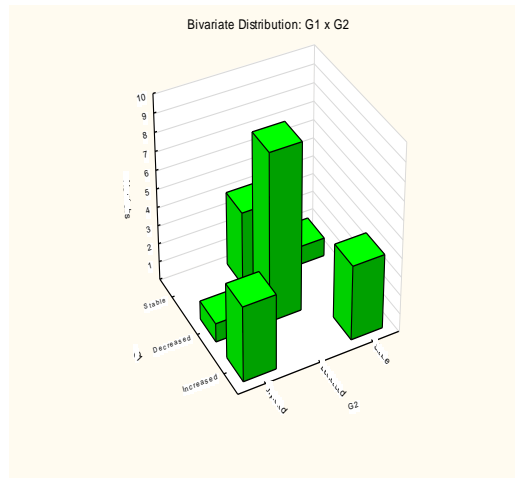


Figure 5.18 Bivariate distribution between output level and profit level

Table 5.32 Chi-square test between output level and profit level

Statistics	Statistics: G1(3) x G2(3) (data (2).sta)		
	Chi-square	df	p
Pearson Chi-square	16.77231	df=4	p=.00214
M-L Chi-square	22.75925	df=4	p=.00014
Phi	.8539501		
Contingency coefficient	.6493906		
Cramér's V	.6038339		

Table 5.32 on the previous page shows that there was a link or relationship between the output level (G1) and the profit level (G2) which means that these two variables helped at a certain proportion firms' to survive and remain competitive. As shown the Chi-square had a $p < 0.05$. This means that the output level (G1) and the profit level (G2) were statistically significant and also showed that there was a relationship between the output level (G1) and the profit level for the firms' survival and competitiveness. There is a clear link as increased output level (G1a) is predominant in both improved profit level (G2 a) and stable profit level (G2 c). The cross-tabulation shows that the increased output level (G1 a) represented 50% of both improved profit level (G2 a) and stable profit level (G2 c). The finding showed that 22% of the firms in this study improved their profit level while another 22% stabilized their profit level and 35% of the

³ This figure provides similar information that contained in a cross-tabulation, in graphical format.

firms in this study increased their output level while another 22% stabilized their output level. The implication of the above finding is that there is a relationship between the output level and the profit level. These two above indicators helped most of the firms to perform quite well, survive and remain competitive. One concern is the number of firms that performed poorly as their profit level decreased during the period 2005 to 2010 which raise concern about their competitiveness and survival.

5.2.5.10 How old is the machinery? (J1)

Table 5.33 Frequency table for the age of the machinery

N=20 Category	Frequencies (Identical resp. were ignored) (data (2).sta) Variable: J11_1 (Multiple Dichotomy; count value: 1)		
	Count	Prcnt.of Responses	Prcnt.of Cases
J11_1 (Less than 10 Years)	9	36.00	45.00
J11_2 (10-19 Years)	10	40.00	50.00
J11_3 (20-29 Years)	4	16.00	20.00
J11_4 (30-39 Years)	1	4.00	5.00
J11_5 (40-49 Years)	0	0.00	0.00
J11_6 (Above 49 Years)	1	4.00	5.00
Totals	25	100.00	125.00

The above table 5.33 shows that 36% of the respondents had machinery less than 10 years old (J11-1); while 40% of the respondents had machinery between 10-19 years old (J11-2); whereas 16% of the respondents had machinery between 20-29 years old (J11-3); only 4% of the respondents had machinery between 30-39 years old (J11-4); and lastly, another 4% of the respondents had machinery above 49 years old (J11-6). This means that the textile and clothing industry in this study was dominated by firms which updated their machinery and equipment. And another interesting finding was that the first two categories in table 5.23 consisted of over 70% itself above 70% of the firms which had machinery and equipment under ten (10) years old and between ten (10) and nineteen (19) years old.

The implication of the above finding is that more firms acquired new machinery which had a positive impact on productivity and thus on performance overall. The finding is very important as it relates to one of the objectives of this study of the textile and clothing industry's performance. It is important to understand that competitive and sustainable firms need new machinery to face low-cost competition. The result shows that most of the firms in this study brought new machinery to help them both perform well and compete internationally and, as indicated above, more attention was placed on the category of machinery with less than 10 years and between 10-19 years which explained clearly that most of the respondents in this study used new machinery.

5.2.5.11 What can be done to promote sustainability and competitiveness? (J12)

The most common responses to the above question were the following: Unless our productivity turns around, discontinuing manufacturing is inevitable; More improved wage structure; Improve productivity; Government and labour must make it work while for entrepreneurs to invest - People leaving the clothing retail industry become importers not manufacturers; Productivity; Market share increase; Capital investment (Interest free); Government should stop cheap Chinese imports; Subsidise capital investment; Government support; Improved government-labour relations; Do away with Asian inspection and leave South Africans to refinish garments imported; Provide more incentives for local industry; Maintain a high standard of products and competitive prices; Make use of raw materials and increasing manufacturing; Control imports; Cut down on imports.

The above findings showed the different needs for the textile and clothing industry in SA to remain competitive. Government must bring the local industry to a higher level by playing a crucial role in promoting it in term of assistance for competitiveness. It should also: Stimulate the local industry with production of raw material in all the provinces; Provide more incentives to encourage export; Facilitate and assist the industry to upgrade technology and building capacity. In addition, government could help the local industry by improving the policies as these firms create jobs and contribute to the economic activities.

5.2.6 Issues related to government involvement in the sector

This sub-section has six important points.

5.2.6.1 Are the firms depending on government incentives to export?

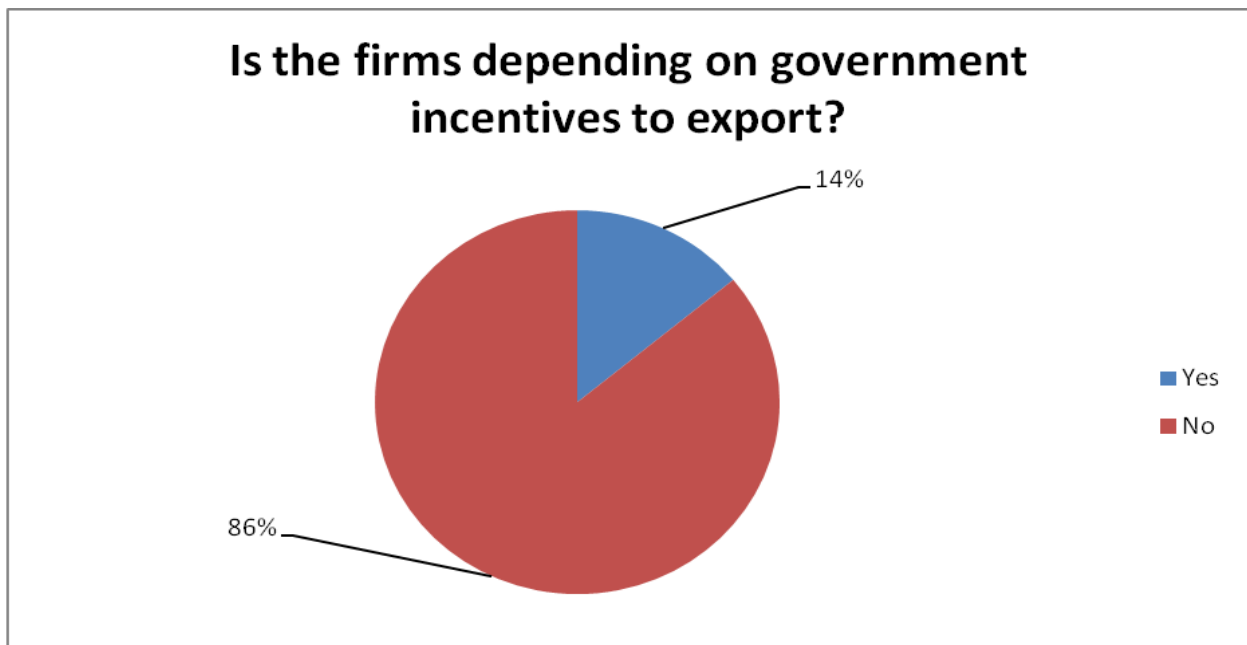


Figure 5.19 Firms depending on government incentives for export

The above figure 5.19 shows that only three (3) out of twenty-three (23) firms depended on government incentives to export (K1) which represented 14% of the firms while nineteen (19) out of twenty-three (23) did not depend on government incentives to export which represented 86% of the firms. This means that only some firms in this study exported and had governmental incentives to export. The result shows that government is not doing enough to stimulate the local industry to export more. One of the objectives of this study is to explore the implications of these findings for key stakeholders and how to promote competitiveness and sustainability of the textile and clothing industries. There was and still an urgent need for government to put effective measures in place to stimulate these firms to export.

The next question was about government support as regards improving wealth (see the attached questionnaire in page 329). The finding revealed that none of the firms had any governmental support as regards improving wealth. (J10) Government intervention was needed to keep firms competitive as government is an important player in the economic activity by protecting, legislating, monitoring and stimulating the local industry.

In addition to the above, Salinger, Borhat, Flahert and Keswell (1999:37-38) showed that the Duty Credit Certificate (DCC) scheme seeks specifically to boost the export performance of the textile and clothing industries. The DCC also has a link to monitoring productivity levels in the industry. Hence the granting of a DCC is subject to each firm achieving the targets set out in the Productivity Performance Monitoring Scheme (PPMS) implemented and administered by the National Productivity Institute (NPI). Firms were involved with the NPI in setting these targets; however, the productivity targets as set out in the agreement are rather vague. Hence the productivity-linked access to credit is quite flexible, with firms seemingly able to avoid any major penalties in terms of the DCC. Built in to the DCC is a training expenditure requirement. The agreement states that firms receiving the DCC must spend four (4) percent of their wage bill on training. The wage bill includes all normal time, fringe benefits, levies, and overtime. Inability to fulfil this training requirement results in withdrawal of the DCC.

5.2.6.2 In what ways (positive or negative) has government impacted on your firm. What more could/should they be doing? (K2)

This sub-section has three important points. This sub-section provides important details about government intervention in the textile and clothing industry.

5.2.6.2.1 Positive ways which government has impacted on firms are as follows.

The most common responses to the above question were the following: Phased in implementation of reduced import duties; Production incentives; Industry incentives/survival packages; Organised labour; Industry become too expensive; All government work must be sourced and produced locally; Productivity incentives; Provide more support local industry.

5.2.6.2.2 Negative ways which government has impacted on firms are as follows.

The most common responses to the above question were the following: Not protecting a labour intensive industry: Outdated wage model-Union too much latitude; Restrictive labour legislation;

Health regulation; Theft of stock/farmers killing; Capital investment lacking; China helps to labour force going down; Lack of capital investment; In some areas there is no competition for locally manufacturers; Labour related issues-wages hikes; Taken away production from SA-we need it back with sustainable wage rates; Unions are asking too much; Customs-tax rate.

5.2.6.2.3 What should government do?

The most common responses to the above question were the following: Protectionist policy or incentives for buying locally; Union needs to restore discipline; Government support farmers; Subsidise capital investment; Find balance with import-China destroy local industry-Government needs create jobs; More incentives; Curb unnecessary imports (mainly in the retail industry); More realistic approach to wages issues and more open communication with companies; Work with chain store to reduce asking price; More incentives needed; Provide skills development for workers; Make it easier and have a better system for importing; Reduce Chinese imports; Cut down on Chinese imports.

5.2.6.3 Are you aware of possible assistance from the Department of Trade and Industry? (K3)

Responding to the above question (see questionnaire in page 329). The findings revealed that only seven (7) out of twenty-three (23) firms were aware of possible assistance from the DTI (K3) which represented 30% while twelve (12) out of twenty-three (23) firms were not aware of possible assistance from the DTI which represented 52%. But only four (4) out of twenty-three (23) firms did not answer to this question. This means that most of the firms in this study were not aware of possible assistance from the DTI. It is suggested that the DTI should put more effective mechanisms in place (such as networks and channels) to assist these firms on how to access the many facilities available. The researcher observed that the textile and clothing firms in this study were dominated by South African ownership. These firms created jobs and contributed to the economic activity of the country. This is why the DTI should provide them with assistance and packages on how to promote the local industry. An urgent governmental intervention is needed in terms of different supports, assistances and measures to help the industry remain competitive.

5.2.6.4. Have you previously or are you currently accessing assistance from the Department of Trade and Industry? (K4)

The next question was about government support to improve wealth (see the attached questionnaire in page 329). The findings here revealed that six (6) out of twenty-three (23) firms had previously, or were currently accessing, assistance from the DTI (K4) which represented 26% while eleven (11) out of twenty-three (23) firms had not previously or were not accessed assistance from the DTI which represented 48%. But six (6) out of twenty-three (23) firms did not answer this question. This means that most of the firms in this study had not previously - or were not accessed - assistance from the DTI which is confirmed by the above findings, as seen in (5.2.13.3) on the same page about the effective mechanisms, networks and channels which assisted the firms to access the different provided assistance and facilities. This also shows the

need for the DTI to continue to put in place measures and tools to assist and support the local industry.

5.2.6.5 What is working between these workforce adjustment and value-added production paradigm to keep your firm sustainable and competitive? (K5)

The next question was about government support to improve wealth (see the attached questionnaire in page 329). The most common responses to the above question were the following: Yes, it can - but should in general reduce size with the aid of wage reduction in labour; Government is now providing grants to buy the technology that will improve production- thus make companies more competitive with Eastern imports; Ability to purchase new machinery with labour saving devices to help combat effect of China's productivity and costs; We prefer to keep labour force currently; but if processes change we will have to cut; Both are used; labour cost adjustment; Prices and product development; Value-added is assisting the company to be competitive; Manufacturing the correct products whilst importing an obtaining products abroad which would be cheaper.

This means that both retrenchment and value added production have been used to keep firms' surviving and competitive; but there are other factors contributing to the firms' survival and competitiveness. This question refers to one of the propositions of the study as firms are facing a stark choice between labour repression and high value added production paradigms. This implies that the firms' choice between retrenchment or value added production paradigm (or by using them together) depends on the firms' strategy. All were correlated, as almost all of the firms were involved in value added production paradigm and only some firms retrenched their workforce. The implication of these two strategies or production paradigms plays an important role in firms' survival and competitiveness. But retrenchment can only be used for a short period as a curative or preventive strategy and value added production paradigm is an on-going and permanent part of the daily activities of firms.

5.2.6.6 What should be done to improve things? Please give your suggestion to remain competitive to the next five years. (K6)

The next question was about government support to improve wealth (see the attached questionnaire in page 329). The most common responses to the above question were the following: Incentivize local buying by retail- Tax breaks based on a given % set by government- subsidized low interest loans for capital investment; Bans on import of finished goods; Importation of raw materials at favourable duty rates; Improvement of labour legislation, not so restrictive-Export incentives; Increased market-Government must support upcoming farmers; Stop illegal imports (under invoicing)-Assistance with capital expenditure-Keep the Rand as stable as possible; Export incentives-Stop illegal imports; Lower wages and access raw material; Help companies; We should produce garments in SA so that our work force can handle style demands-quality; Delivery constraints are everyday happenings-SARS should give the clothing industry concessions as incentives to improve GDP in manufacturing sector; Skills development- Provide assistance to companies regarding HIV/AIDS medication for workers; Make raw materials easily available; Allow manufacturing to be cheaper; Cut on imports.

This means that a number of things need to be done to improve matters. The findings revealed that the textile and clothing industry in this study was doing fairly well as some firms were exporting, and improving both their output and profit levels. But one of the many concerns the local firms had was the East Asian countries penetration into the local market through illegal imports and under-invoicing which created difficulties for most of the local firms. These illegal imports destroyed many jobs especially in those firms which were not doing well at all. Government's rapid intervention was needed to save jobs and to continuously put measures in place to create and promote jobs.

5.3 Interviews and other findings in this study

The main findings of the interviews related to the competitiveness of the textile and clothing industry in South Africa were pertinent and complex. The researcher observed that these firms retrenched people to save money in the production process. The researcher further discovered a strong labour union presence with wage negotiations being conducted in bargaining council. But most of these firms were focusing on value-added production paradigm continuously as it contributed to their survival in the face of increased low-cost competition. The findings revealed that the survival firms were relying on the following characteristics such as: design, marketing, consistent quality, product specialization, and research and development.

According to SACTWU officials, a re-skilling process should have taken place in spite of resistance to any developmental initiatives by management staff in different firms. Furthermore, the above officials insisted on key aspects such as: minimum wage, defending jobs, improving workers' conditions, training lay off and implementing rescue packages to help the surviving firms to remain competitive. Wood and Sela (2000:456) add that employees saw the training initiative as not just re-skilling. Rather, they saw it as being 'upgraded' or 'promoted'. This has resulted in a proliferation of petty disputes, as in practice the frequent outcome was: 'People are given more jobs to do with less pay'. Union officials indicated that sections of management were believed to be hostile to the training initiative, on the grounds that workers would become 'too knowledgeable' and attempt to 'take over' their jobs.

According to the union officials, management failed to increase pay in accordance with the acquisition of new skills or the execution of a greater range of tasks. As noted by Wood and Sela (2000:456), union officials held that any sort of additional skill or qualification attained by any worker should be fairly and justly rewarded, regardless of whether increases in productivity or work performance were immediately apparent. In contrast, managerial policy was that pay should be based solely on the performance of individual employees.

As a part of triangulation, the researcher was advised to re-interview union representatives concerning questions related to labour repression and value added production. Were the respondents telling the truth? There was no evidence (from the questionnaires) of labour repression, despite evidence to the contrary from previous studies in Swaziland and South Africa. According to Eppel Simon (2013) from SACTWU, the findings of this study can be confirmed conditionally depending on which method (top-bottom approach) was used, as

another method could have resulted in different findings. Mr Eppel agreed to comments and to provide information on the state of worker-abuse in the South African textile and clothing industry. For instance, if a union official had engaged workers about their condition of work, the workers may have revealed different information to the official. This often happens since workers may represent themselves differently to outside researchers than to unionists due to issues of trust, etc. He further insisted that the conclusion of this study may indeed be correct but that it is also possible that another method of research would have resulted in different findings. It is important to note that abuses exist in the local textile and clothing industry depending on which method (top-bottom approach) was used and whether firms were compliant or non-compliant firms; or whether the firms were across metro areas or non-metro areas firms.

Illustrating the above, Claassens (2013) indicated that the Chinese clothing manufacturers in the Newcastle area were in the news as regards not bargaining vis-a-vis council-compliance. Additionally, Eppel (2013) found that a cabal of conservatives was rallying to break the power of unions, weaken labour laws and lower wages. Apparently, certain entrepreneurs and other groups have combined to challenge minimum wage level in the clothing sector. The cabal presents these Newcastle companies as brave Davids on the frontline of a job creation war against a bullying labour Goliath. Indeed, Africa HK is a historic stalwart of sweatshop employment. When the Southern African Clothing and Textile Workers' Union (Sactwu) conducted an investigation of Newcastle abuses almost a decade ago, it was found that, among many other things, the company was reported to physically assault workers; it did not comply with the minimum wage requirements of the then sectoral determination, which applied before the clothing bargaining council had jurisdiction; and it did not pay female workers maternity leave pay, but rather used their absence as an excuse to lower their wages when they returned. As with other Newcastle factories, measures were introduced to encourage compliance. But almost a decade later, non-compliance persisted. Our investigations in 2011 revealed that: workers were earning wages as low as R200 a week; they were having to use off-cut rags for toilet paper; if a worker collapsed at work from a health or safety matter, the company refused to attend to the worker and the responsibility fell to other workers; workers were not paid sick leave, even when they had valid sick notes (and even had penalty monies deducted from their wages); the company seemed to have stolen workers' monies by deducting UIF and bargaining council levies from wages; but then not paying them to the respective authorities. Many of these abuses were reported by workers at JCR Clothing. But other abuses were reported there too, including the following: workers had as much as R50 deducted from their wages for being on the toilet for too long; and black female workers were basically strip searched by management after work, being required to show evidence of menstruation and sanitary wear when managers claimed to want to know if workers were pilfering goods. These violations exclude the multitude of health and safety problems at these factories. Being employed "Newcastle style" is not something that workers want, as they have told SACTWU representatives repeatedly and as they have shown in a number of ways – including through the rise in union membership in the area in recent years, and in their increased mobilisation. Newcastle workers are no different to other workers, who have also demonstrated their deep anger towards and frustration with, low wages and poor working conditions. Cabal members pretend that what Newcastle teaches is merely a different way of conceptualising wage models, even while it is clear that this low-wage model is

one of worker abuse; and that if it succeeds we will see the insidious spread of Newcastle-type abuses around the country (Eppel, 2013).

In the same line, Eppel and Kriel (2013) from SACTWU found that forcing companies to comply with the minimum wage will result in thousands of lost jobs. The authors state that 450 companies employing about 16,500 workers are being targeted by AMSA, SACTWU and the Department of Labour. They argue that there are companies in South Africa, mostly AMSA ones, that produce high-end branded clothes and other companies that produce no-brand clothes for the low-end market. They argue that the former, who are generally able to pay higher wages, are not in competition with the latter. They further argue that the low-wage companies are therefore not exerting downward pressure on the wages in the companies producing high-end clothes. They say that the low-wage companies cannot pay the same wages as AMSA companies because they are competing not with AMSA but with low-wage paying companies in neighbouring countries like Lesotho. In June 2011, five clothing companies from Newcastle, KwaZulu-Natal initiated litigation against the NBC and the Minister of Labour over the extension of minimum wages to them. These five companies are owned by people from China, Taiwan and Hong Kong who in many cases migrated to South Africa to start these low-wage labour-intensive companies decades ago when the clothing industry was still subsidised by government. Indeed, there is a strong racial undercurrent in the debate. Furthermore, Eppel and Kriel (2013) stated that "the main cause of job losses in the clothing sector is not wages, but a range of other factors, primarily the fast-tracked tariff reduction regime introduced under GEAR in 1996 and the inappropriately low binding levels of those tariffs. This was compounded by high levels of illegal imports and serious instances of widespread under-invoicing at our ports of entries."

In illustration of the above abuses existing in the local textile and clothing industry, Eppel and Kriel (2013) indicated that the regular occurrence of deaths and rapes in Bangladeshi clothing factories, where workers earn some of the lowest wages in the world, illustrates this well. The most recent fire there occurred on November 24th last year and killed over a hundred workers. In terms of rapes, it has been revealed that police reports from Bangladesh's capital, Dhaka, show that female garment workers constitute 11% of reported rape cases, but only account for about 3% of the total population of women in the city: meaning that low-waged garment workers are more likely to be raped than other women in the city. The same dirty link between low wages and working conditions was exposed in Newcastle, for clothing factories in the area generally pay the lowest wages in the country to clothing workers (usually far below the legal minimum) and also practice the most extensive and severe forms of worker abuse in the country, often akin to apartheid labour practices. The death of Nokuthula Hlatswayo's children (the incident to which you refer above) is certainly not the only abuse which has occurred, even if it is the most well-known. Workers have provided testimony-after-testimony to union representatives in affidavits in which they describe being required to use off-cut rags for toilet paper, and of being strip searched by their managers. In one factory, in 2010 and 2011, workers were locked in the factory at night (their employer went home with the keys) and on two occasions fires started in the factory and workers were unable to escape. These kinds of worker abuses are part of the Newcastle low-cost employment model. In Newcastle, the currently applicable legally gazetted

starting wage of an entry level machinist is R369 per week. That is already incredibly low. In fact, it is 30% lower than the R525 per week recently promulgated for farm workers, by sectoral determination. But in reality, many Newcastle companies pay below this R369 rate, and they even pay it to machinists who have many years experience. Workers in Newcastle have brought us their payslips (if they even receive them) which often show that they earn between R200 to R300 per week. Indeed, the above union representatives described the abuses which workers had to endure in the location's textile and clothing industry. Thus, more investigation is needed to complete this study on the existence of labour repression by keeping a close eye to the used method (top or bottom approach) and the previous four variables (compliant or non-compliant companies, metro area or non-metro area companies).

According to Baard (2013) from AMSA and CCA indicated that Business, Labour and the SA Government at a macro level, but also management and workers at industry and company level, will continue to ignore at their collective peril, the need for mutual trust and respect as well as a common vision and shared values as a fundamental pre-condition towards finding our way out of this poverty night-mare. Anything less will ultimately lead to socio-economic suicide. For that to succeed in the clothing manufacturing industry we firstly require an industry development plan, bench-marked against international best practice, with specific goals linked to realistic time frames. Internationally the clothing manufacturing industry has, and continues to play a significant role in job creation and industrialization in many developing economies which are characterized by a low skilled labour force and high unemployment: not only clothing employers, not only the employees and their trade unions, not only government, not only our retail partners, not only the consumer, but each one of us working in unison and with a common purpose. If all these stakeholders are serious about the challenge to fight poverty, create employment, stamp out crime and create a future vision of stable, functional and caring communities within South African society, we cannot countenance the prospect of falling short in exploring all possible and seemingly impossible means to save an industry and consequently make an important attempt to reverse the de-industrialization of our domestic economy.

Baard (2013) furthermore showed that Bangladesh, which has the lowest minimum wage in the world at just US\$25 per month, is well positioned to reap the investment and industrialization benefits of their low labour cost advantage. It is an important irony that the ongoing migration of manufacturing driven by the lure of cheaper labour, continues to unfold whilst neither the WTO nor the International Labour Organization appears to be doing much more than folding their collective arms with little to zero challenge to the industrial and labour market policies preferred by such states.

In China, the clothing sector is migrating northwards to the rural and peri-urban sweat shops where labor is cheaper. Vietnam across their southern border offers even cheaper conditions of employment. Could it be that the Chinese 'miracle' is unraveling or is it more accurately the unfolding of an evolutionary industrial policy in terms of which they 'kick-start' their economic growth trajectory on light and cheap manufacturing with a vision to use this as a stepping stone to move up the value chain? Successful examples of this model can be found in respect of

countries such as South Korea and Taiwan. Chile, India and Brazil have recently also recognized this developmental model for industrialization and economic prosperity (Baard, 2013). At Business Alliance Imbizo of the Clothing, Textile and Retail Value Chain held on the 7th and 8th of May 2009 recognized that the value proposition to local retailers transcended PRICE alone, provided domestic manufacturers achieved world-class manufacturing standards in the following 4 key areas: Speed; Flexibility; Reliability; Quality. The alternative to the Chinese Model, which is not the only alternative, brings me to the following proposition. Given the socio-economic realities South Africa faces, such as the enormous challenge to create jobs within the parameters set by a constitutional democracy, suggests that we need to ask whether the time has not arrived for the so-called “triple bottom-line” (profits, people and the environment) which the Business Schools of the western world have advocated for nearly two decades, in order to become an operational measurable in sourcing behavior and supply chain management? Does this mean that consumers and shareholders need to be informed of the impact their purchasing behavior has on national interests such as employment creation and poverty alleviation? In that case, this must simply be added to our collective list of priorities to attend to (Baard, 2013). Thus, Ralph Hamann quoted in Baard (2013) stated that “South Africans need to change their mindset when it comes to philanthropy and incorporating social, labour and human rights issues into business. Essentially, companies should consider their entire value chain and how at each stage they can embody good governance with corporate citizenship. Sustainability is the primary moral and economic imperative of the 21st century and it is one of the most important sources of both opportunities and risks for businesses. Nature, society and businesses are interconnected in complex ways that need to be understood by decision- makers.

Regarding the question about firms’ competitiveness, retrenchment and value added production; Helena Claassens (2009) from the Textile Federation Official (TEXFED) responded that the problem we are facing is job creation vs high value added production. If you retrench people (which would save money in the production process and makes things cheaper), then what about the workers that lost their jobs? What will they do, where will they go for jobs? If no jobs, no wages (no money), who will support the retail trade? There are also social questions to be asked when it comes to labour. If you want to “make things work” in textiles, then try and produce something that is not being produced by China. And ask SARS (Customs) to clean up the illegal imports and to put an end to “under-invoicing”. She further indicated that value adding means you take something, add value to it and sell a finished or semi-finished article. For example: you take yarn and then weave or knit it into fabrics. You have added some value (e.g. labour cost & production cost). If you dye and print the fabrics, you add some more value (printing & dyeing costs). When you take the fabric and make it up into clothing, then you’ve added more value (again additional labour cost & sewing cost). If you take the yarn and turn it into ropes, you’ve also added value, but not as much as when you use the yarn to end up with a garment.

Concerning competitiveness, Claassens (2009) revealed that the local manufacturers needed to build capacity in all areas of the value chain in South Africa to effectively supply to major retailers and for South African-based textile and clothing manufacturers to become globally competitive. Such competitiveness encompassed cost, quality, flexibility, reliability, adaptability and the capability to innovate. These interventions should include activities on manpower,

machines, materials and methods (also called the three “P’s”: people, products and processes). In order to become globally competitive, local producers should look at various things:

- Best labour practices: South Africa’s labour productivity is not very high. Because we have very strong labour unions, wage negotiations are being conducted in bargaining councils and have nothing to do with shop-floor productivity. The local industry needs skilled workers and therefore workers should be trained properly. That is being done continuously over the years.
- “State of the art” equipment and machinery: the more technologically advanced you are, the less labour you need. This is especially true for textiles (not for clothing). *Please note: we do not represent the clothing industry and when we refer to textiles, clothing is excluded.*
- Raw materials at low (but fair) prices: It is important to have access to reasonably priced raw materials. In South Africa we have a situation in which our cotton fibre producers can only supply half of our requirements, but there is a duty on cotton fibre. Raw materials not being manufactured in South Africa are generally free of import duty.
- Niche products: It is important to have niche products (speciality type products), which you can sell at a higher price as a result of research & development. However, these types of products are usually low volume, high priced goods. There are companies in this category who produce textiles which are not used for clothing, but for technical and industrial purposes.

The South African textile industry covers a wide range of sectors (and therefore products), and in each of these sectors there are companies that are doing very well and others that are struggling. The ones doing very well are those who produce products that China doesn’t make. Those that are struggling are those competing with China, both in the local market as well as on the export market. South Africa does compete with the USA, Europe, Africa and Canada, and even with some other countries, based on our design and quality. We do not compete with the likes of China and other countries in the East based on low prices (their quality is inferior). China is notorious for its “lack of design” (they are masters in copying products).

Furthermore, government intervention was needed to promote or protect the local industry and request the South Africa Revenue Services (SARS) to “clean up” the illegal imports and to put an end to “under-invoicing”. Government was called upon to play an important role by providing more incentives to promote the local industry. According to Claassens (2009), when it comes to raw materials (in this case “fibres”), the fibres are usually priced at “international” or world prices, because much of it is regarded as commodity. Currently the world price for cotton is approximately \$1.30/kg (which is around R12.33/kg at an exchange rate of \$1=R9.50), while polyester is approx \$1.00/kg (which is around R9.50/kg at an exchange rate of \$1=R9.50). The normal blend for a bed sheet is approx 60% polyester and 40% cotton. Therefore the fibre cost would be approx R10.63/kg (this is the cost without any value added). It is important to note that the fibre needs to be spun into yarns, the yarns need to be woven into fabrics, the fabrics need to be dyed and printed and then made up into bed sheets, pillow cases, etc. By illustration, during 2008 we have imported bed linen (sheets, pillow cases, etc) from China at R11.77/kg (whilst importing fabrics from China at R32.96/kg). How is it possible for China to export bed linen (the final product) to RSA at R12/kg while their fabric costs R33/kg? How can South Africa

compete with this price of R12/kg if our fibre cost is already R10.63/kg? This is a problem which South African textile manufacturers face (Claassens, 2009).

The textile industry is very complex. Although the local textile industry is a lot smaller than it used to be around 1995, there are still a number of areas that have survived. We still produce polyester staple fibres, various types of yarns (wool, cotton, polyesters, blends, etc), various types of woven and knitted fabrics, household textiles and industrial and technical textiles. We have lost our filament yarn spinning sector (the closure of SANS at the end of March 2009). Closure of SANS: various aspects lead to the closure of this plant, e.g. the dumping of tyres, which affected the tyre cord industry, thus affecting the filament yarn sector (Claassens, 2009). According to Vlok (2006:243), illegally imported and under-invoiced goods compete unfairly with local products and present a significant challenge. The level of illegal imports was conservatively estimated at between 10% and 30% of total clothing and textile sales. Even at 10% of domestic production, this would amount to about 15,000 jobs. It is therefore clear that combating illegal imports can have a significant employment impact.

5.4 Conclusion

This study explored the competitiveness of the textile and clothing industry in South Africa with special attention to firms operating in the KwaZulu Natal Province and the Eastern Cape Province. This study sought to explore what enables a firm to survive in the South African textile and clothing industry by looking at what works in the industry, how it works and what can be done to ensure things in the industry will perform efficiently in the future?

The finding revealed the pertinence of involving best labour practices and value added production paradigm to promote competitiveness and keep the firm surviving. The researcher also found five important people-management approaches such as soft HRM and hard HRM, labour repression, the paternalist or African model - and lastly, a mix-match approach. In brief, the findings found three predominant HR approaches used in this study which are the following: mix approach, soft HRM and hard HRM. Furthermore, the researcher found that most of the firms in this study were unionized and provided training and developmental activities; had a work council; made use of team working, staff notice-board and working meetings. In addition to the above, only some firms were involved in labour cost cutting and had a reward system regarding performance based pay. The same findings revealed that few firms consistently used best labour practice to promote competitiveness, but did retrench their labour force as a strategy to reduce cost and remain surviving. HR policies related to competitiveness are an important indicator of best labour practice regarding how to respond to important customers' requirements.

About the HR practices in the first classification, the findings revealed that all the small firms were domestic and only nine (9) firms formed part of this classification. HR practices played an important role in firms' survival and competitiveness. In this study, only two (2) firms were involved in retrenchment or redundancy; four (4) firms provided training and development activities; only one firm had a contingent pay or reward system; two (2) firms were unionized; two (2) firms had a work council or participative strategies and lastly six (6) firms made use of team working or simple involvement. This means that HR practices had been an important factor

contributing directly or indirectly to firms' survival and competitiveness. The study showed the predominance of only three HR approaches used to help firms' remain surviving and competitive. The mix-approach, soft HRM and hard HRM contributed immensely (both directly or indirectly) to firms' survival and even to the good performance of certain firms. In brief, HR practices are related to firms' performance. Further investigation or more tests are needed to help understand the causal relationship between HR practices and firms' performance, as only the Chi-square test was used in this study (but did not reveal sufficient information).

Concerning the HR practices in the second classification, the findings revealed that all the medium firms were domestic and that this classification also included nine (9) firms. HR practices played an important role in firms' survival and competitiveness in this study as only four (4) firms were involved in retrenchment or redundancy; eight (8) firms provided training and development activities; six (6) firms had a contingent pay or reward system; six (6) firms were unionized; six (6) firms had a work council or participative strategies, and lastly, seven (7) firms made use of team working or simple involvement. This means that HR practices had been an important factor contributing directly or indirectly to the firms' survival and competitiveness. The study showed the predominance of three HR approaches used to help firms remain surviving and competitive. The mix-approach, soft HRM and hard HRM contributed immensely, directly or indirectly to firms' survival and also to the good performance of certain firms. In brief, HR practices are related to firms' performance. Further investigation or more tests are needed to help understand the causal relationship between HR practices and firms' performance, as only the Chi-square test was used in this study but did not reveal sufficient information.

Regarding the HR practices in the last classification, the findings revealed that the very large firms were diversified in domestic firms, foreigner-owned firms and joint-venture firms. This classification was composed of only five (5) firms. HR practices played an important role in firms' survival and competitiveness in this study as only four (4) firms were involved in retrenchment or redundancy; all the firms provided training and development activities; one firm had contingency pay or reward system; all the firms were unionized; three (3) firms had a work council or participative strategies and lastly two (2) firms made use of team working or simple involvement. This means that HR practices had been an important factor contributing directly or indirectly to the firms' survival and competitiveness. The study showed the predominance of only three HR approaches used to help firms remain surviving and competitive, as they put workers first. This helped to boost firms' productivity and competitiveness. The mix-approach, soft HRM and hard HRM contributed immensely, directly or indirectly to the firms' survival and even to the good performance of certain firms. In brief, HR practices are related to firms' performance. Further investigation or more tests are needed to help understand the causal relationship between HR practices and firms' performance, as only the Chi-square test was used in this study but did not reveal sufficient information.

In addition to the above, it is essential to note that involvement in union, quality circle and work council were against any form of labour repression. In this study, most of the firms were unionized, made use of quality circles and had a work council, as important bodies and channels to oversee overall HRM or labour issues. As indicated, unions did play an important role in firms when overseeing working conditions and wage-related matters and negotiating with

corporations, businesses and other organizations on behalf of its members, thus contributing directly or indirectly to firms' performance. On a different note, training and development activity helped improve skills capability, workers knowledge, productivity and efficiency – all of which directly helped firms to perform well. However, reward systems remain an important motivational force for workers' involvement thus helping to improve the quality of products and workers' behaviour, which also made a direct contribution to organizational performance. On the other hand, work councils helped deal with matters related to the company such as: internal conflicts, reducing absenteeism - which impacted positively on productivity and thereby contributed towards organizational performance. Lastly, quality circles provided the different firms with an important channel for communication, increased workers participation. This also helped firms to perform better.

In addition, the above findings revealed that most of firms were involved in best labour practice as these firms did provide training and developmental activities, reward systems, union involvement, quality circles, work council, etcetera; and, in brief, established competitiveness in an industry which had experienced severe crisis – which can be explained by, or related to, HR practices.

In South Africa, only some textile and clothing firms closed due to multiple challenges of competitiveness. The findings showed that only some firms in this study performed well and most of the other firms managed to secure their survival by continuing to use value added production paradigm and labour cost cutting. These survival firms relied consistently on best labour practice and most of the respondents acknowledged the existence of another factor which helped firms to survive and be competitive (which answers one of the research questions). In addition to the above, the findings revealed that only some firms in this study had been involved in the retrenchment of their workforces; but that they did comply to best labour practices and continuously made use of external training and skills development initiatives as a response to increased overseas competition.

Lastly, concerning the question of how many firms were involved in labour repression, the findings did not show or give any indication of firms' involvement in labour repression as strike manifestation and retrenchment could not provide any information related to labour repression practise in this study. Retrenchment and strike involvement were considered to be two variables which could provide any related information about firms' involvement in labour repression. In brief, only some firms were involved in strikes which represented seven (7) out of twenty-three (23) firms and only ten (10) out of twenty-three (23) firms retrenched; but there were no further details about labour repression.

The findings showed that most of the South African firms in this study survived, as their profit level had been decreasing during the last period under review namely 2005 to 2010. One of the research questions was to understand how they survived and which of them were surviving? Responding to the above question, the findings revealed that thirteen (13) out of twenty-three (23) firms in this study were surviving firms. The small firms were dominated by local firms producing for their local market, used value added production paradigm and performing quite

well, even though most of these small firms experienced a decrease in their profit level and complied to the best labour practice. But most of these small firms survived, even though their profit level decreased during 2005 to 2010. The decreased level resulted in curative or preventive strategies being implanted via retrenching the workforce or labour cost cutting methods. In brief, best labour practice somehow helped these surviving firms to remain competitive. They also relied on the following characteristics: design, marketing, consistent quality, product specialization and research and development.

Concerning the medium firms, these firms were also dominated by South African firms. Although most of these medium firms performed quite well, few of these firms exported to the internal market and were competitive, using value added production paradigm and complying with best labour practice. But only some medium firms survived as their profit level decreased during the period under review: namely 2005 to 2010. This resulted in preventive or curative strategies in the workforce. In brief, best labour practice somehow helped these surviving firms to remain competitive.

Lastly, the very large firms consisted of half local and half foreigner-owned firms. These firms performed quite well. These very large firms were competitive internationally as the majority of them exported. They used value added production paradigm, complied to best labour practice, etcetera. But only some of these very large firms have survived, as the profit level decreased during the period under review, resulting in curative or preventive strategies by retrenching the workforce. In brief, best labour practice somehow helped these surviving firms to remain competitive by relying on the following: design, marketing, consistent quality, product specialization and research and development.

Other findings also revealed that government intervention was urgently needed to improve matters in the textile and clothing industry by building capacity; improving policies; promoting local industry and stimulating productivity and export. The sector under review is an important sector contributing highly to the increase of national economic development by playing a key role in GDP formation, investment, foreign exchange earnings, exports and employment creation. The textile and clothing industry in South Africa produced products of good quality and design but were unable to compete with East Asian countries, especially their low prices and the bad quality of their products. As an illustration, China is notorious for its 'lack of design' (master in copying products). The South African government should continuously put in place good measures to encourage local industry. These measures will contribute to the survival of the textile and clothing industry.

Any government intervention should include the following measures to promote the sector of survival and competitiveness such as: fiscal incentives; customs facilities; improving social and health conditions; provide affordable energy cost; help continuously in skills development and technology upgrading; create appropriate environmental strategies; improve the existing road structures, railway, telecommunication infrastructures and to build new ones. There is also a need for government to protect the local industry by establishing a contingency plan to limit imported products from Asia. Also, government should stimulate the textile and clothing firms

to export. China's penetration into Africa is destroying the local industry. Awareness and incentives for consumers to buy local products would promote the local industry. Promotion of the production of cotton could be stimulated on a nationwide-basis. Such stimulation would contribute favourably towards the survival and competitiveness of the South African textile and clothing industry.

In conclusion, HR practices helped firms in this study to survive by boosting their competitiveness. Some of the firms in this study performed very well and this could be due to the fact that HR practices were related to firms' performance. Most of the firms in this study were involved in value added production paradigm which helped them to remain sustainable and competitive. These firms were characterized by consistent quality, product specialisation, marketing and design; and lastly, all the firms' strength (force) relied on quality products, price, shorter lead-time for their competitiveness and sustainability. A major concern was how most of these firms survived and how HR practices to some extent continued to help these firms survive and continue to operate. What should be done to ensure things in the industry will perform efficiently in the future? The next paragraph provides some suggestions and recommendations from the respondents and researcher.

Most of the respondents suggested the following: Curb illegal imports. Unions need to restore discipline, export incentives, make raw materials easily available, and subsidize capital investment. The findings of this study revealed the ineffectiveness of the actual policy, as the South African Revenue Services (SARS) had neither addressed the illegal import channels or stopped the "under-invoicing".

There is a need to improve the implementation of policies on how to control and curb the high level of illegal imports, such as the smuggling of textile and clothing products in South Africa. This places a major policy onus on governments and international agencies to provide production-capability upgrading assistance to firms (such as firm-level innovation, capital equipment, continuous improvement networks and benchmarking programmes) as well as finance to access technological innovation, stimulate growth productivity and adapt to changing markets (Morris & Barnes, 2008:43).

Furthermore, the researcher recommends that the following points should be taken into account for future development:

- A need to support and assist firms to continue to comply to best labour practice and help improve the different existing channels for collaboration between employers, union and other important stakeholders;
- The findings revealed that most of the firms in the study were surviving; and that the research suggests that more investigation is needed to discuss what could be done to secure labour standards and to ask for government assistance in short period. Governmental supports should include technical assistance and facility support which should help to boost performance and stimulate the textile and clothing industry in order to be more competitive;

- The findings reveal that a good relationship exists between best labour practice and value added production paradigm on how to help firms survive and remain competitive. This is the main reason why the researcher suggests that more companies across the different sectors should be involved in two alternative strategies; and that the researcher proposes to severely discourage firms that abuse labour practices);
- Keep encouraging successful firms to continue to perform well with recognition awards to stimulate improvement; provide more facilities in terms of transfer; upgrade technology, skills development and export incentives;
- Continuously protecting jobs by providing supports and packages to compensate and also promote the local industry with different measures to help the industry remain competitive;
- The findings have shown that HR practices are related to firms' performance and the researcher proposes that further research and investigations (tests) be conducted to establish the causal relationship as this study was based on a single test, the Chi-square test which did not take the whole situation into account.

In the next chapter, the empirical study and presentation of the Mauritius results are discussed, analysed, presented and interpreted. It then provides also the different findings related to this study. Lastly the researcher proposes some recommendations about the textile and clothing industry competitiveness.

CHAPTER SIX: FINDINGS ABOUT THE MAURITIUS TEXTILE AND CLOTHING INDUSTRY

This chapter has five main sections. Section 6.1 forms the introduction. Section 6.2 gives the presentation of the data. Section 6.3 looks at the other findings of the study. Section 6.4 provides a comparative analysis between the textile and clothing industry in South Africa and Mauritius. Section 6.5 is the conclusion.

6.1 Introduction

The purpose of this chapter is to discuss, analyse, present and interpret the data that were obtained from the Mauritius textile and clothing industry. Chapter six has four main sections. Section one is the introduction. Section two provides a presentation of the research findings. The researcher discusses the basic details of the firms: the HR practices, value added production paradigm and other related questions concerning the textile and clothing industry in Mauritius, by exploring issues related to labour force and value-added production paradigm. What enables a firm to survive (firms which have survived or new entrants) in the textile and clothing industry was critically analysed, and the reasons for their survival and competitiveness is discussed. Section three looks at other findings. Section four provides a comparative analysis between the textile and clothing industry in South Africa and Mauritius. Section five is the conclusion. The researcher also proposes some advice that could be carried out to improve matters in the future.

Briefly, the finding revealed the pertinence of including best labour practices and value added production paradigm to promote competitiveness and keep firms surviving, as two important managerial strategies used in the production process. Lastly a comparative analysis was made between the textile and clothing industry in South Africa and Mauritius.

6.2 Presentation of the findings

This section has six important sub-sections. The first sub-section presents the basic details about the firms. The second sub-section discusses the HR practices. The third sub-section explores the links between the different HR practices and performance. The fourth sub-section discusses the value added production paradigm issues. The fifth sub-section provides the other related questions about the study. The last sub-section discusses the issues related to government involvement in the sector.

It is important to note that in the previous chapter (see page 118 to 196) the researcher succeeded in clarifying certain signs or observations related to data analysis. Apart from the bibliographical details of the respondents and firm's details, the questionnaire was designed with five sections, corresponding from section A to section E. But during the capture of data by a staff statistician at NMMU, the questionnaire acquired a new structure consisting of eleven sections, starting from section A to section K. For example, section "A" consisted of the first-four questions representing the following symbols (A1, A2, A3, and A4) and each of these questions becomes a captured variable through STATISTICA software for further analysis. Thus, from section A to section F, the questions or variables were related to the basic details about the firm; section G

and Section H looked at the different trends regarding the performance of the firm; section I discussed only the issues related to labour or HR; section J discussed only issues related to value added production paradigm and firms' sustainability and competitiveness; and lastly, section K provided other types of concern, especially governmental intervention, assistance or support on how to promote the local industry.

6.2.1 Basic details about the firms

This sub-section presents thirteen important points related to the study.

6.2.1.1 The size of labour force (B3)

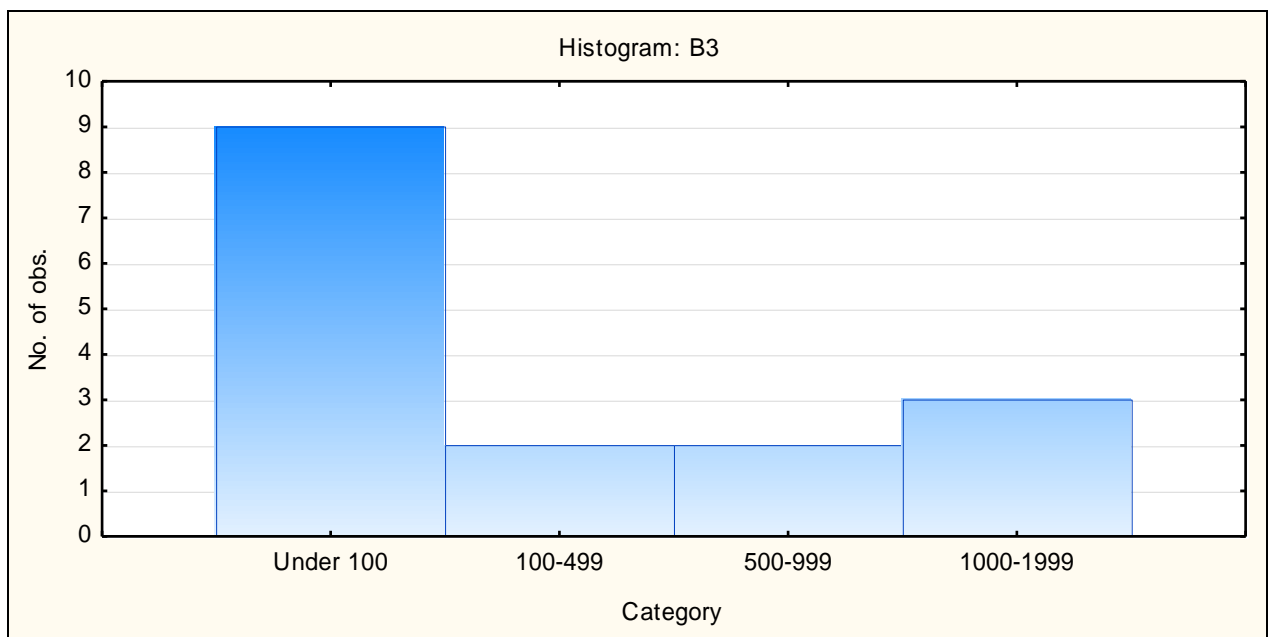


Figure 6.1 The size of the labour force

Figure 6.1 shows that nine (9) out of sixteen (16) firms had a labour force of under 100 workers which represents 56%. This means that most of the firms in this study had a labour force under 100 workers. The researcher also found that two (2) out of sixteen (16) firms had a labour force between 100-499 workers which represents 13%. Other two (2) out of sixteen (16) firms had a labour force between 500-999 workers which represents 13%. And lastly three (3) out of sixteen (16) firms has a labour force between 1000-1999 workers which represents 18%. The above findings show that in this study no firms had a labour force in the category over 2000 workers. This means that most of the textile and clothing firms in Mauritius which formed part of this study were dominated by the first category, namely with a labour force of under 100 workers. Some firms which had a labour force ranging from between 100-499 workers, 500-999 workers and 1000-1999 workers were an important grouping. The pertinence of the above findings constituted the principal criteria to categorize or classify firms of different sizes. Firms can be classified by their labour force, location, output level, profit level, etcetera: but, in this study, the researcher proposed to use “turnover level” as a measurement indicator to categorize firms. The

findings from other countries were quite interesting, as the South African textile and clothing industry, in this study, was dominated by firms with less than 100 workers, while in the DRC the only survival firm had a labour force of between 500-999 workers.

Thus, the researcher suggested three classifications for the different targeted firms as follows: small, medium and large firm. In fact, the very large firm group in this study was very small and made the last classification statistically meaningless. For this reason, the researcher proposed to combine the very large firm grouping and the large firm grouping as one group. Morris (1978:4) succeeded in classifying firms in four major types: their industry grouping, their location, their size (in terms of capital employed), and whether or not they were foreigner controlled. The researcher proposed to use the turnover level to classify the different firms in this study as follows: the first classification (small firm) was characterized by a turnover level between under 500 000 US\$ and 500 000-900 000 US\$. The second classification (medium firm) was characterized by a turnover level between 1-3 million US\$ and 4-7 million US\$. The third classification (large firm) was combined with the very large firm group. This last or third classification or third was characterized by a turnover level 8-10 million US\$ and 11-15 million US\$ combined with turnover level over 15 million US\$. In brief, the researcher proposed to use the US dollar currency in this study to make the analysis easier and to avoid any misinterpretation (as the three countries under investigation use different currencies). For instance, South Africa uses the South African Rand; the DRC uses the Congolese Franc and lastly Mauritius uses the Mauritius Rupees.

6.2.1.2 Cross-tabulation between size of labour force (B3) and labour cost cutting (I1)

Table 6.1 Cross-tabulation between size of labour force and retrenchment

	Summary Frequency Table (data (2) MAURITIUS) Marked cells have counts > 10 (Marginal summaries are not marked)			
	B3	I1 Yes	I1 No	Row Totals
Count	Under 100	0	9	9
Total Percent		0.00%	56.25%	56.25%
Count	100-499	0	2	2
Total Percent		0.00%	12.50%	12.50%
Count	500-999	0	2	2
Total Percent		0.00%	12.50%	12.50%
Count	1000-1999	1	2	3
Total Percent		6.25%	12.50%	18.75%
Count	All Grps	1	15	16
Total Percent		6.25%	93.75%	

The above table 6.1 confirmed the Chi-square test between size of labour force (B3) and labour cost cutting (I1) as there was no relationship between the two variables. The above table showed that cost cutting or retrenchment with affirmative response represented only 6.25% of firms between 1000-1999 workers. Furthermore, the findings revealed that only one firm out of sixteen (16) firms in this study did not retrench their workforce and 56% of the firms had a workforce size under 100 workers.

6.2.1.3 Chi-square test between size of labour force (B3) and labour cost cutting (I1)

Table 6.2 Chi-square test between size of labour force and labour cost cutting

Statistic	Statistics: B3(4) x I1(2) (data (2) MAURITIUS.sta)		
	Chi-square	df	p
Pearson Chi-square	4.622222	df=3	p=.20164
M-L Chi-square	3.662248	df=3	p=.30032
Phi	.5374839		
Contingency coefficient	.4734321		
Cramér's V	.5374839		

Table 6.2 shows that that there was no link or relationship between size of labour force and retrenchment or labour cost cutting which means that these two variables did not contribute in the same proportion to the firms' survival and competitiveness. Thus, its implication is that retrenchment does not depend on size of labour force to boost firms' performance and keep doing well to survive. The researcher then proposed to interpret the Chi-square test to see if there was any link. The Pearson Chi-square test helps determine if in general there is any relationship between two variables. Since the Chi-square had a $p > 0.05$, it was clear that there was no relationship between size of labour force and retrenchment or labour cost cutting. This means that labour cutting cost strategy (I1) and labour force (B3) were not statistically significant and also showed that there was no influence between labour force and labour cutting cost strategy (I1) or retrenchment for firms to survive and remain competitive.

The finding further showed that only one (1) out of sixteen (16) firms in this study was involved in retrenchment of its workforce and 56% of the firms in this study had a size of workforce under 100 workers. The implication of the above finding is that there is no relationship between these two variables (size of workforce and retrenchment) as hiring or firing occurs irrespective of the size of labour force. These two variables (size of workforce and retrenchment) played an important role in firms' survival and competitiveness according to the firms' capacities to resolve their production cost problem or whether they were performing well or they were in their growth situation. In brief, retrenchment should be viewed as a curative or preventive strategy to help the firm to survive and remain competitive.

6.2.1.4 Which firms hired or fired their workforce and what is the size of these firms?

From the above findings, a pertinent consideration was to understand which types of firms hired or fired: why did this happen in each case and what was their size? Responding to these questions, the researcher proposed to investigate labour cost cutting, country of origin, size of the labour force and the three classifications outlined in the previous paragraph to explain the situation. Concerning the first classification (small firm), the study showed that all the firms in this first classification were domestic or Mauritian-owned firms. This classification contained five (5) out of sixteen (16) firms which represented 31%. This means that the small firm group was dominated by local firms. The researcher found that all five (5) of the small firms had a labour force of under 100 workers: none of these small firms was involved in retrenchment; one

(1) out of five (5) firms improved its labour force; and lastly four (4) out of five (5) firms stabilized their labour force. All these small firms succeeded in keeping their labour force working and did not retrench. The implication of the above finding is that most firms with a labour force under 100 workers are easy to open doors and contribute significantly to the economic activity. In addition to the above findings, the researcher found that not all the small firms used labour cost cutting strategies to survive and remain competitive.

For the second classification (medium firm), the study showed that all the firms in this classification were domestic or Mauritian-owned firms. This means that the medium firm group was dominated by local firms. This classification had four (4) out of sixteen (16) firms which represents 25%. The researcher found that all four (4) medium firms had a labour force of under 100 workers; also none of these medium firms was involved in retrenchment; one out of four (4) firms improved its labour force; one did not respond to this question and lastly, two (2) out of four (4) firms stabilized their labour force. All these medium firms succeeded in keeping their labour force working and did not retrench. The implication of the above finding is that most firms with a labour force under 100 workers can easily open doors and contribute on a large scale to economic activity. In addition to the above findings, the researcher found that the medium firms did not use labour cost cutting strategies to survive and remain competitive.

Concerning the third classification (large firm), the study showed that this classification was more diverse than the others as three (3) out of seven (7) firms were domestic firms while one out of seven (7) firms was foreigner-owned and lastly three (3) out of seven (7) firms were joint ventures. This means that the large firm grouping was dominated by local firms and joint ventures. This classification had seven (7) out of sixteen (16) firms which represented 44% of the firms in this study. The finding revealed that two (2) out of seven (7) firms had a labour force between 100-499 workers while another two (2) out of seven (7) firms had a labour force between 500-999 workers and lastly, three (3) out of seven (7) firms had a labour force between 1000-1999 workers; only one out of seven (7) firms was involved in retrenchment while six (6) out of (7) firms did not retrench their workforce; six (6) out of seven (7) firms improved their labour force while only one out of seven (7) firms stabilized its labour force. This means that these large firms were dominated by firms with a labour force between 1000-1999 workers and all these large firms succeeded to keep their labour force even though only one firm was involved in retrenchment. The implication of the above findings is that firms with a labour force of 1000-1999 workers played an important role in terms of job creation and contributed positively to economic activity. One major concern of these large firms is the firm's involvement in retrenchment for survival. In addition to above findings, the researcher found that only one large firm was involved in the labour cost cutting strategy to survive and remain competitive. It is important to note that labour costs may be affected by mechanisms other than simply reducing workforce sizes such as cutting wages, working hours, workers' rights, workers benefits, etcetera but the use of the above strategies are related to labour repression and give an unfair cost advantage to the firm.

6.2.1.5 Change in workforce

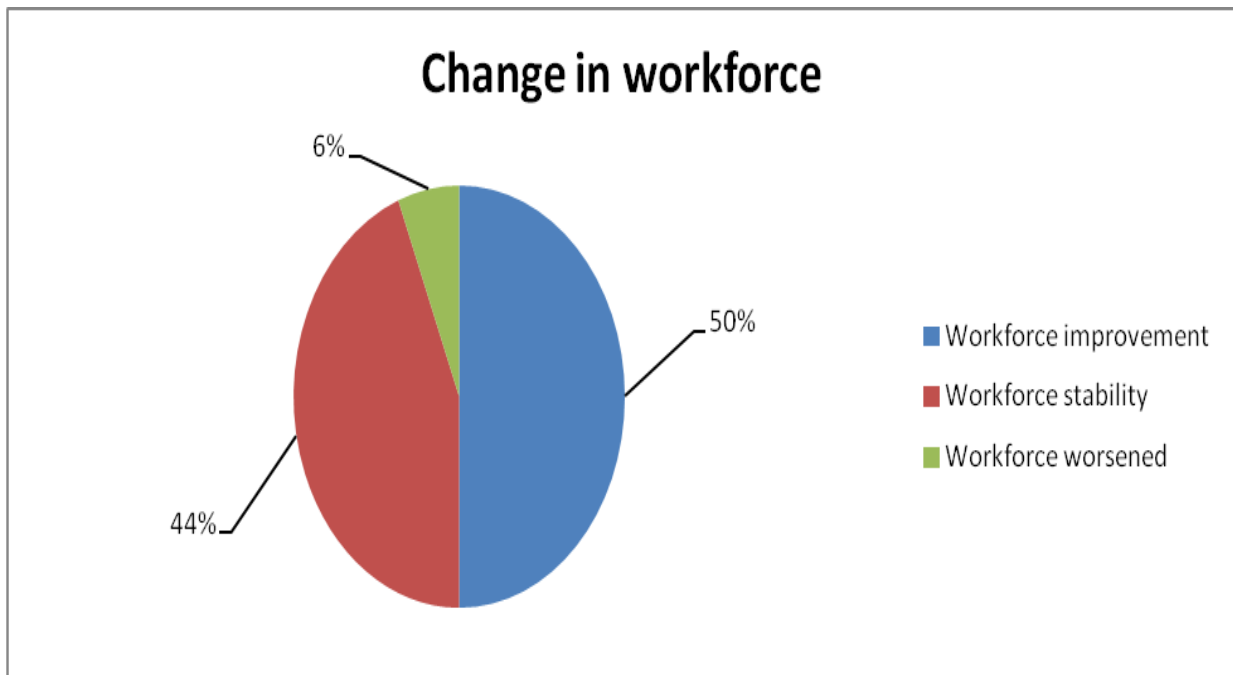


Figure 6.2 Change in the workforce

In addition to the above, the next question was to understand whether during the period 2005 to 2010 the number of employees has changed? In response to the question, the researcher found that during the years under review there had been a change of the labour force in the different firms. Figure 6.2 on the previous page revealed that eight (8) out of sixteen (16) firms or 50% of the firms declared to have improved their labour force during that period, while none of the firms in this study declared to have worsened or decreased their labour force and another seven (7) out of sixteen (16) firms or 44% of the firms declared to have stabilized their labour force. It is important to note that one (1) out of sixteen (16) firms did not respond to this question. This means that most of the firms in this study managed to keep their workforce working in the firm as these firms improved and stabilized their workforce during 2005 to 2010 which combined represents 94% of all the firms.

The implication of this finding was that any change in the workforce had some impact on the firms' survival and competitiveness. The majority of the firms in this study kept their workforce functioning in the same firm which was an excellent indication of good industrial relationships in the firms and promoted a climate of trust, social cohesion, and a good understanding of the firms' vision and prosperity. It is important to note that increased workforce was associated in this study with the idea of stimulating performance, competitiveness, and increased productivity. Thus, in this study retrenchment or labour cost cutting was viewed as preventive or curative strategies to resolve production cost problems. This last strategy has some serious negative socioeconomic impacts on the workforce's daily life.

However, an interesting discovery in addition to the above findings was that only one out of sixteen (16) firms had been involved in labour cost cutting or retrenchment, in this study, and none of the firms had experience a decrease of the workforce during 2005 to 2010. In fact, Joomum (2006) has followed the evolution of the labour force in the textile and clothing sector since 1995. He found that there had been a constant increase in the labour force from 1995 to 2000, followed by a 17.4% decrease in the labour force from 2000 to 2004. This could be attributed to closures of several factories since 2002 and to the lack of interest by locals to work in the sector. Mauritians, and especially the young generation, do not see working in factories as a viable career option. Many considered the working hours as being too long and the salaries too low considering that they are now more educated than the previous generation and that they have access to further technical training to apply for jobs in the Information Technology or the tourism sector (Joomum, 2006:196).

Furthermore, Perman, Duvillier, David, Eden and Grumiau (2004) add that Mauritius makes the most of its positive social image in order to retain western buyers trust. Whilst far from perfect, working conditions and wages are less exploitative than those in many other countries specializing in the clothing industry. “These days if you don’t respect workers’ fundamental rights and have a transparent personnel management policy, your customers will drop you,” states David White, Human Resources Adviser at the Textiles Company of Mauritius (CMT) quoted in (Perman et al., 2004:42).

6.2.1.6 The country origin of ownership of the different companies in the study

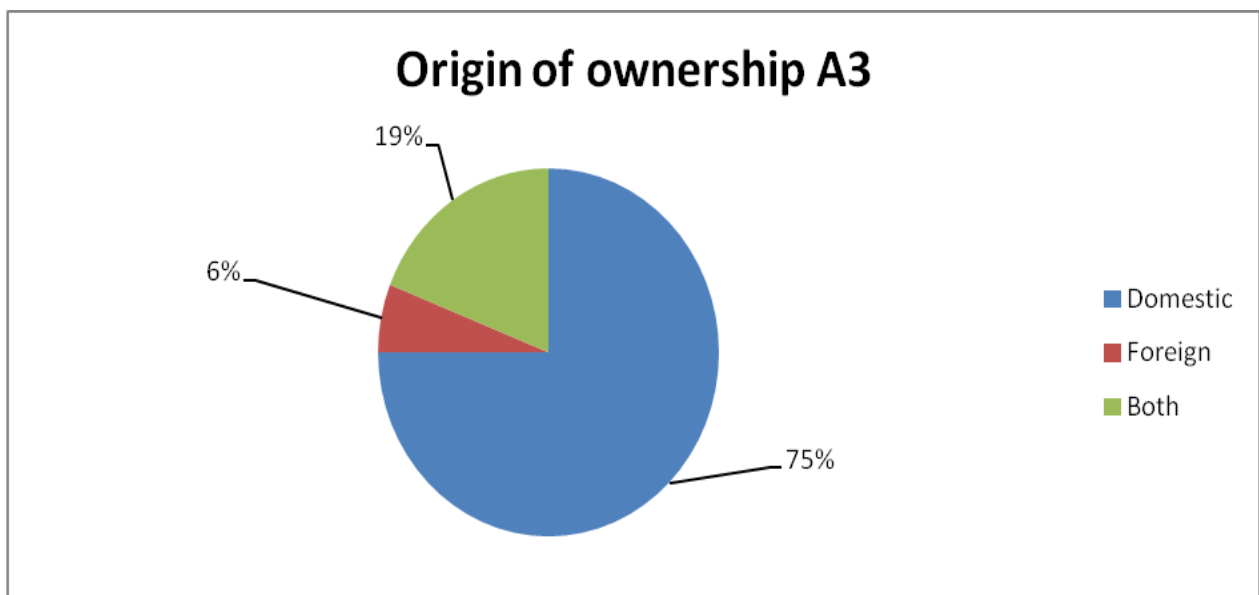


Figure 6.3 Country origin of ownership

Figure 6.3 shows that the majority of firms in this study were domestic or Mauritian firms with twelve (12) out of sixteen (16) firms represented by 75%. This implies that the textile and clothing industry in this study was dominated by domestic firms. The importance of the above findings revealed the proportionality of the local entrepreneurs’ contribution and participation to

the economic activity of the country. One of the objectives in this study was to understand how key stakeholders could continuously contribute to the promotion of the textile and clothing industry in Mauritius. The implication of the above findings was that these local firms were contributing to the GDP formation and job creation. In brief, these local firms, in this study, should be encouraged to continuously perform well due to their contribution to the economic activity and jobs creation reason why their government should continuously promote the local textile and clothing industry to survive and remain competitive.

The findings also revealed that three (3) out of sixteen (16) firms were joint ventures which represented 19% of the firms in this study. This means that only a few firms in this study were joint ventures. Furthermore, the researcher also looked at only one out of sixteen (16) firms was a foreigner-owned firm. This implies that only some firms operating in the textile and clothing industry in this study were foreigner-owned firms whereas the others were joint ventures. The implication of the above was that the foreigner-owned firms and joint ventures played a crucial role in the country's development and prosperity. In brief, most of these foreigners-owned firms usually brought much-needed capital into the country and contributed to the local economy. It is well-noted that these foreigner-owned firms contributed significantly to job creation, GDP formation, investment, and government had an obligation to continuously stimulate new foreigner businesses in the country and more specifically on how to promote the local textile and clothing industry.

From the above findings, a pertinent question arose, which was to understand which types of firms are firing? Responding to this, the researcher proposed to investigate the ownership origin, union involvement, retrenchment and firms' classification to explain the situation. In this study, labour cost cutting refers only to retrenchment or reduction of the workforce in the company as the company may adopt many strategies such as cutting wages, extending working hours, workers' rights, and withholding workers benefits just to reduce labour cost. Concerning the first classification (small firm), all the small firms were domestic firms which means all five (5) firms of this classification were Mauritian firms which represented 31% of the firms in this study. The researcher also found that all five (5) firms were involved in union and all five (5) firms were not involved in retrenchment. This means that the majority of the firms in this classification were domestic firms which did comply to best labour practice. The implication of the above finding was that involvement in union and no retrenchment contributed to a good working environment, improved productivity and protected jobs which helped firms to survive and remain competitive. In brief, these small firms succeeded in keeping their workforce at work: a good indicator of job protection as none of the small firms were involved in labour cost cutting.

In the second classification (medium firm), the researcher found that all the firms were Mauritian firms which means all four (4) firms of this classification were domestic firms which represented 25% of the firms in this study. The researcher found that two (2) out of four (4) firms were not unionized while only two (2) out of four (4) firms were unionized. Also, not all the medium firms were involved in retrenchment. This means that the majority of the firms in this classification were local firms and only 50% of the medium firms were unionized while another 50% of them were not unionized. Lastly, no retrenchment was experienced in these medium firms. The implication of the above findings is that no retrenchments helped to protect

jobs and involvement in union opened doors to good working condition, work security - discouraging abusive behaviour towards workforce and holding best labour practice. In brief, these medium firms succeeded in keeping their workforce at work which is a good indicator of protecting jobs, as all the medium firms were not involved in labour cost cutting.

In the third classification (large firm), in this study, three (3) out of seven (7) firms were domestic firms while one out of seven (7) firms was foreigner-owned firm. Lastly, three (3) out of seven (7) firms were joint ventures. This classification had only seven (7) out of sixteen (16) firms which represents 44% of the firms in this study. The researcher also found that all the large firms were unionized and the majority of the large firms were not involved in retrenchment; as only one out of seven (7) firms retrenched its labour force. This classification was more diverse than the others as these firms' ownership origin was from different countries. The implication of the above findings was that these large firms had an important capacity to develop their businesses. The researcher also found also that all these large firms were all unionized and the majority had not retrenched their workforce. This contributed to a good working environment, improved productivity and protected jobs on how to help these firms survive and remain competitive. The same firms did comply somehow to best labour practice as they were not involved in retrenchment. This protected jobs - and their involvement in union contributed to a good working environment.

6.2.1.7 Cross-tabulation between origin of the ownership and involvement in union

Table 6.3 Cross-tabulation between origin of the ownership and involvement in union

		Summary Frequency Table (data (2) MAURITIUS) Marked cells have counts > 10 (Marginal summaries are not marked)			
		A3	I12 Yes	I12 No	Row Totals
Count	Domestic		10	2	12
Total Percent			62.50%	12.50%	75.00%
Count	Foreign		1	0	1
Total Percent			6.25%	0.00%	6.25%
Count	Both		3	0	3
Total Percent			18.75%	0.00%	18.75%
Count	All Grps		14	2	16
Total Percent			87.50%	12.50%	

The above table 6.3 confirmed the Chi-square test between origin ownership (A3) and involvement in union (I12) as there was no relationship between the two variables. The above table showed that involvement in union with affirmative response, representing 62.50% of domestic firms; 6.25% of foreign firms; and lastly 18.75% of joint venture. Furthermore, the findings revealed that 88% of the firms in this study were involved in union and 75% of the firms were locally-owned.

6.2.1.8 Chi-square test between origin of the ownership and involvement in union

Table 6.4 Chi-square test between origin of the ownership and involvement in union

Statistics	Statistics: A3(3) x I12(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	.7619048	df=2	p=.68321
M-L Chi-square	1.243176	df=2	p=.53709
Phi	.2182179		
Contingency coefficient	.2132007		
Cramér's V	.2182179		

In order to understand the above findings, table 6.4 tries to show whether there was any link or relationship between the origin of ownership and involvement in union. The researcher then proposed to interpret the Chi-square test to see whether there was any link. The Pearson Chi-square test showed that there was no relationship between the two variables which means that these two variables did not contribute in the same proportion to the firms' survival and competitiveness. Thus, its implication is that these two variables did not depend on the type of firms which boost a firms' performance and keep doing well. Since the Chi-square had a $p > 0.05$, it was clear that there was no relationship between origin of ownership and involvement in union. This means that involvement in union (I12) and origin of ownership (A3) were not statistically significant and also showed that there was no influence between the origin of ownership (A3) and involvement in union (I12) for firms to survive and remain competitive. The finding showed that 88% of the firms in this study were unionized and 75% of the firms in this study were locally-owned firms.

The implication of the above findings was that there was no relationship between these two variables as no indication of relationship or link was found between involvement in union and the origin of ownership to help the firms to survive and remain competitive. The implication of these two variables (origin of ownership and involvement in union) plays an important role in terms of firms' survival and competitiveness by providing capacities and good working environments in which firms can perform well, by complying to best labour practice.

6.2.1.9 Cross-tabulation between origin of ownership and retrenchment

Table 6.5 Cross-tabulation between origin of ownership and retrenchment

	Summary Frequency Table (data (2) MAURITIUS) Marked cells have counts > 10 (Marginal summaries are not marked)			
	A3	I1 Yes	I1 No	Row Totals
Count	Domestic	1	11	12
Total Percent		6.25%	68.75%	75.00%
Count	Foreign	0	1	1
Total Percent		0.00%	6.25%	6.25%
Count	Both	0	3	3
Total Percent		0.00%	18.75%	18.75%
Count	All Grps	1	15	16
Total Percent		6.25%	93.75%	

The above table 6.5 confirmed the Chi-square test between origin of ownership (A3) and labour cost cutting (I1) as there was no relationship between the two variables. The above table showed that cost cutting or retrenchment (I1) with negative response represented 68.75% of the domestic firms; 6.25% of the foreign firms and lastly 18.75% of joint venture. Furthermore, the findings revealed that only one (1) firm out of sixteen (16) firms retrenched its workforce and 75% of the firms were locally-owned.

6.2.1.10 Chi-square test between Country of origin of ownership and retrenchment

Table 6.6 Chi-square test between Country of origin of ownership and retrenchment

Statistic	Statistics: A3(3) x I1(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	.3555556	df=2	p=.83713
M-L Chi-square	.5972695	df=2	p=.74183
Phi	.1490712		
Contingency coefficient	.1474420		
Cramér's V	.1490712		

In addition to the above findings, table 6.6 showed that there was no relationship or link between country of origin of ownership and retrenchment. Since the Chi-square had a $p > 0.05$, it was clear that there was no relationship between origin of ownership and retrenchment or labour cost cutting. This means that involvement in labour cost cutting or retrenchment (I1) and country of origin of ownership (A3) were not statistically significant and also showed that there was no

influence between labour cost cutting or retrenchment (I1) and country of origin of ownership (A3) for firms to survive and remain competitive.

6.2.1.11 Change in ownership structure of the different firms

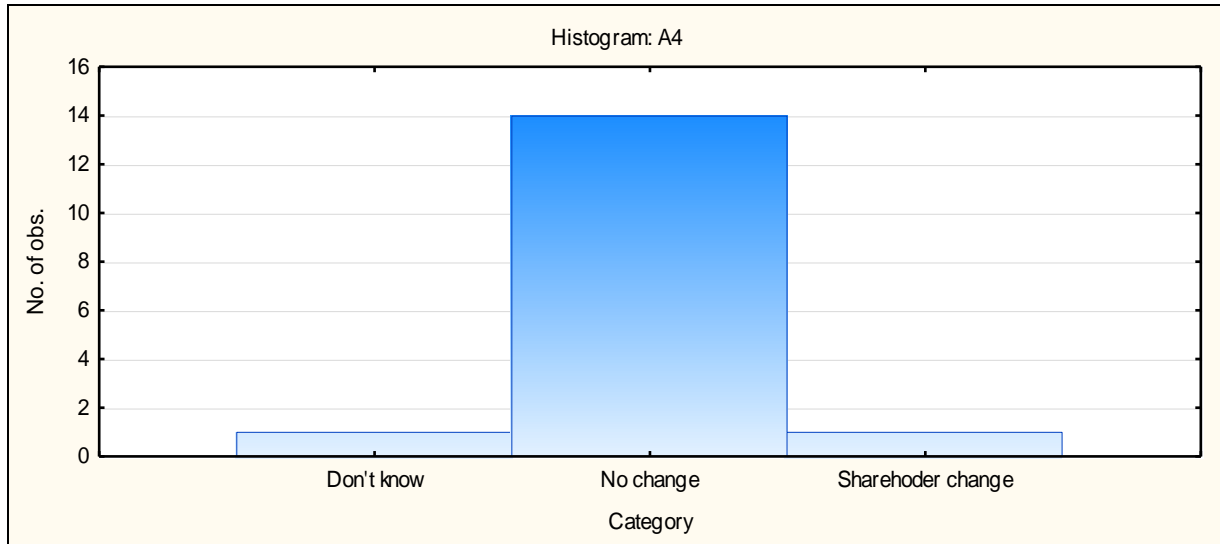


Figure 6.4 Change in ownership structure in the firm

Figure 6.4 shows that during the years under review, fourteen (14) out of sixteen (16) firms did not change their ownership structure. This means 88 % of the firms in this study reported that they did not change their ownership structure. The researcher also found that only one out of sixteen (16) firms had experienced a shareholding change and lastly one out of sixteen (16) firms did not respond to this question. The implication of the above finding is that these firms experienced a stable ownership structure which is a sign of good governance and leadership in the firms.

The above findings are interesting and relevant as they helped to understand the capacity of firms to resolve their problems. The majority of the firms did not change their ownership structure as they were doing well. Only one (1) firm did change its shareholding structure just to boost its performance, capacity, strength and confidence to survive and remain competitive. The implication of this finding is that different firms which changed their ownership structure, succeeded in stabilizing and resolving their problems which helped them to perform well. In brief, changing firm ownership structures played an important role in firms' transformation and contributed to the firms' future progress.

6.2.1.12 The turnover of the different firms

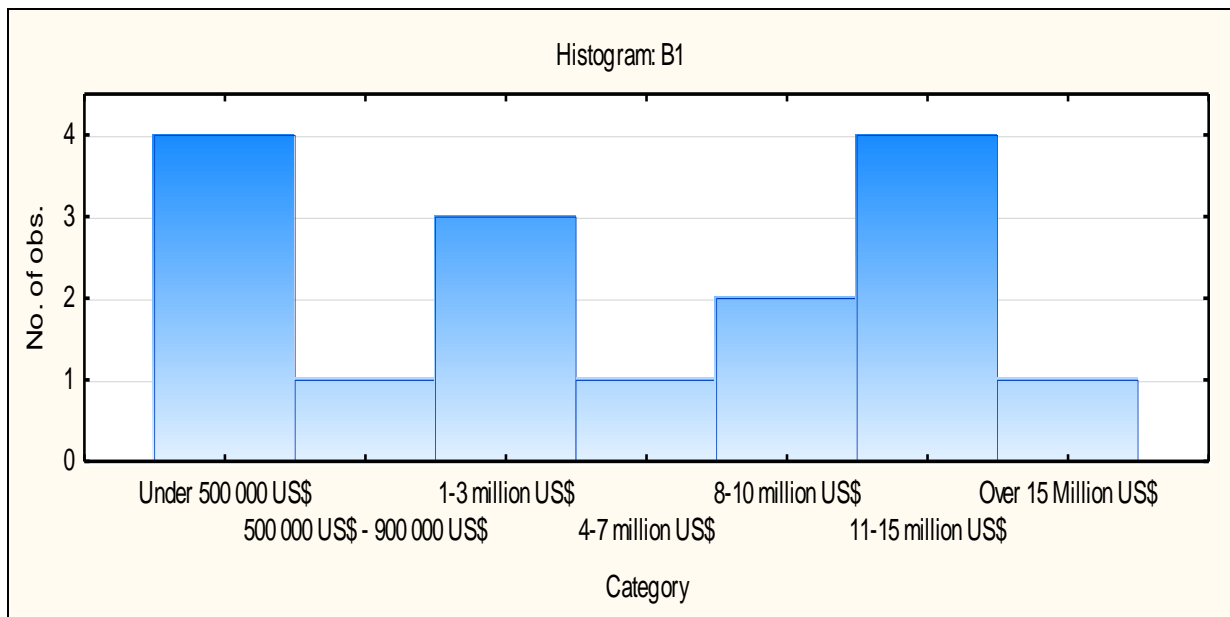


Figure 6.5 Turnover of the firms

The above figure 6.5 shows that four (4) out of sixteen (16) firms had a turnover under 500 000 US\$ which represented 25% of the firms in this study. The findings also showed that one out of sixteen (16) firms had a turnover between 500 000-900 000 US\$ which represented 6% of the firms in this study. Furthermore, the findings revealed that three (3) out of sixteen (16) firms had a turnover between 1-3 million US\$ which represented 19% of the firms in this study. The researcher also found that one out of sixteen (16) firms had a turnover 4-7 million US\$ which represented 6%. Furthermore, the study showed that two (2) out of sixteen (16) firms had a turnover between 8-10 million US\$ which represented 12% of the firms in this study. Also, the same result showed that four (4) out of sixteen (16) firms had a turnover between 11-15 million US\$ which represented 25% of the firms in this study. And lastly the researcher found that one out of sixteen (16) firms had a turnover over 15 million US\$ which represented 6% of the firms in this study. This means that most of the firms in this study had a turnover between 11-15 million US\$ and under 500 000 US\$.

Furthermore, the researcher found that this chapter was indeed interesting as it covered all the classifications compared to the previous chapter in which one important grouping was not part of the analysis. It is important to note that the “very large grouping” had been incorporated in the “large grouping” due to statistical analysis. The implication of these findings was that these firms had an important market share, investment, capital or a good amount of money injected in their daily life. Thus, the turnover level is an important operational strength and capacity of the firms. In this study, “turnover” should be understood as the capacity for a firm to resolve the daily problems for their survival and competitiveness. It is important to note that turnover plays an important role in this study to classify the different firms operating in the Mauritius textile and clothing industry. Thus, the textile and clothing firms in this study had an important capacity

to run their businesses and resolve their problems. In brief, the overall observation was that the firms in this chapter had the capacity to run their daily businesses.

The above findings also provided some important details about how to classify the different firms in this study with their turnover. From those details, the researcher proposed to group firms in only three classifications due to the fact that the very large firm grouping, in this study, was so small as to make the last classification meaningless in terms of statistical analysis. This is the reason why the researcher proposed to combine the very large firm and the large firm as one group. These three classifications will help distinguish firms' size for statistical purposes and identify their characteristics in term of their performance and make things easier to understand as each firm has its own complexity and difference. According to Salinger, Borhat, Flaherty and Keswell (1999:8), firms can be classified according to several criteria, including size, type of output, location, degree of modernity of plant equipment and management, labour relations, relations with retailers, and degree of dependence on international markets; but this study will look at turnover contribution to help differentiate firms' size for statistical purposes. This consisted on converting the different currencies (South African Rand, Congolese Franc and Mauritian Rupees) to the US dollar for statistical analysis and comparison.

The three classifications were characterized by the following descriptions. The first classification was characterized by small firms where a very good number of these firms were doing quite well compared the same classification in the previous chapter as two (2) out of five (5) firms improved their profit levels while none of the firms in this classification declared to have decreased their profit levels. And another three (3) out of five (5) firms stabilized their profit levels; also two (2) out of five (5) firms increased their turnover and the other three (3) out of five (5) firms stabilized their turnover. All five (5) firms had not retrenched their workforce; the majority of these firms produced firstly for the local market and, compared to the previous chapter, most the firms in this classification exported internationally which represented three (3) out of five (5) firms; the majority of these firms had less than 100 workers whereas some firms had 100-499 workers. Their turnover was between under 500 000 US\$ and 500 000US\$ - 900 000US\$.

The second classification was characterized by medium firms in which most of these firms had done quite well as two (2) out of four (4) firms improved their profit level. None of the firms in this classification declared to have decreased their profit level. Another two (2) out of four (4) firms stabilized their profit level. Also doing quite well as two (2) out of four (4) firms improved their turnover. Another two (2) out of four (4) firms stabilized their turnover and all the four (4) firms were not involved in retrenchment. The majority of these firms, in this classification, produced firstly for their local market and all these firms exported to the international market which represented 100% of these firms; the majority of firms had 100-499 workers and only some firms employed 500-999 workers. Their turnover was between 1-3 million US\$ and 4-7 million US\$.

The third classification was characterized by large firms in which most of these firms were doing quite well as six (6) out of seven (7) firms in this classification improved their profit level while one out of seven (7) firms stabilized its profit level. Also doing quite well as five (5) out of seven (7) firms improved their turnover while only two (2) out of seven (7) firms stabilized their turnover. In addition, six (6) out of seven (7) firms were not involved in retrenchment while only one out of seven (7) firms was involved in retrenchment. The majority of these firms, in this classification, produced firstly for their local market and all these firms exported to the international market. Furthermore, some of these firms had 500-999 workers while another small group of firms had between 100-499 workers and lastly another very good number of firms had 1000-1999 workers. Their turnover was between 8-10 million US\$, 11-15 million US\$ and over 15 million US\$. Some firms in this last classification responded to one of the study objectives about competitiveness, sustainability and how turnover was relevant to helping the firm to adapt and resolve problems.

6.2.1.13 Change of the turnover

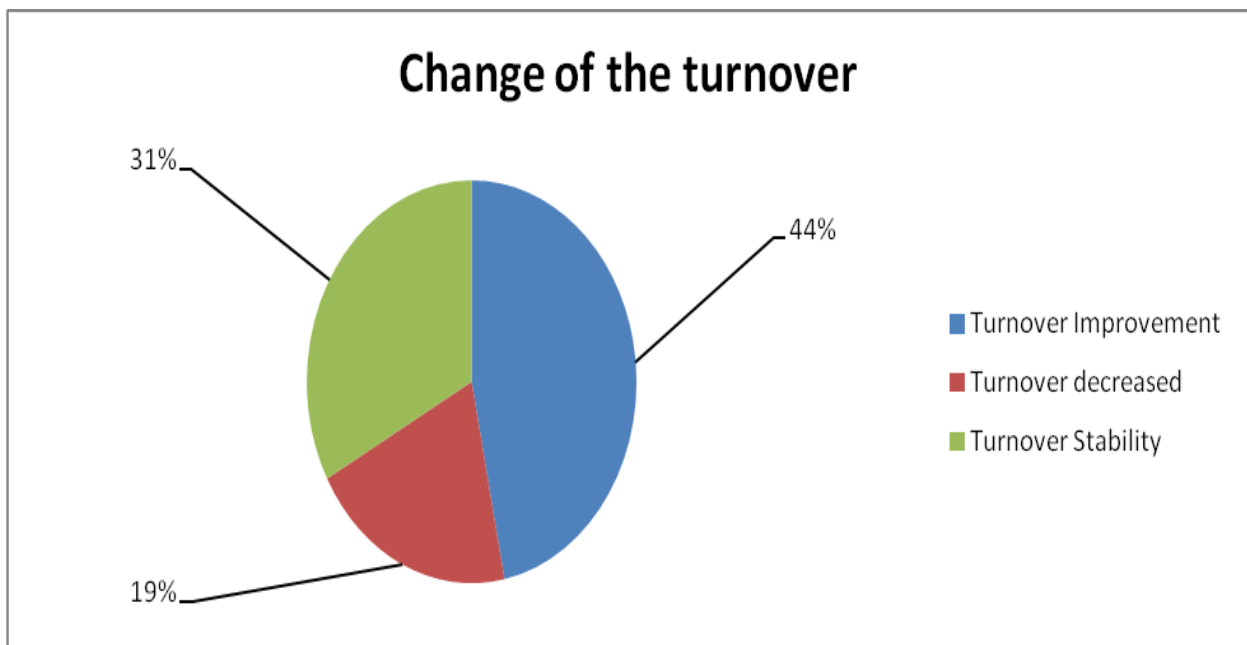


Figure 6.6 Change of turnover

In addition to the above, the next question was to understand if, from 2005 to 2010, the turnover of the firm had changed. Figure 6.6 shows that seven (7) out of sixteen (16) firms, or 44%, of the firms, declared to have improved their turnover during the period under review; while other three (3) out of sixteen (16) firms, or 19%, declared to have decreased their turnover during the period under review. Another five (5) out of sixteen (16) firms, or 31%, declared to have stabilized their turnover during 2005 to 2010 and lastly one firm did not respond to the question. This means that most of the firms in this study have improved their turnover but only some firms experienced a decrease in their turnover level during the period under review. The implication of the above finding was that most of these firms had ameliorated their capacity to resolve

problems but only some of the firms had not improved their turnover which resulted on their poor interventions to resolve their problems due lower capacity.

6.2.2 HR Practices

This sub-section presents fifteen important points related to the study.

6.2.2.1 Firm involvement in labour cutting cost (I1)

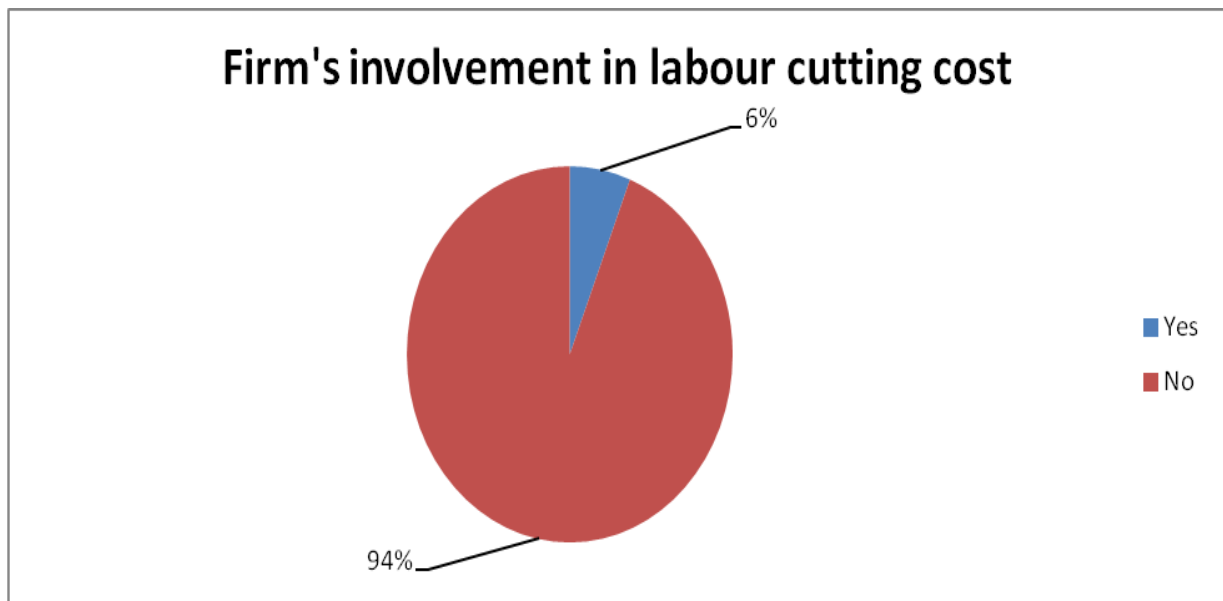


Figure 6.7 Firm involvement in labour cost cutting

The above figure 6.7 shows that only one (1) out of sixteen (16) firms were involved in labour cutting cost while fifteen (15) out of sixteen (16) firms were not involved in labour cutting cost, which represented 94%. This means that the majority of the firms in this study were not involved in retrenchment operations. Importantly, this study considered retrenchment as a curative and preventive strategy which helped firms to survive and remain competitive due to other problems such as business losses, uncompetitiveness or poor performance of the firm, etcetera.

The implication of the above findings was that only one (1) out of sixteen (16) firms was involved in retrenchment of its workforce which had a massive socio-economic impact on many families. Indirectly retrenchment may affect negatively the firms as people they do not have money to buy the different products due to increased poverty. This may result in stagnation of the industry. The above findings described somehow the pertinence of workforce reduction or retrenchment as a strategic tool for firms' survival. One of the observations was that retrenchment should be viewed as a temporary intervention, quick fix or short-term solution to the production cost problem being experienced. In fact, the use and persistency of this strategy in the long term made this retrenchment become an ineffective solution resulting in the firm's incapacity to remain competitive and it would force firm closure. In brief, retrenchment in this

study should be understood as a curative or preventive strategy. It is also an important barometer or indicator showing the capacity of the firm to do business and to continue operation.

However, an interesting discovery, in addition to the above findings, was that only one (1) out of sixteen (16) firms had been involved in labour cost cutting or retrenchment, in this study, and none of the firms had experienced a decrease of the workforce during 2005 to 2010. According to Subramanian (2009:10), employers in Mauritius had greater flexibility in discharging workers in the EPZ sector (for example, no severance allowances had to be paid before retrenching workers and advance notification of retrenchment to a statutory body was not required) and the conditions of overtime work were more flexible.

Nevertheless, one important aspect was that firms acknowledged that factory inspections happen. According to one manager, "basically all the buyers check the social side of the production. If you do not comply, they do not allow you to supply". The manager of a large garment company in Mauritius noted that large buyers "all have their own Code of Conduct. In relation to social conditions, they do not want child labour; they want workers to work a certain amount of hours per week". When buyers make audits, they "inspect everything, they talk to the workers, look at health and safety issues like the fire extinguishers, toilets, clean machines, chemicals in the washing department. They have teams to cover the foreign workers; they visit the dormitories, look at the contracts and special conditions within the contracts. Of course there are always issues, it is a continuous improvement process" (SOMO Report, 2001).

6.2.2.2 What patterns between low training, high redundancy or retrenchment and types of firm and their impact to the firms' performance?

Responding to the above question, the researcher proposed to investigate five variables: classification of firms, type of firms, training, profit and retrenchment. It is important to note first of all that low training and developmental activities will be measured by the firms which are not involved in training and developmental activities while high redundancy will be measured by firms which are only retrenching in this study. The findings revealed that all sixteen (16) firms were involved in training and developmental activities which represent 100% of the firms in this study while only one (1) out of sixteen (16) firms retrenched its workforce which represent 6% of the firms in this study. This section tried to explain the impact of low training and high redundancy on the overall performance of above firms.

Concerning the first classification (small firm), the findings revealed that all the firms were domestic firms belonging to Mauritian business people while only two (2) out of five (5) improved their profit level while three (3) out of five (5) firms stabilized their profit level. All five (5) firms were not involved in retrenchment of their workforce and all five (5) firms were involved in training and developmental activities. This means that all these small firms performed quite well and one of the positive effects of the good performance could be explained by the involvement of these small firms in training and developmental activities and to no involvement of these small firms in high level of redundancy or retrenchment to keep the firms' survival. The implication of the above finding is that all these small firms in this study stimulated productivity due to their involvement in training and developmental activities. Lastly

all the small firms in this study were able to promote job creation due to no involvement in high redundancy or retrenchment which explained very well their good performance and competitiveness.

In the second classification (medium firm), the findings revealed that all firms were domestic firms belonging to Mauritian business people while two (2) out of four (4) firms increased their profit level while two (2) out of four (4) firms stabilized their profit level. All four (4) firms were not involved in retrenchment of their workforce. Lastly all four (4) firms were involved in training and developmental activities. This means that all the medium firms performed quite well and this can be explained by their involvement in training and developmental activities and to no involvement of these mediums firm in high redundancy or retrenchment. The implication of the above finding is that all these medium firms in this study stimulated productivity due to their involvement in training and developmental activities. Lastly all these medium firms in this study were able to promote job creation due to no involvement in high redundancy or retrenchment. In brief, these medium firms performed quite well which also helped boost their competitiveness.

In the last classification (large firm), the results showed that three (3) out of seven (7) firms were domestic firms; one (1) out of seven (7) firms was a foreigner-owned firm and only three (3) out of seven (7) firms were joint-venture firms. Only six (6) out of seven (7) firms improved their profit level while one (1) out of seven (7) firms stabilized its profit level. Only one (1) out of seven (7) firms was involved in retrenchment of its workforce. Lastly all these large firms were involved in training and developmental activities. This means that all these large firms, in this study, performed quite well and this could be explained by the fact that the majority of these large firms were not involved in high redundancy or retrenchment and lastly all these large firms were involved in training and developmental activities. The implication of the above finding is that all these large firms were involved in training and developmental activities which stimulated productivity. The majority of these firms were able to promote job creation due to their no involvement in high redundancy or retrenchment. In brief, these large firms performed quite well which helped boost their competitiveness.

6.2.2.3 Firms' involvement in training and developmental activities (I3)

The findings here showed that all sixteen (16) firms were involved in training and developmental activities (I3), which represented 100% of the firms in this study. This means that the majority of the textile and clothing firms, in this study, were involved in training and developmental activities. It also means that all sixteen (16) firms motivated their workforce to achieve high performance and boost the firms' growth. The implication of the above findings was that training and development activities helped to boost the firms' productivity, thus helping the firms to become competitive. There is a permanent need to continue developing workforce skills in the textiles and clothing industry. The above finding described the emphasis of best labour practice in the Mauritius and how soft HRM practice should be promoted in many firms for their development by giving training and developmental activities to the workforce. In this study, training and development should be understood as a possibility to improve productivity which boosts firms' performance.

Other findings revealed that eight (8) out of sixteen (16) firms had provided internal training and developmental activities (I3) which represented 50% of the firms. Only two (2) out of sixteen (16) firms or 12% of the firms had provided external training and developmental activities. Six (6) out of sixteen (16) firms had provided both internal and external training and development activities which represented 38% of the firms. This means that the majority of the textile and clothing firms in this study had used internal training and developmental activities to boost their performance and remain competitive. The implication of the above findings was that training and developmental activities played an important role for the workforce development, for confidence and stimulated firms' performance and growth as all sixteen (16) firms had used both the internal or external training and developmental activities.

One of the important questions in this section was to look at which types of firms are providing training and development activities? Are they the ones making money? What are their types? Responding to these questions, the researcher proposed to investigate four variables: classification of firms, type of firms, training involvement and profit level. This section tries to explain which firms are involved in training and development activities by looking at the overall performance of these firms whether they are doing well or making money.

Concerning the first classification (small firm), the findings revealed that all the firms were domestic firms belonging to Mauritian business people while all five (5) small firms had provided training and developmental activities; two (2) out of five (5) firms increased their profit level while three (3) out of five (5) firms stabilized their profit level. This means that the majority of these small firms had provided training and developmental activities which could be explained by the fact that all these small firms were making money or profit. The implication of the above finding is that making money is an important indicator of the firm's good performance, and that the situation could help improve workforce development and confidence which in return helped improve firms' productivity and competitiveness.

In the second classification (medium firm), the findings revealed that all the firms were domestic firms belonging to Mauritian business people. All the four (4) medium firms had provided training and developmental activities. Two (2) out of four (4) firms increased their profit level while another two (2) out of four (4) firms stabilized their profit level. This means that all the medium firms had provided training and developmental activities and lastly all these medium firms were profitable.

In the last classification (large firm), the result shows that three (3) out of seven (7) firms were domestic firms while one (1) out of seven (7) firms was a foreigner-owned firm and lastly three (3) out of seven (7) firms were joint-ventures. All seven (7) firms had provided training and developmental activities. Six (6) out of seven (7) firms improved their profit level and only one (1) out of seven (7) firms stabilized its profit level. In view of the above observations, all these large firms did well, made money and were involved in training and development activities. The implication of the above finding revealed that these large firms performed quite well and is a reason why all seven (7) firms provided training and developmental activities. In brief, making money is an important indicator of the firm's good performance and the situation could help

improve workforce development and confidence which in return helped improve firms' productivity and competitiveness.

6.2.2.4 Firm reward system



Figure 6.8 Firms' rewarding system

Figure 6.8 shows that fourteen (14) out of sixteen (16) firms had a reward system regarding performance based pay (16), which represented 88% of the firms while another two (2) out of sixteen (16) firms did not have a reward system, represented by 12% of the firms. This means that the majority of the firms, in this study, had a reward system. This was an important indicator of motivation and how to boost firms' productivity and performance. The result showed that the majority of firms had a reward system regarding performance based pay, as outlined in figure 6.8 above.

In addition, a pertinent question was to understand which types of firms had a reward system? Responding to the question, the researcher proposed to investigate three variables: reward system, union and retrenchment variables. Concerning the first classification (small firm), only four (4) out of five (5) firms had a contingent pay or reward system while all the firms had not retrenched their workforce and not all the firms were not unionized. This means that most of these small firms, in this study, had a contingent pay system as only some firms did not have a reward system. The majority of these small firms successfully kept their workforce. The implication of the above findings is that reward system provided more motivation and stimulated workforce to growth and development.

In the second classification (medium firm), all the firms had a contingent pay or reward system. All the firms had not retrenched while two (2) out of four (4) firms were not unionized. This means that the majority of these medium firms had a reward system. But most of these medium firms successfully kept their workforce. These medium firms motivated their workforce and even contributed to their development. In the last classification (very large firm), only six (6) out

of seven (7) firms had a contingent pay or reward system while all the firms were unionized. Only one (1) out of seven (7) firms retrenched its workforce. This means that most of these very large firms had a reward system and did keep their workforce. But the majority of these very large firms were unionized. The implication of the above finding is that these very large firms, in this study, motivated and promoted the development of their workforce which helped boost the organizational performance.

6.2.2.5 Is the firm unionized (I12)?

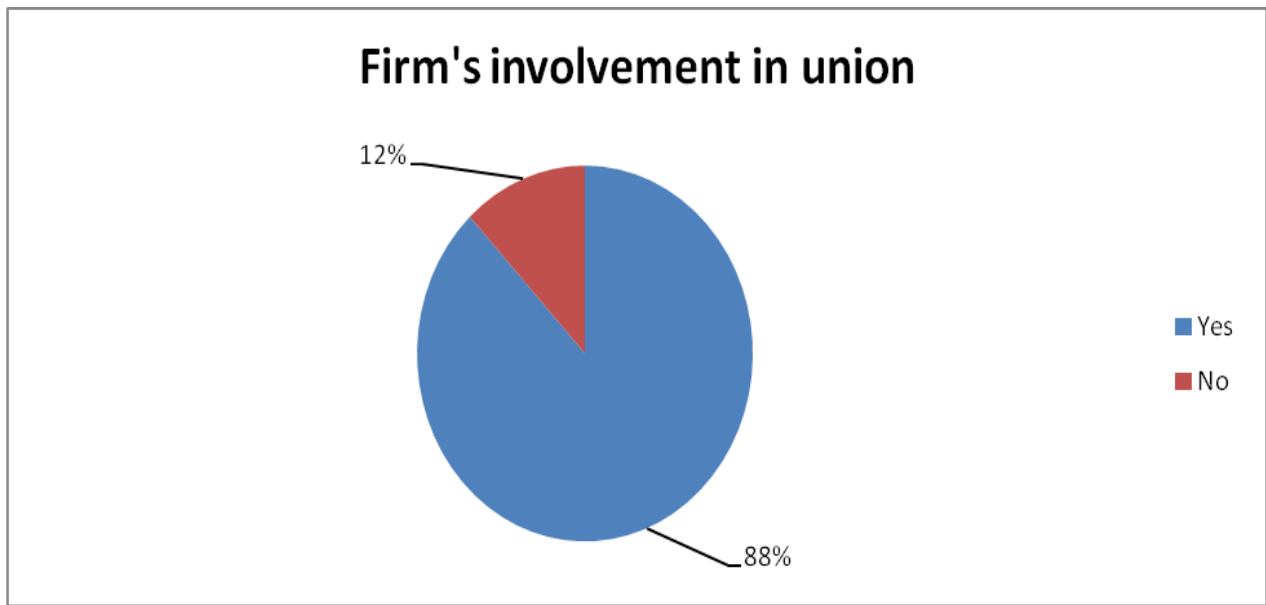


Figure 6.9 Firms' involvement in unions

The above figure 6.9 shows that fourteen (14) out of sixteen (16) firms were unionized (I12), which represented 88% of the firms while two (2) out of sixteen (16) firms were not unionized which represented 12% of the firms. This means that the majority of firms in this study were unionized. The implication of these above findings was that involvement in union helped in terms of the workforce and employer dialogue. The unions negotiated with corporations, businesses and other organizations on behalf of its members. Also the unions played another important role by looking at the working conditions and wage-related matters.

In addition to the above, Joomum (2006:207) indicates that trade unions have existed for a long time, particularly in the textile and clothing sector, which employs about 65,000 workers. Eighteen different trade unions are currently supporting the workers of the industry. With the advent of the EPZ from the 1980s to 2000 and the textile and clothing sector in Mauritius, trade unions' role was to put pressure on employers regarding better working-conditions for employees. Factories were mushrooming in the country, and more and more young workers (especially women) were being employed. Factory workers were employed on a piece-rate basis and were encouraged to do overtime. In the 1980s, workers from the textile and clothing sector received low salaries of not more than US\$ 35 per month (including overtime payment) (Joomum, 2006:208).

An interesting question would be to look at which types of firms are unionized? Are they the ones losing or making money, cutting jobs or hiring? Responding to this question, the researcher proposed to investigate three variables: union involvement, profit level and types of firms. This section tried to explain which firms are doing well or making money. It also examined whether these firms had been unionized and had increased or stabilized their profit level and had any impact on firms' performance. Concerning the first classification (small firm), the findings revealed that all five (5) firms were domestic firms. These small firms were unionized while two (2) out of five (5) firms had increased their profit level and only three (3) out of five (5) firms stabilized their profit level. This means that all these five (5) firms performed quite well and complied somehow to best labour practice. The implication of the above findings was that good performance and best labour practice contributed to the firms' competitiveness and prosperity.

In the second classification (medium firm), all four (4) firms were domestic firms and all these medium firms were unionized. Two (2) out of four (4) firms increased their profit level and the other two (2) out of four (4) firms stabilized their profit level. This means that all these four (4) firms performed quite well and complied to best labour practice which helped boost firms' competitiveness. Concerning the last classification (large firm), the findings revealed that three (3) out of seven (7) firms were domestic firms while one (1) out of seven (7) firms was a foreigner-owned firm and lastly three (3) out of seven (7) firms were joint-ventures. All the seven (7) firms were unionized. All six (6) out of seven (7) firms increased their profit level while one (1) out of seven (7) firms stabilized its profit level. This means also that the majority of these large firms performed quite well and did comply to best labour practice. The implication of the above findings was that good performance and best labour practice involvement contributed to the firms' competitiveness and prosperity.

6.2.2.6 Any strike manifestation in any of your factories/production unites (I15)?

The findings showed that none of the sixteen (16) firms experienced a strike in any of the factories or production units of the firms. This means that the majority of the textile and clothing firms, in this study, did not experience any strike manifestation in their factories or production units which was a good sign of stability in working environment. The implication of these strike manifestations was that the production process stopped or declined during 2005 to 2010. This situation led to production breaks and a no-salary-paid situation which was not a good situation for the firms' growth or the economy. In brief, these strike manifestations had a negative impact on the firms' growth and performance. But as the findings showed there was no involvement of any strike activities in these different firms in this study.

6.2.2.7 Does your firm have a work council?

The findings showed that all sixteen (16) firms had a work council (I19) which represented 100% of the firms. This means that the majority of the firms in this study did have a work council which was a good sign on how internal matters could be resolved. The work council is an internal body responsible for dealing with matters related to the firm. The implication of the above findings is that there was an internal body to resolve any related internal work problems which is a guarantee to promote good working environments.

One of the pertinent questions was to understand which type of the firms had a work council? Were they the unionized ones? Were they for example the ones shedding labour? Responding to these questions, the researcher proposed to investigate four variables: work council involvement, types of firms, union involvement and retrenchment to discover whether there was any link between them. Concerning the first classification (small firm), the findings revealed that all the small firms were domestic firms. All five (5) firms had a work council and all five (5) firms were unionized. All five (5) firms had not retrenched their workforce. This means that the majority of the small firms had an internal body that dealt with work problems and did comply to best labour practice simultaneously as all firms were unionized, had a work council and were not involved in retrenchment to keep their firms competitive. The implication of the above findings was that a better working environment could help firms survive and remain competitive.

In the second classification (medium firm), the findings revealed that all the medium firms were domestic firms. All four (4) firms had a work council and all four (4) firms were unionized. All four (4) firms had not retrenched their workforce. This means the majority of the medium firms had an internal body that dealt with work problems. All four (4) firms did comply to best labour practice simultaneously as all the firms were unionized, had a work council and were not involved in retrenchment. The implication of the above findings revealed that a better working environment could help firms survive and remain competitive.

Concerning the last classification (large firm), the findings revealed that three (3) out of seven (7) firms were domestic firms while one (1) out of seven (7) firms was a foreigner-owned firm and lastly three (3) out of seven (7) firms were joint-ventures. All seven (7) firms had a work council. All seven (7) firms were unionized. Lastly six (6) out of seven (7) firms had not retrenched their workforce while only one (1) firm did retrench its workforce. This means that the majority of the large firms had an internal body that dealt with work problems. All seven (7) firms did comply to best labour practice simultaneously as all the firms were unionized, had a work council and were not involved in retrenchment. The implication of the above findings revealed that a better working environment could help firms survive and remain competitive.

6.2.2.8 Cross-tabulation between work council and involvement in union

Table 6.7 Cross-tabulation between work council and involvement in union

	Summary Frequency Table (data (2) MAURITIUS.sta) Table: I12(2) x I19(2)			
	I12	I19 Yes	I19 No	Row Totals
Count	Yes	13	1	14
Row Percent		92.86%	7.14%	
Count	No	2	0	2
Row Percent		100.00%	0.00%	
Count	All Grps	15	1	16

The above table 6.7 provided important details about work council (I19) compared to union involvement (I12). It was important to understand the distribution of work council in the textile and clothing industry with union involvement because it gave a clear indication of best labour practice. The above table provides details of any relationship or link between work council (I19) and union involvement (I12) as work council (I19a) with affirmative response represented 93% of firms involved in union (I12a) with affirmative response or yes and only 7% of firms not involved in union (I12 b) with negative response or no union involvement.

The same findings in table 6.7 revealed also that work council (I19 b) with negative response represented 100% of firms involved in union (I12 a) with affirmative response or yes. This means that only some firms had a work council and simultaneously involved in union activities. The significance of these above findings is that work council is an internal body responsible to resolve internal matters and promote good working environment. But union involvement is an important indicator of best labour practice promoting a mutual dialogue and discussion between the workforce and the employer.

6.2.2.9 Chi-square test between work council and involvement in union

Table 6.8 Cross-tabulation between team working and involvement in unions

Statistic	Statistics: I12(2) x I19(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	.1523810	df=1	p=.69627
M-L Chi-square	.2764111	df=1	p=.59906
Phi for 2 x 2 tables	-.097590		
Tetrachoric correlation	.3455742		
Contingency coefficient	.0971286		

Table 6.8 shows that there was no link or relationship between involvement in union (I12) and work council (I19) which means that these two variables did not contribute in the same proportion to the firms' survival and competitiveness. Thus, its implication is that involvement in union did not depend on work council to boost firms' performance and keep doing well. Since the Chi-square had a $p > 0.05$, it was clear that there was no relationship between work council and retrenchment or involvement in union. This means that involvement in union (I12) and work council (I19) were not statistically significant and also showed that there was no influence between involvement in union and work council for the firms to survive and remain competitive. As shown in the cross-tabulation, there was no direct link between these two variables. Even though involvement in union (I12) was predominant in work council (I19) as involvement in union represented 93% of work council while 100% of no-involvement in union was represented in work council. This means that involvement in union was not influenced by work council and no clear relationship between the two variables could be established. Other findings showed that 88% of the firms in this study were involved in union activities while 100% of the firms in this study had a work council. The implication of the above findings was that there was not a relationship between firms that had work council and were involved in union activities. In brief,

work council is an important body that helped resolve internal problems and union's involvement played an important role by protecting its members. The above findings helped firms comply to best labour practice and promote the competitiveness of the firms.

6.2.2.10 Firms involvement in quality circles

Table 6.9 Frequency table for firms involvement in quality circles

N=15 Category	Frequencies (Identical resp. were ignored) (data (2) MAURITIUS.sta) Variable: I20_1(Multiple Dichotomy; count value: 1)		
	Count	Prcnt.of Responses	Prcnt.of Cases
I20_1 (Make use of team working)	15	40.54	100.00
I20_2 (Team briefing)	5	13.51	33.33
I20_3 (General workforce meeting)	1	2.70	6.67
I20_4 (Make use of staff notice-board)	8	21.62	53.33
I20_5 (Make use of surveys)	3	8.11	20.00
I20_6 (Make use of suggestion boxes)	5	13.51	33.33
Totals	37	100.00	246.67

The above table 6.9 shows that 41% of the firms made use of team working (I20-1) while 13% of the firms preferred team briefings (I20-2) and another 3% of them chose general workforce meetings (I20-3). In addition, 21% of the firms made use of staff notice-boards (I20-4) while another 8% of them made use of surveys (I20-5) and lastly 13% of the firms made use of suggestion boxes (I20-6). This means that most of the firms in this study made use of team working as an important channel for communication in order to help firms realize their objectives. It is important to note that some other firms made use of staff notice-board.

The quality circle is an important tool to help firms communicate with its workforce. This is an important issue that contributed to the growth of the organization as a platform where both employers and employees could exchange ideas; discuss the different conflicting issues or the progress of the firm. One of the pertinent questions was to understand which type of the firms made use of these quality circles. Were they the unionized ones? Were they for example the ones shedding labour? Responding to this question, the researcher proposed to investigate four variables: each quality circle, union involvement, types of firms and retrenchment and discover what their impacts?

6.2.2.10.1 First classification (small firm)

The researcher found that all five (5) firms were domestic firms. Four (4) out of five (5) firms made use of team working while all five (5) firms were unionized. All five (5) firms had not retrenched their workforce. Looking at team briefing in this classification, the study showed that none of the firms made use of team briefing. For general workforce meetings, the findings showed that none of the firms made use of general workforce meetings. Thus, making use of staff notice-boards showed that only one (1) out of five (5) firms made use of the staff notices. Concerning making use of surveys, the study revealed that none of the firms made use of

surveys. Lastly the use of suggestion boxes, the researcher found that only two (2) out of five (5) firms made use of suggestion boxes. This means that most of the firms in this study were making use of team working as an important channel to communicate in the firms in order to achieve their objectives. The implication of this finding was that team working played a crucial role for the organizational growth and competitiveness.

6.2.2.10.2 Second classification (medium firm)

The researcher found that all four (4) firms were domestic firms. All four (4) firms made use of team working while all four (4) firms were unionized. All four (4) firms had not retrenched their workforce. Looking at team briefing, the findings revealed that only two (2) out of four (4) firms made use of team briefing. For the general workforce meeting, the study showed that none of the firms made use of general workforce meeting. Thus, making use of staff notice-boards revealed that two (2) out of four (4) firms made use of staff notice-boards. Concerning making use of survey, the study showed that none of the firms made use of surveys. Lastly through using the suggestion boxes, the findings revealed that none of the firms made use of suggestion boxes. This means that most of the medium firms made use of team working. The implication of this finding was that the above quality circles were important tools for communication in the firms and played a crucial role for the organizational growth and competitiveness.

6.2.2.10.3 Third classification (large firm)

The researcher found that three (3) out of seven (7) firms were domestic firms while one (1) out of seven (7) firms was a foreigner-owned firm and lastly three (3) out of seven (7) firms were joint-ventures. All seven (7) firms made use of team working and all seven (7) firms were unionized. Six (6) out of seven (7) firms had not retrenched their workforce while only one (1) was involved in retrenchment. Looking at team briefing, the findings revealed that only three (3) firms made use of team briefing. For the general workforce meetings, the study showed that only one (1) out of seven (7) firms made use of general workforce meetings. Thus, making use of staff notice-boards revealed that five (5) out of seven (7) firms made use of staff notice-boards. Concerning making use of survey, the study showed that three (3) out of seven (7) firms made use of survey. Lastly the use of suggestion boxes, the findings revealed that three (3) out of seven (7) firms made use of suggestion boxes. This means that most of these large firms made use of team working and an interesting observation was that in this classification some firms also make use of staff notice-boards. One of the observations was that this classification had firms involved in each quality circle compared to the other different classification in this chapter. The implication of this finding was that the above quality circles were important tools for communication in the firms and played a crucial role in the organizational growth and competitiveness.

6.2.2.11 Cross-tabulation between staff notice-boards and involvement in union

Table 6.10 Cross-tabulation between staff notice-boards and involvement in union

	Summary Frequency Table (data (2) MAURITIUS) Marked cells have counts > 10 (Marginal summaries are not marked)			
	I20_4	I12 Yes	I12 No	Row Totals
Count	Yes	6	2	8
Total Percent		37.50%	12.50%	50.00%
Count	No	8	0	8
Total Percent		50.00%	0.00%	50.00%
Count	All Grps	14	2	16
Total Percent		87.50%	12.50%	

The above table 6.10 confirmed the Chi-square test between staff notice-boards (I20-4) and involvement in union (I12) as there was no relationship between the two variables. The above table showed that involvement in union with affirmative response represented 37.50% of staff notice-boards with affirmative response and only 50% of staff notice-boards with negative response. Furthermore, the findings revealed that 88% of the firms in this study were involved in union and 22% of the firms made use of staff notice-boards.

6.2.2.12 Chi-square test between staff notice-boards and involvement in union

Table 6.11 Chi-square test between staff notice-boards and involvement in union

Statistic	Statistics: I20_4(2) x I12(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	2.285714	df=1	p=.13057
M-L Chi-square	3.059283	df=1	p=.08028
Phi for 2 x 2 tables	-.377964		
Tetrachoric correlation	-.508299		
Contingency coefficient	.3535534		

Table 6.11 shows that there was no link or relationship between making use of staff notice-boards (I20 4) and involvement in union (I12). This means that these two variables did not contribute in the same proportion to the firms' survival and competitiveness. Since the Chi-square had a $p > 0.05$, it was clear that there was no relationship between staff notice-boards and involvement in union. This means that make use of staff notice-boars (I20 4) and involvement in union (I12) were not statistically significant. There was no influence or link between make use of staff notice-boards (I20 4) and involvement in union (I12) for firms' survival and competitiveness. Another important finding was that the majority of these quality circles did not have any link or relationship with retrenchment or involvement in union.

Furthermore, the findings revealed that there was no relationship between team working (I20 1) and retrenchment (I1) as the Chi-square had a $p>0.05$ (see page 350, table 6a). This mean team working (I20 1) and retrenchment (I1) were not statistically significant. Also, the findings showed that there was no relationship between team working (I20 1) and involvement in union (I12) as the Chi-square had a $p>0.05$ (see page 350, table 6b).

The findings showed that there was no relationship between making use of team briefings (I20 2) and retrenchment (I1). This means that these two variables had not contributed in the same proportion to the firms' survival and competitiveness. Thus, its implication is that retrenchment did not depend on make use of team briefings to boost firms' performance and keep doing well. As shown the Chi-square had a $p>0.05$ (see page 350, table 6c). This implied that the two variables were not statically significant. An interesting observation was made on the below table 6.13 that there was a relationship between make use of team briefings (I20 2) and involvement in union (I12) as the Chi-square had a $p<0.05$ (see page 224).

6.2.2.13 Cross-tabulation between team briefing and union involvement

Table 6.12 Cross-tabulation between team briefing and union involvement

	Summary Frequency Table (data (2) MAURITIUS) Marked cells have counts > 10 (Marginal summaries are not marked)			
	I20_2	I12 Yes	I12 No	Row Totals
Count	Yes	11	0	11
Total Percent		68.75%	0.00%	68.75%
Count	No	3	2	5
Total Percent		18.75%	12.50%	31.25%
Count	All Grps	14	2	16
Total Percent		87.50%	12.50%	

The above table 6.12 confirmed the Chi-square test between team briefing (I20-2) and involvement in union (I12) as there was no relationship between the two variables. The above table showed that involvement in union (I12) with affirmative response represented 68.75% of team briefing with affirmative response and only 18.75% of team briefing with negative response. Furthermore, the findings revealed that 88% of the firms in this study were involved in union and 14% of the firms made use of team briefing.

6.2.2.14 Chi-square test between team briefing and union involvement

Table 6.13 Chi-square test between team briefing and union involvement

Statistics	Statistics: I20_2(2) x I12(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	5.028572	df=1	p=.02493
M-L Chi-square	5.326529	df=1	p=.02100
Phi for 2 x 2 tables	.5606119		
Tetrachoric correlation	.7396269		
Contingency coefficient	.4890096		

Table 6.13 showed that there was a relationship between make use of team briefing (I20 2) and involvement in union (I12) as the Chi-square test had a $p < 0.05$. This means that these two variables helped in a certain proportion to firms' survival and competitiveness. Thus, its implication helped the firms boost their performance and keep doing well or survival. The findings showed that $p < 0.05$ which was an interesting finding. Team briefing (I20 2) was statistically significant to the involvement in union (I12). This means that there was a relationship or link between making use of team briefing and involvement in union. The implication of the above findings was that quality circles are part of best labour practice, constituting an important tool to communicate with the workforce about the daily life of the firms so as to achieve high performance and remain competitive. The implication of the above findings was that communication tools were linked to involvement in union on how to improve productivity: thus playing an important role in firms' survival and competitiveness.

Concerning general workforce meetings (I20 3), the researcher found that there was no relationship between make use of general workforce meetings (I20 3) and retrenchment (I1). This means that these two variables had not contributed in the same proportion to the firms' survival and competitiveness. Thus, its implication is that retrenchment did not depend on making use of general workforce meetings to boost firms' performance and keep doing well, since the Chi-square had a $p > 0.05$ (see page 351, table 6d). This means the two variables were not statically significant. Also, no relationship existed between make use of general workforce meetings (I20 3) and involvement in union (I12) as their Chi-square had a $p > 0.05$ (see page 351, table 6e). This means the two variables were not statistically significant.

Concerning staff notice-boards (I20 4), the researcher found that there was no relationship between make use of staff notice-boards (I20 4) and retrenchment (I1). This means that these two variables had not contributed in the same proportion to the firms' survival and competitiveness. Thus, its implication is that retrenchment did not depend on make use of staff notice-boards to boost firms' performance and keep doing well. The findings revealed that the Chi-square had a $p > 0.05$ (see page 351, table 6f). This implied that the two variables were not statistically significant. In brief, retrenchment is part of strategic issues consisting to reduce production cost while staff notice-boards constituted an important tool to communicate with the workforce about the daily life of the firms to achieve high performance and remain competitive.

Thus concerning the use of surveys, the researcher found that there was no relationship between make use of surveys (I20 5) and retrenchment (I1). This means that the two variables had not contributed in the same proportion to the firms' survival and competitiveness. Thus, its implication is that retrenchment did not depend on make use of surveys to boost firms' performance and keep doing well or to survive. The findings revealed that the Chi-square had a $p>0.05$ (see page 351, table 6g). This implied that the two variables were not statistically significant. It was also found that there was no relationship between make use of surveys (I20 5) and involvement in union (I12) as the Chi-square had a $p>0.05$ (see page 352, table 6h). This implied that the two variables were not statistically significant.

Lastly, concerning suggestion boxes, the findings showed that there was no relationship between make use of suggestion boxes (I20 6) and retrenchment (I1). This means that these two variables had not contributed in the same proportion to the firms' survival and competitiveness. Thus, its implication is that retrenchment did not depend on make use of suggestion boxes to boost firms' performance and keep doing well or survival. The findings showed that the Chi-square had a $p>0.05$ (see page 352, table 6i). This implied that the two variables were statistically significant. It was also found that there was no relationship between make use of suggestion boxes (I20 6) and involvement in union (I12) as the Chi-square had a $p>0.05$ (see page 352, table 6j). This implied that the two variables were not statistically significant. The implication of the above finding was that there was no relationship between these quality circles and retrenchment or involvement in union as each firm could make use of any channel to communicate. But the quality circles were not influenced by any of the firms' involvement in union or retrenching firms. Quality circles were important element for firms' performance and competitiveness as a very good number of firms did make use of team working as the principal tool to communicate within the firms.

6.2.2.15 Was there any firm involved in labour repression?

It is important to note that in this study, labour repression refers to any unfair cost-advantage use in a firm to remain competitive. Labour repression comprises issues such as: wage repression; abusive reduction of labour production cost; exploitative salaries; deprivations; inhumane treatment; arbitrary sacking; repression of workers' rights; code of conduct violations; reduction of workers' benefits; forced labour; unfair retrenchment; abusive retrenchment; very bad working conditions and use of child labour. It is crucial to note that retrenchment is viewed in this study as a preventive or curative strategy to help firms' to survive and remain competitive. One of the research questions was to understand whether there was any sign or indication of labour repression in the textile and clothing firms under investigation. How many firms were involved in such activities or labour repression? The researcher proposed to look at the overall labour issue on how these textile and clothing firms could be related to the labour repression.

This paragraph looks at the following six variables: retrenchment; involvement in training and development activities; involvement in union; involvement in strikes; work council and quality circle. In this study, the findings revealed that only one (1) out of sixteen (16) firms was involved in retrenchment while all sixteen (16) firms were involved in training and developmental activities, they were involved in union activities and had work council. Last all

sixteen (16) firms did not experience any strikes manifestation. This means that only one (1) out of sixteen (16) firms could be subject to such practice or labour repression but no indication of such practice was discovered in this study. The above findings did not reveal any involvement in labour repression as only two variables (strike involvement, retrenchment) could provide that information. But, unfortunately these two variables were silent. The study showed that none of the firms was involved in strike manifestations and only one (1) out of sixteen (16) firms was involved in retrenchment. No further details about labour repression were observed in this study. In brief, there was no report of abusive retrenchment and no strike manifestation or protests were discovered in this study as a result of wages discussions, demands for training, etcetera. Thus, none of the firms, in this study, was involved in labour repression which is a result of most of the firms practically complying to best labour practice to some extent.

Another three important variables (involvement in union, quality circle and work council) played a crucial role in how to help firms to survive and remain competitive. All sixteen (16) firms were unionized, made use of quality circles and had a work council as important channels to look at the overall HRM or labour issues. As indicated above, unions played an important role by looking at working conditions and wage-related matters. They also negotiated with corporations, businesses and other organizations on behalf of its members. And on the other hand work council helped deal with matters related to the firms while the quality circle provided the different firms with important channels of communication. Contrarily, the above findings revealed that most of the firms, in this study, were involved in best labour practice as these firms did provide, training and development, reward system, union, quality circles, work council and so on.

According to Mosley (2011), workers often suffered various types of repression, ranging from exposure to hazardous chemicals and forced overtime, without pay, to a denial of the right to organize or bargain collectively. She further indicates that the expansion of China's manufacturing exports has been accompanied by a growth in reports of abuses in Chinese factories. For those interested in the consequences of economic globalization, a key issue raised by the occurrence of labour rights violations – and by firms' public commitments to reducing these violations – is the causal connection between workers' rights and economic openness (Mosley, 2011: 1).

6.2.3 Exploring the links between the different HR practices and performance

This sub-section discusses two important points and provides very important details about possible links between different sets of HR practices and performance. Also, this section will help to understand how firms explained their relative performance. The researcher proposes to measure the possible links by using the different HR practices and the indicators of performance such as export level, profit level, output level. But only the first two indicators - namely export level and profit level - will be discussed in this study. The implications of the findings in this section provide important information on how to draw out broader lessons for theory (HRM generally) and practices on how firms' performance are linked to HR practices.

6.2.3.1 Cross-tabulation between retrenchment and profit level

Table 6.14 Cross-tabulation between retrenchment and profit level

	Summary Frequency Table (data (2) MAURITIUS) Marked cells have counts > 10 (Marginal summaries are not marked)			
	G2	I1 Yes	I1 No	Row Totals
Count	Improved	0	10	10
Total Percent		0.00%	62.50%	62.50%
Count	Stable	1	5	6
Total Percent		6.25%	31.25%	37.50%
Count	All Grps	1	15	16
Total Percent		6.25%	93.75%	

The above table 6.14 confirmed the Chi-square test between profit level and labour cost cutting as there was no relationship between the two variables. The above table showed that cost cutting or retrenchment (I1) with negative response represented 62.50% of the improved profit level and only 31.25% of the stable profit level. Furthermore, the findings revealed that only one (1) out of sixteen (16) firms and 63% of the firm improved their profit level while another 37% of the firms stabilized their profit level.

6.2.3.2 Chi-square test between retrenchment and profit level

Table 6.15 Chi-square test between retrenchment and profit level

Statistic	Statistics: G2(2) x I1(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	1.777778	df=1	p=.18242
M-L Chi-square	2.074599	df=1	p=.14977
Phi for 2 x 2 tables	-.333333		
Tetrachoric correlation	-.415683		
Contingency coefficient	.3162278		

The Pearson Chi-square test helped determine whether, in general, there is any relationship between the two variables (profit level and retrenchment). As shown in table 6.15, the Chi-square had a $p > 0.05$ which means that there was no relationship between profit level and retrenchment or labour cost cutting. This implies that retrenchment or labour cutting cost strategy (I1) and profit level (G2) were not statistically significant and also showed that there was no influence between the profit level and labour cutting cost strategy (I1) or retrenchment for firms to be profitable or to perform well. The finding showed that only 6% of the firms in this study retrenched its workforce while 63% of the firm improved their profit level and 37% of the firms succeeded to stabilize their profit level. The implication of the above finding is that there is no a relationship between these two variables (profit level and retrenchment) and firms' performance did not depend on the two variables but each variable somehow helped firms

perform better. Profit level is a principal, necessary or direct indicator for firms' performance on the same level as export level. Retrenchment and union involvement are not indicators of firms' performance but indicators of best labour practice which influence customers' decision and indirectly motivate firm to perform well. The two variables (profit level and retrenchment) played an important role in the firms' survival and competitiveness according to their contribution to organizational daily activities. In brief, only profit level is a principal indicator of firms' success and good performance and HR practices are not indicators of performance but did contribute, to some extent, indirectly to the firms' survival and competitiveness. Retrenchment should be viewed only as a curative or preventive strategy to help firms' to survive and remain competitive.

Further findings showed that there was no link or relationship between retrenchment or labour cost cutting and export level. This means that these two variables did not contribute in the same proportion to the firms' survival and competitiveness. Thus, its implication is that export level did not depend on retrenchment to boost firms' performance and to keep doing well or to survive. The researcher then proposed to interpret the Chi-square test to see whether there was any link between the two variables. The Pearson Chi-square test helped determine if, in general, there was any relationship between the two variables. Since the Chi-square had a $p > 0.05$ (see page 352, table 6k). This means that retrenchment or labour cutting cost strategy (I1) and export level (E2) were not statistically significant and also showed that there was no influence between labour cutting cost strategy (I1) or retrenchment and export level for firms to perform well. The finding showed that only 6% of the firms in this study retrenched its workforce and 88% of the firms in this study exported while only 12% of the firms did not export. Ten (10) out of sixteen (16) firms exported to the SADC countries as a market destination; while nine (9) out of sixteen (16) firms exported to the EU as a market destination and lastly also two (2) out of sixteen (16) firms exported to the US as a market destination.

The implication of the above finding is that there was no a relationship between these two variables (export level and retrenchment) as firms' performance did not depend on the two variables together but each variable somehow helped firms perform better. It is important to note that export level is a principal, necessary or direct indicator for firms' performance as profit level, output level. Retrenchment is not an indicator of firms' performance. Best labour practice did influence customers' decision and indirectly motivate firm to perform well. These two variables (export level and retrenchment) played an important role in firms' survival and competitiveness according to their contribution to the organizational daily activities. In brief, export level alone is a principal indicator of firm success and good performance while HR practices were not indicators of performance but did contribute to some extent indirectly to firms' survival and competitiveness. Retrenchment should be viewed only as a curative or preventive strategy to help the firms to survive and remain competitive.

6.2.3.3 Cross-tabulation between involvement in union and export level

Table 6.16 Cross-tabulation between involvement in union and export level

	Summary Frequency Table (data (2) MAURITIUS) Marked cells have counts > 10 (Marginal summaries are not marked)			
	E_2	I12 Yes	I12 No	Row Totals
Count	Yes	4	2	6
Total Percent		25.00%	12.50%	37.50%
Count	No	10	0	10
Total Percent		62.50%	0.00%	62.50%
Count	All Grps	14	2	16
Total Percent		87.50%	12.50%	

The above table 6.16 confirmed the Chi-square test between involvement in union (I12) and export level (E2) as there was no relationship between the two variables. The above table showed that involvement in union with affirmative response represented 25% of export level with affirmative response and 62.50% of export level with negative response. Furthermore, the findings revealed that 88% of the firms in this study were involved in union and most of these firms exported to different regions and countries in the world such as SADC countries, EU and US as market destination.

6.2.3.4 Chi-square test between involvement in union (I12) and export level (E2)

Table 6.17 Chi-square test between involvement in union and export level

Statistics	Statistics: E_2(2) x I12(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	3.809524	df=1	p=.05096
M-L Chi-square	4.418475	df=1	p=.03555
Phi for 2 x 2 tables	-.487950		
Tetrachoric correlation	-.662437		
Contingency coefficient	.4385290		

An interesting finding in the above table 6.17, revealed that there was a relationship between export level (E2) and union involvement (I12) as the Chi-square had a $p=0.05$. The same table gave the second possibility to check any relationship by showing that the Chi-square test between the export level and union involvement with $p<0.05$. This means that there was an influence between export level and union involvement. This could be explained clearly by the fact that in the international arena most of buyers checked the social side of production. Thus, union involvement played a key role in terms of creating a good working environment which in return had some direct or indirect positive impact on the firms' performance and in the long run best labour practice will be an important requirement for customers and thereafter for firms' performance. The implication was that only export level was an indicator of performance and the different HR practices were not indicators of performance. The findings revealed that there was

a direct or indirect link or relationship between export level and HR practical on how to boost firms' performance. In brief, the above finding confirmed what most of the literature indicated about the relationship between best labour practices and organizational performance. The above results showed that HR practice was related to the firms' performance or HR practice was part of the performance process reason why the researcher proposed more tests and investigations needed to be carried out to demonstrate the causal relationship, as this study was based on a single test namely the Chi-square test.

Concerning the other HR practices, the researcher found that there was no relationship between training and developmental activities (I3) and profit level (G2). This means that these two variables did not contribute in the same proportion to the firms' survival and competitiveness. Thus, its implication is that profit level did not depend on training and developmental activities to boost firms' performance and keep doing well. The findings revealed that the Chi-square test between training and profit level was impossible or could not run due to the fact that the training variable was consisted of only "Yes" responses or the requirement needed two codes "Yes" and "No" together. Also, the findings showed that there was no relationship between profit level (G2) and involvement in union (I12) as the Chi-square had a $p > 0.05$ (see page 353, table 6l).

Furthermore, the Chi-square test between strike manifestation (I15) and profit level (G2) showed that there was no relationship between the two variables as the Chi-square test between strike manifestation and profit level was impossible or could not run due to the fact that the strike manifestation variable consisted of only "No" responses or the requirement needed two codes "Yes" and "No" together. The findings showed that there was also no relationship between work council (I19) and profit level (G2) as the Chi-square had a $p > 0.05$ (see page 353, table 6m). Also, the Chi-square test between team working (I20 1) and profit level (G2) showed that there was no relationship between the two variables as $p > 0.05$ (see page 354, table 6p). Lastly, the Chi-square test between the other quality circle variables and profit level revealed that there was no relationship between the different quality circles and profit level. This means that there was no influence on most of the different sets of HR practices and profit level. The implication was that only profit level was an indicator of performance and the different HR practices were not indicators of performance but contributed to some extent indirectly, to the firms' survival and competitiveness and was a reason why the findings revealed that there was no link between profit level and HR practices on how to boost firms' performance.

In addition to the above findings, the researcher found that there was no relationship between export level (E2) and training and developmental activities (I3). This means that these two variables did not contribute in the same proportion to the firms' survival and competitiveness. Thus, its implication was that export level did not depend on training and developmental activities to boost firms' performance and keep doing well. The Chi-square test between training and export level was impossible or could not run due to the fact that the training variable consisted of only "Yes" responses but the requirement needed two codes "Yes" and "No" together. This means that there was no influence between export level and training and developmental activity. The implication is that only export level was an indicator of performance while training and developmental activities were not an indicator of performance but contributed

indirectly to the firms' performance. Other findings revealed that there was no relationship between work council (I19) and export level (E2) as the Chi-square had a $p > 0.05$ (see page 353, table 6n). Also, the findings revealed that there was no relationship between making use of team working (I20 1) and export level (E2) as the Chi-square had a $p > 0.05$ (see page 353, table 6o). This means that there was no influence between make use of team working and export level. The implication was that only export level was an indicator of performance and that the different HR practices were not indicators of performance, which is the reason why the findings revealed that there was no link between export level and HR practices on how to boost firms' performance.

6.2.4 Value added production paradigm (J)

This sub-section has nine important points.

6.2.4.1 Firm involvement in value added production paradigm (J1)

In this study, value added production paradigm refers to the daily activity of firms being able to transform raw materials into marketable goods of high value. Value adding means taking something to which value is added and the product sold as a finished or semi-finished article. To transform yarn and then weave or knit it into fabrics by adding the following values (labour cost, production cost). Thus, by dyeing and printing the fabrics, add some more value (printing and dyeing cost). Then, take the fabric and make it up into clothing by adding more value (again additional labour cost and sewing cost).

The findings showed that all sixteen (16) firms were involved in value added production paradigm (J1) which represented 100% of the firms. This means that the textile and clothing industry in this study was dominated by firms focussing on value added production paradigm. This was an important indicator for the firms' performance, competitiveness and development. According to Velia et al., (2006:13), value added production is used to provide some insight into the degree of transformation which occurs within industries. Though it is associated with the notion of productivity, the concept is on the product as opposed to on the factor of production and on how these are combined to yield the output.

In addition to the above, Coltrain et al., (2000:4) indicate that adding value is the process of changing or transforming a product from its original state to a more valuable state. They further add that a broad definition of value added is to economically add value to a product by changing its current place, time, and form characteristics to characteristics more preferred in the marketplace (Coltrain et al., 2000:5).

A firm mainly adds higher value by means of product specialization where either the technology or the process of production or both are highly specialized. In that way the firm creates speciality niches for itself with the ability to export to numerous countries right around the world (Maree, 1995:77). According to McNamara (2008:50), Mauritian firms have tried to reduce the impact of higher labour costs on their competitiveness by moving into added value products, where margins are greater, and labour is a smaller percentage of the total price. The island also

promoted recognition of its compliance with International Labour Organisation (ILO) workforce standards, part of its image as a high-value supplier rather than a “sweatshop”.

In addition to the above, the researcher found the following concerning the question “what exactly your firm is doing as value added production paradigm” (J2). The most common responses to the above question were the following: Continuous workforce formation on quality aspects and new techniques; Advertising on the internet; Constant workforce formation on quality-oriented techniques; Yes; Taking textile & stitching it into jeans; Stitching of baby garments from raw textile; Producing quality products to satisfy clients; focus on niche markets; Rebranding, Aggressive in marketing and advertising; Formation of workers for better quality output; Organizing new marketing techniques, Courses to employees; Focus on quality and low prices.

6.2.4.2 Importance of value added production paradigm

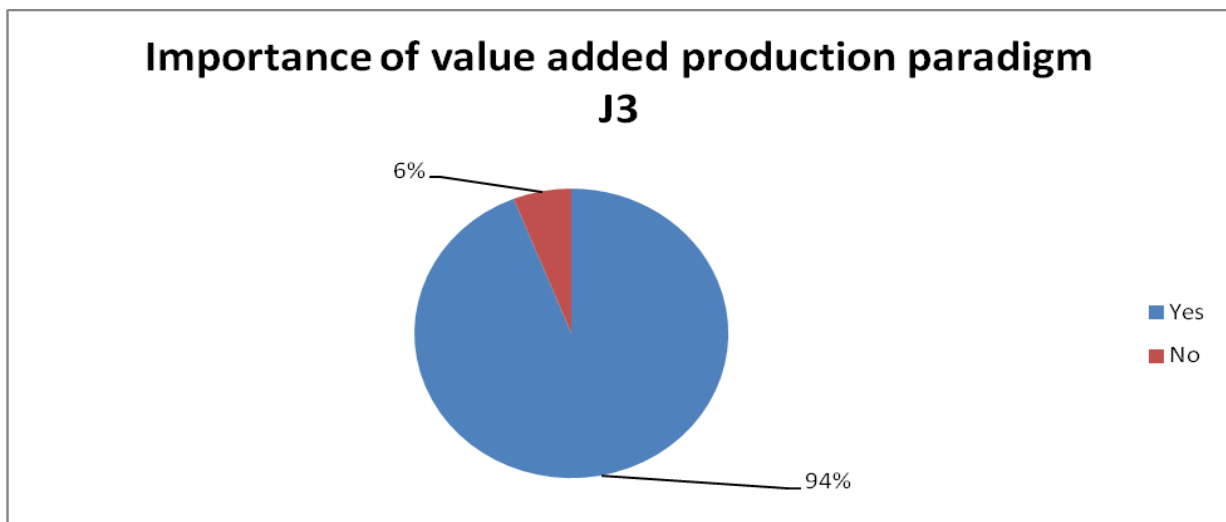


Figure 6.10 Importance of value added production

The question here was to understand if value added production paradigm was helping firms to survive and remain competitive. Figure 6.10 reveals that fifteen (15) out of sixteen (16) firms agreed that focussing on value added production paradigm helped firms to survive and remain competitive (J3) which represented 94% of the firms while one (1) out of sixteen (16) firms did not agree that focussing on value added production paradigm helped firms to survive and remain competitive. This means that the textile and clothing industry in this study was dominated by firms which were focussing on value added production paradigm. The above firms acknowledged that these value added production paradigm helped them to survive and remain competitive. The implication of the above findings was that value added production paradigm was a good indicator for firms’ overall performance and helped them to survive and remain competitive.

In the view of the above findings, the next section tried to understand whether there was any relationship between value added production paradigm and labour cost cutting or retrenchment.

6.2.4.3 Cross-tabulation between issues related to labour force (I1) and value added production paradigm (J1)

One of the interesting observations about this chapter was to find out the degree of relationship between involvement in retrenchment (I1) and involvement in value added production paradigm. Importantly in this paragraph, two variables were discussed namely retrenchment or labour cost cutting (I1) and value added production paradigm (J1). But the disappointment was that the cross-tabulation table between retrenchment (I1) and value added production paradigm (J1) could not run, as involvement in value added production paradigm had fewer than two integer codes which meant that involvement in value added production had only one code or “Yes” responses only – and that the requirement to run a Chi-square test needed a combination of both “Yes” and “No” responses; thus cross-tabulation tables cannot be computed for this set of variables. The above findings could be explained by the fact that all sixteen (16) firms were involved in value added production paradigm.

This above finding showed that to run a cross-tabulation table each variable must have two codes and that both codes must be represented or used simultaneously. In this case, only one code concerning involvement of value added production paradigm was more apposite to this question, as the findings showed that all sixteen (16) firms responded only by “Yes” to the question and none of the firms responded by “No”. The implication of the above findings was that the cross-tabulation table did provide sufficient information about variable distribution and relationship. But in this chapter there was no way to run this cross-tabulation table as one variable had fewer than two codes.

In the view of the above findings, the next paragraph attempts to understand whether there was any relationship between the importance of value added production paradigm (J3) and labour cost cutting or retrenchment (I1). In this study, underlining that (J3) or the importance of value added production paradigm can be understood to some extent or refer it to value added production paradigm (J1) as these two variables had many similarities.

6.2.4.4 Cross-tabulation between retrenchment and importance of value added production paradigm

Table 6.18 Cross-tabulation between retrenchment and importance of value added production paradigm

	Summary Frequency Table (data (2) MAURITIUS.sta) Marked cells have counts > 10 (Marginal summaries are not marked)			
	I1	J3 Yes	J3 No	Row Totals
Count	Yes	0	1	1
Row Percent		0.00%	100.00%	
Count	No	15	0	15
Row Percent		100.00%	0.00%	
Count	All Grps	15	1	16

The above table 6.18 and figure 6.11 below, presented labour cost cutting (I1) distribution compared with the importance of value added production paradigm (J3). The pertinence of the above variables helped to understand better the influence of the two variables had in terms of firms' survival and competitiveness in the textile and clothing industry. This section corresponded to one of the main objectives and research questions of this study on how to understand and critically analyse the two important alternative strategies (labour force related issues and value-added production paradigm), their veracity as important ways that helped the industry survive and the implications for key stakeholders.

Table 6.18 shows that involvement in labour cutting cost (I1 a) with affirmative response or retrenchment represented 100% of firms acknowledging the value added production paradigm (J3 a) with affirmative response or "yes" while no involvement in retrenchment represented 100% of firms which did not acknowledge the importance of value added production paradigm (J3 b) with a negative response or "no". This means that the majority of the firms were not involved in retrenchment and simultaneously all sixteen (16) firms acknowledged the importance of value added production paradigm for their firms' survival and competitiveness. The significance of the above findings was that retrenchment is an important strategy in the short-term to resolve problems related to production cost and was used for survival and competitiveness reasons. But value added production paradigm played a crucial role for the firms' competitiveness and prosperity. Value added production paradigm is a permanent and continual strategy in firms' daily activity to remain competitive. In brief, the importance of value added production paradigm lies in the wealth created and on how it helped firms to prosper and remain competitive.

One of the pertinent questions tried to clarify what the above findings told us about the different types of firms? Which firms acknowledged the importance of value added production paradigm? Were they the ones making money or cutting jobs or hiring? Responding to this question, the researcher proposed to investigate the following four variables: value added production

paradigm (J1), labour cost cutting (I1), profit level (G2) and the importance of value added production paradigm (J3).

In the first classification (small firm), the findings revealed that two (2) out of five (5) firms improved their profit level while three (3) out of five (5) firms stabilized their profit level. None of these five (5) firms retrenched their workforce. All five (5) firms were involved in value added production paradigm and lastly all five (5) firms acknowledged the importance of value added production paradigm for their firms' survival and competitiveness. This means that all five (5) firms performed quite well. They complied with best labour practice and acknowledged the importance of involvement in value added production paradigm contributions to the firms' survival and competitiveness. The implication of the above findings played an important role in the firms' prosperity, competitiveness and development.

In the second classification (medium firm), two (2) out of four (4) firms improved their profit level while another two (2) out of four (4) firms stabilized their profit level. All four (4) firms did not retrench their workforce. All four (4) firms were involved in value added production paradigm and lastly all four (4) firms acknowledged the importance of value added production paradigm for their firms' survival and competitiveness. This means that the medium firms performed quite well. They complied to best labour practice and acknowledged the importance of value added production paradigm contributions to the firms' survival and competitiveness.

Concerning the third classification (large firm), six (6) out of seven (7) firms improved their profit level while only one (1) out of seven (7) stabilized its profit level. Six (6) out of seven (7) firms did not retrench their workforce while only one (1) out of seven (7) firms did retrench its workforce. Six (6) out of seven (7) firms were involved in value added production paradigm while only one (1) out of seven (7) firms was not involved in value added production paradigm. Lastly, six (6) out of seven (7) firms acknowledged the importance of value added production paradigm for their firms' survival and competitiveness while one (1) out of seven (7) firms did not acknowledge the importance of value added production paradigm for firm's survival and competitiveness. This means that these large firms performed quite well. The majority of these large firms complied to best labour practice. All the large firms acknowledged the importance of value added production paradigm contributions to the firms' survival and competitiveness. The implication of the above findings played an important role in the firms' prosperity, competitiveness and development.

The above findings were interesting as all these firms were profitable and were continuously involved in value added production for their competitiveness and sustainability by focussing more on design, consistent quality, product specialization, packing, make-up into garments, research and development. Only one (1) out of sixteen (16) firms did not acknowledge the importance of value added production paradigm for firm's survival and competitiveness. Also, one (1) out of sixteen (16) firms preferred to reduce production costs by retrenching the workforce but this strategy worked against the firms' objective of job-creation and related more closely to hard HRM practices. In view of the above observation, the findings mean that most of the firms in this study performed quite well. They complied to best labour practice and

acknowledged the importance of involvement in value added production paradigm contributions for firms' survival and competitiveness.

6.2.6.5 Bivariate distribution⁴ between retrenchment and importance of value added production paradigm

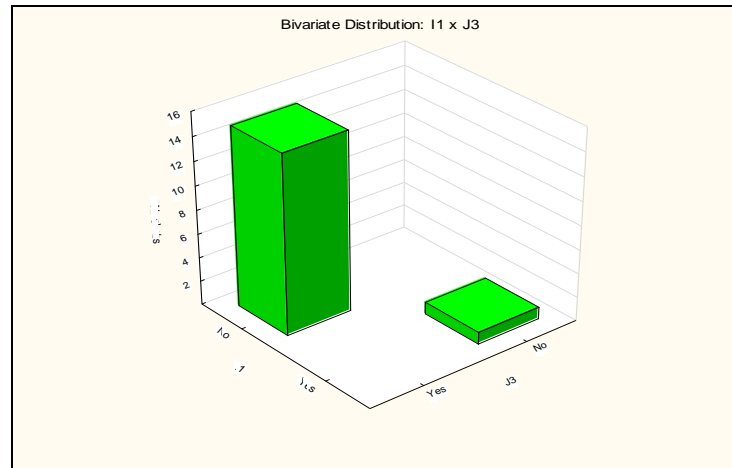


Figure 6.11 Bivariate distribution between retrenchment and importance of value added production

Figure 6.11 presented labour cost cutting (I1) distribution compared with the importance of value-added production paradigm (J3). The previous page provided the interpretation and pertinence of the above two variables in figure 6.11 by helping to better understand the influence of labour cost cutting and value added production paradigm had in terms of firms' survival and competitiveness. In table 6.19, the Pearson Chi-square test revealed that there was a relationship between the two variables.

⁴ This figure provides similar information that contained in a cross-tabulation, in graphical format.

Table 6.19 Chi-square test between retrenchment and importance of value added production paradigm

Statistics	Statistics: I1(2) x J3(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	16.00000	df=1	p=.00006
M-L Chi-square	7.481333	df=1	p=.00623
Phi for 2 x 2 tables	-1.00000		
Tetrachoric correlation	-.892193		
Contingency coefficient	.7071068		

This means that these two variables contributed to a certain extent to the firms' survival and competitiveness. Thus, its implication helped the firms boost their performance and keep doing well or to survive. Since the Chi-square had a $p < 0.05$, it was clear that there was a relationship between value-added production paradigm and retrenchment or labour cost cutting. This means that labour cutting cost strategy (I1) and the importance of value-added production paradigm (J3) were statistically significant and also showed that there some influence on labour cutting cost strategy (I1) and the importance of value-added production paradigm (J3) to help firms' survive and remain competitive. The above findings tried to answer one of the propositions of the study related to the following question: Which firms are facing a stark choice between best labour practice and value added production paradigm?

The implication of the above findings was that there was a relationship between the two variables (retrenchment and the importance of value added production paradigm) as these two variables had been used simultaneously to help firms survive and remain competitive. This implied that firms' choice between retrenchment or value added production paradigm (or using both simultaneously) depended on one firm's strategy to another. The two variables (value-added and retrenchment) are correlated, even though only one (1) firm did not acknowledge the importance of value added production paradigm and another firm was involved in retrenchment of its workforce.

The implication of these two variables played an important role in the firms' survival and competitiveness. Retrenchment could only be used for a short period as a curative or preventive strategy and value added production was continuously and permanently part of the daily activity of the firms. In brief, these two variables played an important role in firms' survival and competitiveness but there were other important factors which could contribute to firms' sustainability and competitiveness such as increased investment in research and development, improved education and training, modernization of production infrastructures.

6.2.4.6 Frequency table showing the variables related to firms' competitiveness (J4)

Table 6.20 Frequency table showing the variables related to firms' competitiveness

N=16 Category	Frequencies (Identical resp. were ignored) (data (2) MAURITIUS.sta) Variable: J4_1 (Multiple Dichotomy; count value: 1)		
	Count	Prcnt.of Responses	Prcnt.of Cases
J4_1 (Design)	9	19.57	56.25
J4_2 (Marketing)	11	23.91	68.75
J4_3 (Consistent quality)	16	34.78	100.00
J4_4 (Product specialization)	1	2.17	6.25
J4_5 (Make-up into garment)	2	4.35	12.50
J4_6 (Packing)	1	2.17	6.25
J4_7 (Research & development)	6	13.04	37.50
J4_8 (Others)	0	0.00	0.00
Totals	46	100.00	287.50

The above table 6.20 shows that 19% of the respondents chose design (J4-1); 23% of the respondents preferred marketing (J4-2); 34% of the respondents chose consistent quality (J4-3); 2% of the respondents chose product specialization (J4-4); 4% of the respondents preferred make-up into garment (J4-5); 2% of the respondents chose packing (J4-6); 13% of the respondents chose research and development (J4-7) and lastly, none of the respondents preferred other things (J4-8). This means that most of the firms in this study relied firstly on consistent quality, then marketing and design to survive and remain competitive.

The implication of the above characteristics played an important role on how to boost firms' competitiveness and performance. These above findings showed how much the textile and clothing industry in Mauritius tried to do in order to compete with low cost competition by producing high quality products as opposed to poor quality goods coming from East Asian countries which were relatively low in price due to technology advantages. Most of the firms operating in this sector needed more attention to their infrastructure as they contributed to job-creation and formation to the GDP. Thus, government support and other incentives were still needed to help these firms upgrade their technology to remain competitive and sustainable.

6.2.4.7 Is value added production paradigm creating wealth in the firm (J5)?

The findings revealed that all sixteen (16) firms agreed, focussing on value added production paradigm and acknowledging that value added production paradigm had created wealth in the different firms under review which represented 100%. This means that the majority of the firms in this study acknowledged that focussing on value added production paradigm created wealth. The implication of the above findings was that value added production paradigm played an important role for the firms' performance, competitiveness and development.

In addition to the above, the researcher recorded the following answers to a question related to the above question which provided an explanation about whether value added production paradigm creates wealth in these firms (J6). The most common responses to the question were the following: “There is a reasonable increase in demand as we insist on quality and new products each year; More clients are interested in our new models; Improved quality and lower production costs; Yes; To some extent-employees enjoy better working conditions, environment and services; Part of the revenues are invested back into the company in the form of equipment and improved working environment; Once clients are satisfied with our products they place more orders; Meeting buyers’ expectations; Our finest quality of products renders them sellable on the local and international market; Increase in demand, expansion of foreign markets, increase in profit; New creativity and design with advertising in media is adding value and wealth in the firm; Improved quality has brought us new markets abroad”. The above findings constituted the summary of the common responses.

6.2.4.8 Frequency table for firms’ force for its competitiveness and sustainability

Table 6.21 Frequency table for firms’ force for its competitiveness and sustainability

N=16 Category	Frequencies (Identical resp. were ignored) (data (2) MAURITIUS.sta) Variable: J7_1 (Multiple Dichotomy; count value:1)		
	Count	Prcnt.of Responses	Prcnt.of Cases
J7_1 (Price)	11	28.21	68.75
J7_2 (Quality products)	16	41.03	100.00
J7_3 (Shorter lead time)	6	15.38	37.50
J7_4 (Innovative production)	4	10.26	25.00
J7_5 (Others)	2	5.13	12.50
Totals	39	100.00	243.75

Table 6.21 shows that 28% of the respondents chose price (J7-1); 41% of the respondents preferred quality products (J7-2); 15% of the respondents chose shorter lead time (J7-3); 10% of the respondents chose innovative production (J7-4) and lastly other forces represented 5%. This means that most of the firms in this study relied firstly on quality products and price to remain competitive and sustainable. Quality and price constitute two important factors that keep firms competitive. The above findings have been confirmed by Thoburn and Roberts (2002), who indicate that a firm’s competitiveness is not possible without investment in capital, technology, innovation and skills. The importance of firms’ competitiveness relies on their ability to stay ahead of potential competition by strategizing on how to continuously perform well in a particular market.

This competitiveness should encompass cost, quality, flexibility, reliability, adaptability and the capacity to innovate. These interventions should include activities regarding manpower, machines, materials and methods. In order to remain globally competitive, local producers should adhere to the following: best labour practices, “state-of-the-art” equipment and machinery, raw materials at low prices and niche products (speciality-type products).

In addition to the above, the researcher found the following answers related to the above question, “Is focusing on this strategy really working for your firm’s competitiveness? (J8). The most common responses to the above question were the following: “No; Yes; We believe so; Yes, it is the way forward to survive; More of a medium to long term strategy, preference for slow growth over quick and unsustainable profitability”. It is important to note that most of the firms responded to this question by giving a “Yes” only.

6.2.4.9 Frequency table about what enables a firm’s survival? (J9)

Table 6.22 Frequency table of what enables a firm’s survival

N=16 Category	Frequencies (Identical resp. were ignored) (data (2) MAURITIUS.sta) Variable: J9_1 (Multiple Dichotomy; count value: 1)		
	Count	Prcnt.of Responses	Prcnt.of Cases
J9_1 (Value added production)	15	78.95	93.75
J9_2 (Labour cost cutting)	1	5.26	6.25
J9_3 (Something else)	3	15.79	18.75
J9_4 (Don’t know)	0	0.00	0.00
Totals	19	100.00	118.75

Table 6.22 shows that 79% of the respondents chose value added production paradigm (J9-1); while only 5% of the respondents used labour cutting cost (J9-2); 16% of the respondents preferred something else that kept their firms surviving and competitive; and lastly, none of the respondents declared “don’t know” about what is keeping firms surviving and competitive. This means that the majority of the firms in this study used value added production paradigm for their survival and remained competitive in the face of increased low-cost competition. One interesting finding was that only some firms acknowledged the contribution of other factors or “something else” to keep firms surviving and competitive. The above result showed that retrenchment occupied the lowest position in this study as a strategy to keep firms surviving and competitive. This is an indication of good industrial relations in these sixteen (16) firms (only one (1) firm involved in retrenchment). The implication of this finding is that retrenchment was not a good thing for either the workforce or the firm. Retrenchment is a short-term solution to resolve a firm’s production cost problems as a preventative or curative strategy for the production cost problem which in the long-term becomes ineffective.

Value adding means taking something to which value is added and the product sold as a finished or semi-finished article. Transform yarn and then weaved or knitted it into fabrics by adding the following values (labour cost, production cost). Then, by dyeing and printing the fabrics, more value is added (printing and dyeing cost). Thereafter the fabric is made up into clothing by adding more value (again additional labour cost and sewing cost). On the other hand, retrenching people helped save money in the production process and made things cheaper. The idea behind labour cost cutting or retrenchment in this study is to be understood only as a preventive or curative strategy for firms for a certain period only. If people are unemployed, they are unable to support the retail trade because of lack of money. This type of situation raises many social concerns, especially labour issues. Value added production paradigm and labour cost cutting are two important practises for firms' competitiveness, survival and development.

6.2.5 Other related questions about the study

This sub-section has twelve important points.

6.2.5.1 Principal market of the firms

This section is very important as it provides some explanation about firms' principal market destination (G6) which is a place where demand and offer meet, resulting in price fixing of goods and service. This section also provided important details about firms' performance and competitiveness. In this study, the researcher proposed to measure firms' competitiveness and performance by looking at how these firms managed to penetrate the international market. The findings revealed that all sixteen (16) firms unanimously produced firstly for their local market. This means that the majority of the firms first succeeded in selling all their products locally by responding to the different needs of the local market by selling to important local retailers, dealers, street vendors, and etcetera. It is important to note that the South African market is different to both that of Mauritius and the DRC (in terms of its home market which is much larger).

Thus, a great proportion of textile and clothing products were consumed locally. The implication of the above finding was that somewhere and somehow in the country, there was job creation and contribution to economic activity across all the different sectors of life (street vendors, dealers, retailers, textile and clothing companies, as well as taxes and services). These findings helped understand how much most of the local retailers relied on local production, often enduring long lead-times where the fabric was used to manufacture the garments from imported fabric. Furthermore, the researcher observed that most of these textile and clothing firms relied on imported raw material inputs.

According to McNamara (2008:9), the major Mauritius retailers sought competitive advantage in their own markets through huge marketing efforts, strong brands and responsiveness to changes in consumer tastes which they themselves had helped to generate, all of them forming a significant barrier to entry.

The findings revealed that most of the firms in this study had a market opportunity in many different countries. Mauritius has trade agreements with different countries: for example, trade agreements with the European Union, the United States under AGOA and preferential access to SADC countries with a SADC Free Trade Agreement. As indicated by Joomum (2006:199), most of the clothing production in Mauritius is exported. Only a few local producers, mainly small factories and the informal sector, produce for the local market. Producers in the Export Processing Zone may sell a small proportion of their production on the local market but only with the permission of the Ministry of Industry and Commerce. These producers normally sell their products in their own factory shops. These products are mostly sold to tourists and to the Mauritian middle and upper-classes.

The researcher also found that in the first classification only three (3) out of five (5) firms exported; more specifically to the SADC countries and only as a market destination; in the second classification all four (4) firms exported to the EU only as a market destination; in the third classification all seven (7) firms exported. However, what is interesting in this classification, is that the above firms exported to different regions and countries in the world such as SADC countries, EU and US as market destinations. This means that most of the Mauritius textile and clothing firms in this study succeeded in penetrating the international market (a good indication of competitiveness in a high level market). The implication of these findings was that the textile and clothing-export firms played an important role in the country as they brought back to the country foreign exchange earnings; they also contributed to job creation and to economic activity – and thus also to the promotion of the competitiveness of these local firms.

The implication of the above findings was that the successful penetration of international markets brought many advantages to the country, such as the entry of foreign exchange earnings; and that there was a positive impact in terms of job creation and contribution to economic activity. It appeared that the textile and clothing-export firms in this study had become competitive by penetrating the international markets, thus promoting a positive profile of the firms that operated in the international arena, whilst also promoting a positive image of the country.

6.2.5.2 Which textile and clothing firms were really surviving during 2005 to 2010?

The above question was one of the principal research questions in this study. The question provided crucial and sensitive details about the textile and clothing firms' survival and competitiveness in this study. The researcher proposed to measure the survival of the firms by using the profit level, because firms' successes could only be measured by the profit level. Thus, a firm which experienced serious problems of competitiveness could not continue to operate for a very long period without collapsing. The idea behind this question was that during the period 2005 to 2010 there were some firms which did not have, or experience, any profit - and yet continued to operate until the present. They experienced serious internal problems and competitiveness challenges (which was the reason for which the researcher suggested calling those firms 'survival firms').

What types of firms are surviving? How many firms have survived? Were they unionized? Did they belong to foreigners or were they locally-owned? Are they shedding the workforce or retrenching? Before responding to these pertinent questions, one important observation was that all sixteen (16) firms had been performing quite well as ten (10) out of sixteen (16) firms improved their profit level which represented 63% of the firms in this study. Another six (6) out of sixteen (16) firms stabilized their profit level which represented 37% of the firms in this study. This means that none of the Mauritian firms in this study were surviving firms.

Responding to this question, the researcher proposed to investigate the following variables: type of firms (local or foreigner firm), union involvement, retrenchment or labour cost cutting, profit level and the different classification. This question also queries the significance of the above variables: for example, why did the researcher propose to run a Chi-square test to discover whether there was any relationship between type of firms and profit.

Concerning the first classification (small firm), the findings revealed that all the textile and clothing firms in this classification were locally-owned (Mauritius); two (2) out of five (5) firms had experienced improvement in their profit level while another three (3) out of five (5) firms stabilized their profit level. None of these (5) firms retrenched their workforce. Lastly, all five (5) firms were unionized. This means that most of the local textile and clothing firms in this study performed quite well, as their profit level improved or remained stable during the period 2005 to 2010. Furthermore, these firms complied to some extent to best labour practice as none of the five (5) firms retrenched their workforce and all five of the (5) firms were unionized. The implication of the above findings was that best labour practice somehow helped these firms to remain competitive; and that the profit level in this classification was quite good as it showed the strength of these firms and their consistency in terms of promoting competitiveness. In brief, none of these small firms fell under the surviving firms because they performed sufficiently well.

In the second classification (medium firm), the findings revealed that all the textile and clothing firms in this classification were locally-owned (Mauritius); two (2) out of four (4) firms improved their profit level while another two (2) out of four (4) firms stabilized their profit level. None of the (4) firms retrenched their workforce. Lastly, only two (2) out of four (4) firms were unionized. This means that most of the local textile and clothing firms in this study were doing quite well, as their profit level improved or remained stable during the period under review. Also, these firms complied - to some extent - to best labour practice, as most of them did not retrench their workforce even though some firms were not unionized. The implication of the above finding was that best labour practice somehow helped these firms to perform quite well and remain competitive, as their profit level remained consistently good during the period under review. In brief, none of these medium firms fell under the surviving firms because they performed sufficiently well.

In the third classification (large firm), the findings revealed that the textile and clothing firms in this classification were very diverse compared to the other classifications as three (3) out of seven (7) firms were locally-owned (Mauritius) while one (1) out of seven (7) firms was a foreigner-owned firm, and lastly, three (3) out of seven (7) firms were joint-ventures. Six (6) out of seven (7) firms improved their profit level while only one (1) out of seven (7) firms stabilized its profit level. Six (6) out of seven (7) firms did not retrench their workforce while only one (1) out of seven (7) firms did retrench its workforce.

Lastly, all seven (7) firms were unionized. This classification (large firm) was very diverse. The researcher found that in this classification most of these large firms were locally-owned and joint-venture firms; and lastly, only one of them was a foreigner-owned firm. Briefly, all these above firms were doing quite well as their profit level improved or remained stable during the period 2005 to 2010. All these firms complied, to some extent, to best labour practice - as the majority of firms did not retrench their workforce and all these above firms were unionized. The implication of the above finding was that best labour practice somehow helped these firms perform quite well so as to remain competitive - as their profit level remained consistently good during the period under review. None of these large firms fell under the surviving firms because they performed sufficiently well.

6.2.5.3 Cross-tabulation between origin of ownership and profits level

Table 6.23 Cross-tabulation between origin of ownership and profit level

	Summary Frequency Table (data (2) MAURITIUS) Marked cells have counts > 10 (Marginal summaries are not marked)			
	A3	G2 Improved	G2 Stable	Row Totals
Count	Domestic	6	6	12
Total Percent		37.50%	37.50%	75.00%
Count	Foreign	1	0	1
Total Percent		6.25%	0.00%	6.25%
Count	Both	3	0	3
Total Percent		18.75%	0.00%	18.75%
Count	All Grps	10	6	16
Total Percent		62.50%	37.50%	

The above table 6.23 confirmed the Chi-square test between origin of ownership and profit level as there was no relationship between the two variables. The above table showed that the improved profit level represented 37.50% of domestic firms; 6.25% of foreign firms and lastly 18.75% of joint venture. Furthermore, the findings revealed that 63% of the firms in this study increased their profit level while 37% stabilized their profit level and 75% of the firms were locally-owned.

6.2.5.4 Chi-square test between origin of ownership (A3) and profit level (G2)

Table 6.24 Chi-square test between origin of ownership and profit level

Statistic	Statistics: A3(3) x G2(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	3.200000	df=2	p=.20190
M-L Chi-square	4.534491	df=2	p=.10360
Phi	.4472136		
Contingency coefficient	.4082483		
Cramér's V	.4472136		

Table 6.24 shows that there was no link or relationship between origin of ownership (A3) and the profit level (G2) which means that these two variables did not contribute in the same proportion to the firms' survival and competitiveness. Thus, its implication is that profit level improvement did not depend on origin of ownership to boost firms' performance and keep doing well. Since the Chi-square had a $p > 0.05$, it was clear that there was no relationship between origin of ownership and profit level. This means that origin of ownership (A3) and the profit level (G2) were not statistically significant and also showed that there was no influence between origin of ownership (A3) and the profit level (G2) for a firm's survival and competitiveness.

It is important to note that the above findings showed that the textile and clothing in this study was dominated by local firms which represented 75% of the firms in this study, while 63% of the firms improved their profit level and another 37% of the firms had stabilized their profit level during the period under review. The implication of the above finding was that the improvement of the profit level did not depend on origin of ownership for survival and competitiveness, but that other factors had played an important role. The following factors played an important role: good quality management; increased investment in research and development; improved education and training; modernization of the production infrastructures, etcetera. In brief, the profit level and origin of ownership played an important role independently and somehow helped firms to survive and remain competitive.

6.2.5.5 Cross-tabulation between country of origin of ownership (A3) & firms' turnover (B1)

Table 6.25 Cross-tabulation between country of origin of ownership and firms' turnover

	Summary Frequency Table (data (2) MAURITIUS.sta) Table: B1(7) x A3(3)				
	B1	A3 Domestic	A3 Foreign	A3 Both	Row Totals
Count	Under 500 000 US\$	4	0	0	4
Row Percent		100.00%	0.00%	0.00%	
Count	500 000 US\$ - 900 000 US\$	1	0	0	1
Row Percent		100.00%	0.00%	0.00%	
Count	1-3 million US\$	3	0	0	3
Row Percent		100.00%	0.00%	0.00%	
Count	4-7 million US\$	1	0	0	1
Row Percent		100.00%	0.00%	0.00%	
Count	8-10 million US\$	1	1	0	2
Row Percent		50.00%	50.00%	0.00%	
Count	11-15 million US\$	1	0	3	4
Row Percent		25.00%	0.00%	75.00%	
Count	Over 15 Million US\$	1	0	0	1
Row Percent		100.00%	0.00%	0.00%	
Count	All Grps	12	1	3	16

The above table 6.25 and figure 6.12 below provided details about the types of firms' distribution (A3) compared with the turnover level (B1). It was important to understand the distribution of origin of ownership (A3) in the textile and clothing industry with the turnover level (B1) because the above information gave a clear indication of these firms' capacities.

Table 6.25 shows that the domestic firms (A3) were predominant in terms of turnover (B1) as 100% of the firms with under 500 000 US\$ belongs to domestic firms while another 100% of the local firms had a turnover of between 500 000-900 000 US\$; another 100% of the local firms had a turnover between 1-3 million US\$; and lastly, concerning the local firms, another 100% of the firms have a turnover between 4-7 million US\$; also 100% of the joint ventures had a turnover over 15 million US\$; also 25% of the firms have a turnover between 11-15 million US\$ were local firms; thus 50% of the local firms had a turnover between 8-10 million US\$ and another 50% of firms 8-10 million US\$ were foreigner-owned firms; and lastly 75% of the firms with 11-15 million US\$ were joint-ventures. This means that most of the local firms with a turnover under 500 000 million US\$ and the joint-venture with a turnover of 11-15 million US\$ were the dominant firms in this study. The implication of the above finding was that this turnover level constituted an important indicator of capacity to run business as regards the survival and competitiveness of these firms.

6.2.5.6 Bivariate distribution⁵ between origin of ownership (A3) & firms' turnover (B1)

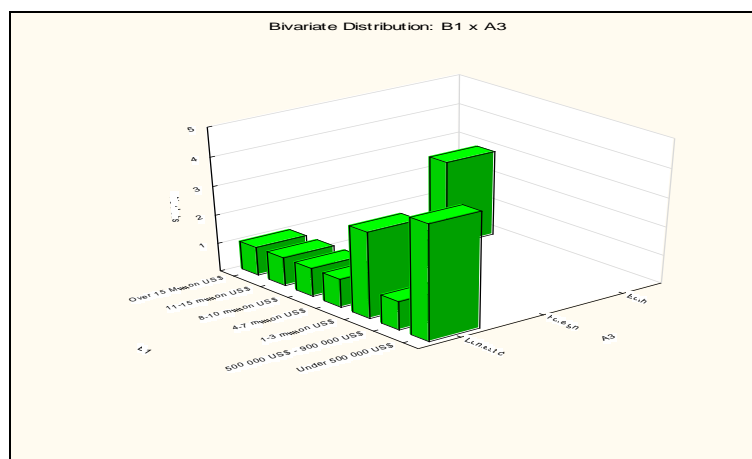


Figure 6.12 Bivariate distribution between origin of ownership and firms' turnover

Table 6.26 Chi-square test between origin of ownership and firms' turnover

Statistic	Statistics: B1(7) x A3(3) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	18.33333	df=12	p=.10594
M-L Chi-square	15.22214	df=12	p=.22951
Phi	1.070436		
Contingency coefficient	.7307398		
Cramér's V	.7569126		

The above table 6.26 shows that there was no link or relationship between the types of firm (A3) and the turnover level (B2). The previous page provided the interpretation and pertinence of the above two variables in figure 6.12 by explaining better origin of ownership (A3) and the turnover level (B2) in terms of firms' survival and competitiveness. Since the Chi-square had a $p > 0.05$, it was clear that there was no relationship between types of firms and turnover level. This means that the types of firm (A3) and the turnover level (B2) were not statistically significant; and also showed that there was no influence between the types of firm (A3) and the turnover level (B2) for firms to survive and remain competitive. The two variables did not contribute in the same proportion to the firms' survival and competitiveness. Thus, its implication is that turnover level did not depend on types of firms to boost firms' performance and keep doing well. It is important to note that the above findings showed that most of the firms were dominated by domestic firms with a turnover of under 500 000 US\$ and joint-ventures with a turnover of 11-15 million US\$.

⁵ This figure provides similar information that contained in a cross-tabulation, in graphical format.

One of the pertinent questions arising from the above findings was to understand which firms succeeded or failed? What were the differences in their characteristics which might explain this? Were these firms the unionized ones? Responding to the question, the researcher referred to the classification of the firms, their turnover level, their profit level and export level.

The first classification (small firm) was characterized by a turnover between under 500 000 US\$ and 500 000 US\$ - 900 000 US\$ where one (1) out of five (5) firms improved its turnover while two (2) out of five (5) firms remained stable and another two (2) out of five (5) firms had decreased their turnover. Two (2) out of five (5) firms improved their profit level while three (3) out of five (5) firms stabilized their profit level. All five (5) firms were unionized. Lastly, three (3) out of five (5) exported. This means that most of the firms in this classification had a good turnover and the majority of the firms had been involved in unions. Also, the majority of these small firms performed quite well, considering their profit level and export level. The implication of the above findings was that three (3) out of five (5) firms were able to respond to the different problems as their turnover had improved or remained stable, which helped firms to survive and remain competitive during the period 2005 to 2010. Furthermore, these firms complied with best labour practice as all the firms were involved in union. In brief, these small firms did perform well as they succeeded in improving their profit level and penetrating the international market.

The second classification (medium firm) was characterized by a turnover between 1-3 million US\$ and 4-7 million US\$ where only one (1) out of four (4) firms improved its turnover while another one (1) out of four (4) firms remained stable and one (1) out of four (4) firms experienced a decrease in turnover. One (1) firm did not respond to this question. In this classification, only two (2) out of four (4) firms were involved in union. Lastly, all four (4) medium firms exported. This means that most of the firms in this classification had a good turnover level and only some of the firms were involved in unions. Also, all these medium firms performed quite well considering their profit level and export level. The implication of the above finding was that two (2) out of four (4) firms were able to resolve their different problems as their turnover improved or remained stable, thus helping the firms to survive and remain competitive during the period under review. These medium firms complied with the best labour practice as some of the firms were involved in unions. In brief, these medium firms did perform well as they succeeded in improving their profit level and penetrated the international market.

Lastly, the third classification (large firm) was characterized by a turnover of between 8-10 million US\$; 11-15 million US\$ and over 15 million US\$ where five (5) out of seven (7) firms improved their turnover while another two (2) out of seven (7) firms stabilized their turnover. In this classification, all seven (7) firms were unionized. Lastly, all these large firms exported. This means that the majority of the firms in this classification had a good turnover level and all the firms had been involved in unions. Furthermore, all these large firms performed quite well considering their profit level and export level. The implication of the above finding is that all these firms were able to respond to the different problems as their turnover improved or stabilized thus helping firms to survive and remain competitive during the period 2005 to 2010. Also these firms complied to best labour practice as all the large firms were involved in union. In brief, these large firms performed well as they succeeded in improving their profit level and penetrating the international market.

As suggested by Rodrik (1999a), this could be due to Mauritius having chosen a strategy of trade liberalization that was unusual and that effectively segmented the export and import competing sectors. Through a policy of heterodox opening, Mauritius ensured that the returns to the export sector were high, effectively segmenting its export sector from the rest of the economy and preventing a restrictive trade regime from spilling over into this sector. This combination ensured that the returns to the export sector remained sufficiently high to prevent domestic resources from being diverted to its inefficient import competing sector.

But, Subramanian (2009:8) adds that Mauritius' growth performance was due to the rapid growth of its trade - and begs the next obvious question: how did trade grow as much as it did? Three explanations have been offered. The first, due to Sachs and Warner, is that the Mauritian trade policy was open. They further indicate that one of the key determinants of long-run growth is a country's trade policies (Sachs & Warner, 1995:1997). The second, due to Rodrik (1999a), is that the Mauritian trade policy was heterodox: involving segmentation with imports being 'closed' and exports relatively open. The third explanation is due to Romer (1993) who emphasizes Mauritius' openness to FDI and its favourable consequences. Thus, quantitative restrictions and high tariffs reduced the size of a country's total trade. An import tax reduces exports by raising the cost of inputs - which makes exports less competitive in world markets.

6.2.5.7 Output level of the firms (G1)

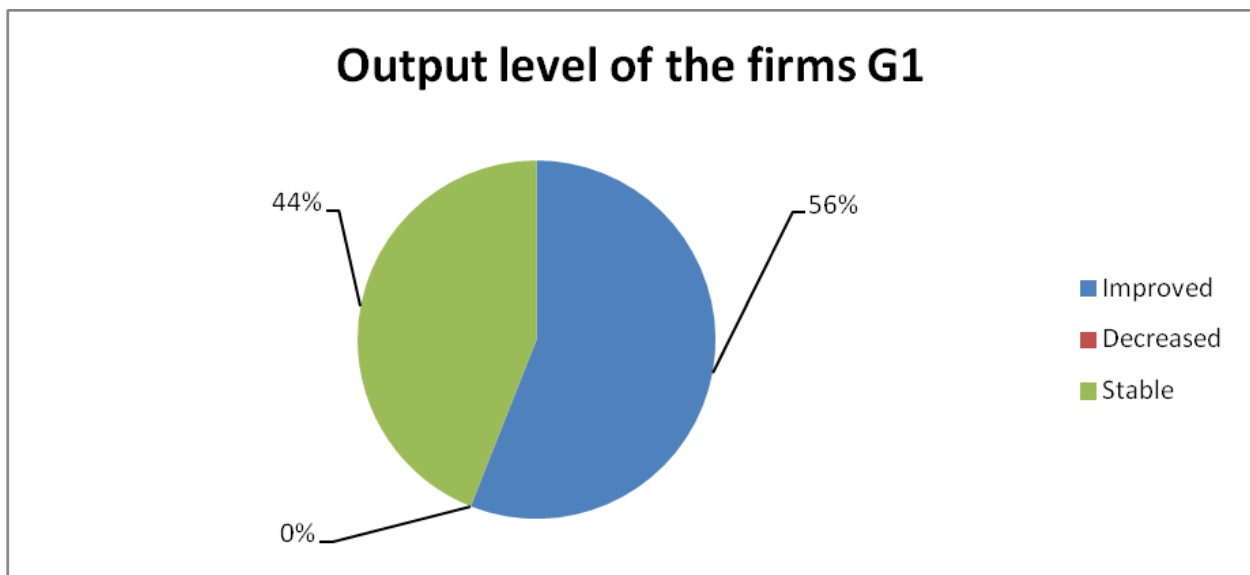


Figure 6.13 Output level of the firms

The above figure 6.13 shows that nine (9) out of sixteen (16) firms increased their output level during the period 2005 to 2010 which represented 56% of the firms. The researcher also found that none of the firms had decreased its output level and only seven (7) out of sixteen (16) firms stabilized their output level during the period under review which represented 44% of the firms. This means that most of the firms experienced an improvement of their profit level. The output level is considered to be an important measurement of firms' performance in this study, but is also a good indicator of firms fulfilling their objectives for growth and prosperity. The output

level is an important indicator of firms' performance; and, as the second objective of this study, tried to understand and critically analyse the two alternative strategies (labour issues and value added production paradigm) by looking at and comparing the actual performance of the textile and clothing industry in the Southern African Region (SAR).

One of the questions raised by the above observation was to understand which firms were doing well. The researcher proposed to look at the overall performance of these firms by using only the output level and the classifications. Concerning the first classification (small firm), two (2) out of five (5) firms improved their output level while the other three (3) out of five (5) firms stabilized their output level. This means that most of the firms in this classification ameliorated their output level. The implication of the above findings was that these firms performed quite well due to their improved output level whilst simultaneously stabilizing the latter simultaneously.

In the second classification (medium firm), two (2) out of four (4) firms improved their output level while another two (2) out of four (4) firms stabilized their output level. This means that most of the firms in this classification ameliorated their output level. The overall performance in the second classification was quite good. The implication of the above findings was that the improvement and stability of the output level were important indicators for firms' performance and competitiveness.

In the third classification (large firm), five (5) out of seven (7) firms improved their output level while another two (2) out of seven (7) firms stabilized their output level. This means that most of the firms in this classification ameliorated their output level. The overall performance in the third classification was quite good. The implication of the above findings was that improvement and stability of the output level were important indicators for firms' performance and competitiveness.

6.2.5.8 Profit level of the firms

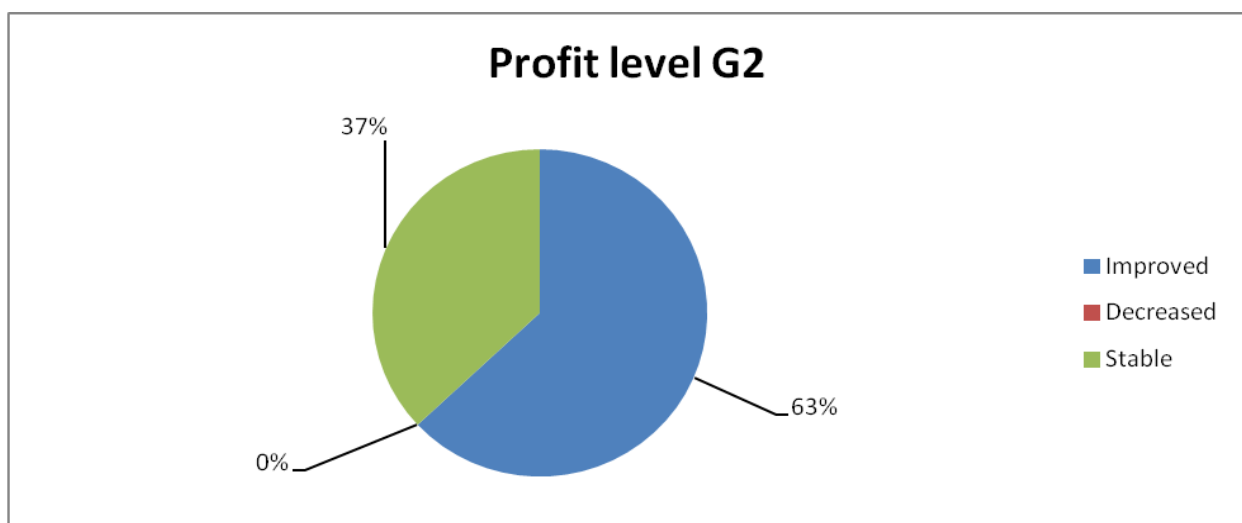


Figure 6.14 Profit level of different firms

Figure 6.14 shows that ten (10) out of sixteen (16) firms increased their profit level during the period 2005 to 2010 which represented 63% of the firms. The researcher also found that there were no firms which experienced a decrease in their profit level and another six (6) out of sixteen (16) firms stabilized their profit level during the period under review which represented 37% of the firms. This means that all sixteen (16) firms performed quite well in this study as they experienced an improvement or stability in their profit level. It is important to note that profit level is an excellent indicator of firms' good performance, success and competitiveness. All sixteen (16) firms were in a good position (financially) to expand and undertake additional activities and develop during the period 2005 to 2010 - as their profit level had improved or remained stable. This profit level helped to provide more information about firms which were doing well and those which were not doing well. This indicator tried to respond to one of the objectives of this study which sought to analyse and better understand the extent and implications of these findings, and how to contribute to industrial success.

In addition to the above, the researcher remained critical regarding how these different firms performed. Concerning the first classification (small firms), the result was quite interesting and positive as compared with the previous chapter, as two (2) out of five (5) firms increased their profit level while none of the firms declared that they had experienced a decrease in profit level; and the last three (3) out of five (5) firms stabilized their profit level. This means that all these small firms performed quite well as their profit level improved and remained stable during the period 2005 to 2010. The implication of the above finding was that an improvement or stability of the profit level in the firms provided them with the capacity to continuously expand in different respects and respond to the different needs of the firms: as, per example, improving training and skills; and upgrading the productive infrastructures, etcetera by performing well and remaining competitive.

In the second classification (medium firm), the results were similar to the above findings as two (2) out of four (4) firms improved their profit level while another two (2) out of four (4) firms stabilized their profit level. This means that all these medium firms performed quite well as their profit level improved and they had remained stable during the period 2005 to 2010. The implication was that these medium firms had the financial capacity to continually attend to their daily activities/expenses.

Concerning the last classification (large firm), the findings showed that six (6) out of seven (7) firms improved their profit level while only one (1) firm stabilized its profit level. This means that all the large firms performed quite well as their profit level improved and remained stable during the period 2005 to 2010. The implication was that these large firms had the capacity to continue to carry out their daily activities and respond to the different needs of the firms, such as improving training and skills and upgrading the productive infrastructures, etcetera by performing well and remaining competitive.

6.2.5.9 Cross-tabulation between output level (G1) and profit level (G2)

Table 6.27 Cross-tabulation between output level and profit level

	Summary Frequency Table (data (2) MAURITIUS) Marked cells have counts > 10 (Marginal summaries are not marked)			
	G1	G2 Improved	G2 Stable	Row Totals
Count	Increased	9	0	9
Total Percent		56.25%	0.00%	56.25%
Count	Stable	1	6	7
Total Percent		6.25%	37.50%	43.75%
Count	All Grps	10	6	16
Total Percent		62.50%	37.50%	

The above table 6.27 and figure 6.15 below show the output level (G1) distribution compared with the profit level (G2). It is important to understand the distribution of the output level (G1) in the textile and clothing industry with the profit level in this study (G2) because the above findings gave a clear indication of how firms had performed and how sustainable this sector would be in the future. Table 6.27 revealed that increased output level (G1a) was predominant in improved profit level (G2 a) which represented 100% of both improved profit level (G2 a) linked to increased output level (G1 a). This means that output level was an important factor in influencing the profit level. The findings provided some important details about improving the output level, which resulted in the improvement of the profit level and also helped firms to have increased revenue and capacities so as to respond to various problems regarding their survival and competitiveness. The above findings help us to understand how much influence the increased output level has contributed to the various textile and clothing firms by improving and stabilizing their profit level.

Furthermore, the same table shows that a stabilized output level (G1 c) was predominant in regulating the profit level (G2 c) as a stabilized output level (G1 c) represented 86% and 14% respectively for stabilized (G2 c) and improved profit level (G2 a). This means that the stability in the output level resulted in the stability of the profit level in most of the firms. The researcher observed that most of the firms in this study performed satisfactorily. The implication of this situation was that most of the firms in this study revealed their capacity to resolve problems. This situation was a clear indication of these firms' performance and sustainability.

6.2.5.10 Bivariate distribution⁶ between output level and profit level

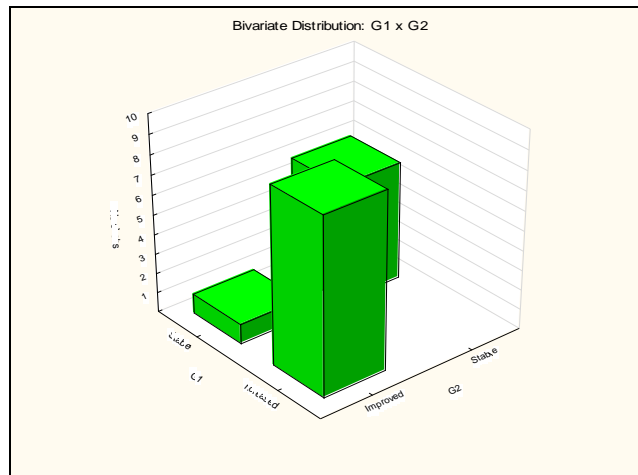


Figure 6.15 Bivariate distribution between output and profit level

Table 6.28 Chi-square test between output level and profit level

Statistic	Statistics: G1(2) x G2(2) (data (2) MAURITIUS.sta)		
	Chi-square	Df	p
Pearson Chi-square	12.34286	df=1	p=.00044
M-L Chi-square	15.42840	df=1	p=.00009
Phi for 2 x 2 tables	.8783101		
Tetrachoric correlation	.9603736		
Contingency coefficient	.6599120		

Table 6.28 shows that there was a link or relationship between the output level (G1) and the profit level (G2). Since the Chi-square had a $p < 0.05$, it was clear that there was a relationship between the output level and profit level. This means that the output level (G1) and the profit level (G2) were statistically significant, also revealing that there was an influence between the output level (G1) and the profit level. This means that these two variables helped firms to survive and remain competitive. Thus, the implication is that these two variables helped firms to boost their performance and keep doing well. There was a clear link as the increased output level (G1a) was predominant in the improved profit level (G2 a). The cross-tabulation showed that the increased output level (G1 a) represented 100% of the improved profit level (G2 a). This means that output level was an important factor influencing the profit level. Other findings showed that 63% of the firms in this study improved their profit level while 56% of the firms in this study increased their output level. The implication of the above finding is that there was a relationship

⁶ This figure provides similar information to that contained in a cross-tabulation, in graphical format.

between the output level and the profit level, as these two indicators helped proportionately to perform quite well, survive and remain competitive. Briefly, the overall performance of these sixteen (16) firms was quite good as these firms had succeeded in improving or stabilizing their profit level or output level during the period 2005 to 2010, thus contributing to most of the firms' survival and ability to remain competitive.

6.2.5.11 How old is the machinery? (J11)

Table 6.29 Frequency table for the age of the machinery

N=16 Category	Frequencies (Identical resp. were ignored) (data (2) MAURITIUS.sta) Variable: J11_1 (Multiple Dichotomy; count value: 1)		
	Count	Prcnt. of Responses	Prcnt. of Cases
J11_1 (Less than 10 Years)	11	57.89	68.75
J11_2 (10-19 Years)	7	36.84	43.75
J11_3 (20-29 Years)	1	5.26	6.25
J11_4 (30-39 Years)	0	0.00	0.00
J11_5 (40-49 Years)	0	0.00	0.00
J11_6 (Above 49 years)	0	0.00	0.00
Totals	19	100.00	118.75

The above table 6.29 shows that 58% of the respondents had machinery less than 10 years old (J11-1); while 36% of the respondents had machinery between 10-19 years old (J11-2); 5% of the respondents had machinery between 20-29 years old (J11-3); none of respondents had machinery between 30-39 years old (J11-4) and lastly, none of the respondents had machinery that was more than 49 years old (J11-6). This means that the textile and clothing industry in this study was dominated by firms which updated their machinery and equipment. Another interesting finding was that the first two categories represented above constituted 95% of the firms in which most had machinery and equipment that was less than ten (10) years old and between ten (10) and nineteen (19) years old.

The implication of the above findings is that the more firms acquired or bought new machinery, the more there was a positive impact on productivity and thus on performance overall. These above findings are very important as they relate to one of the objectives of this study regarding the textile and clothing industry's performance and sustainability. It is necessary to understand that the competitiveness and sustainability of firms require new machinery to face this East Asian low-cost competition. The result shows that the majority of the firms bought new machinery to help them perform well and compete internationally. As indicated above, more attention is placed on categories of machinery less than 10 years old and between 10-19 years which represents the majority of the firms in this investigation.

6.2.5.12 What can be done to promote sustainability and competitiveness?

The most common responses to the above question were the following: Developing new products, quality and branding of products; Creation of new model, training of staffs to learn new techniques; Promotional campaigns, varied products; Consistent quality; need of new technology; More aggressive marketing, improved quality, consistent reliability and flexible production; Improving quality, more modern equipment and training of workforce; Financial and logistical help from government to give training to small and medium enterprises so as to help to promote sustainability and competitiveness; Training, rebranding, marketing, advertising on a regular basis; acquisition of skilled labour, cutting-edge technology, emphasis on quality; To renew branding and design constantly with affordable price; Consistent quality and management commitment, clients are treated as “partners”.

6.2.6 Issues related to government involvement

This sub-section has six important points related to government involvement.

6.2.6.1 Are the firms depending on governmental incentives to export? (K1)

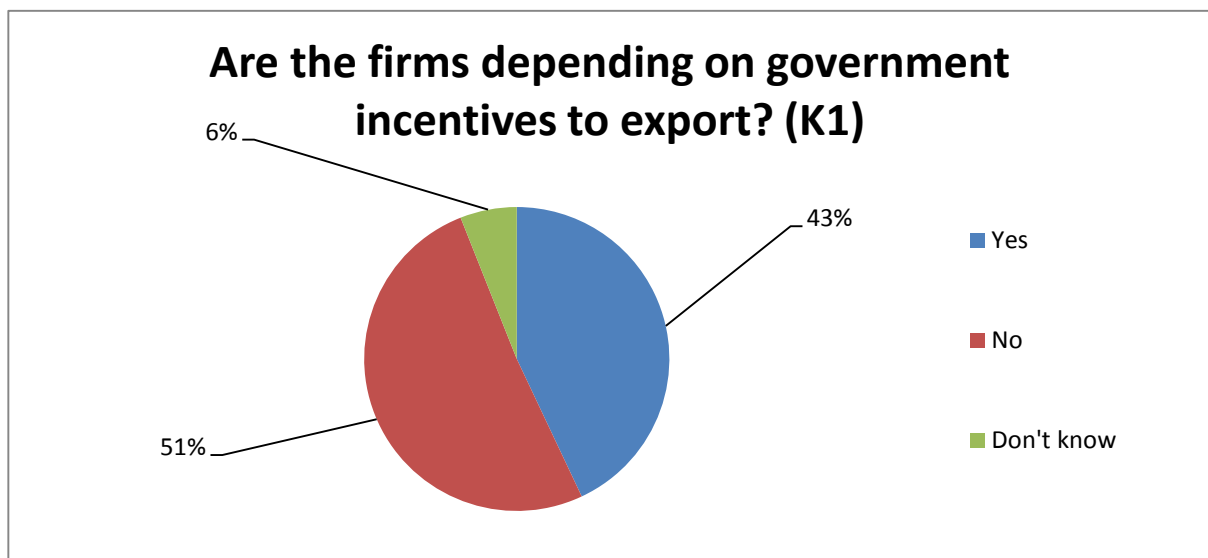


Figure 6.16 Firms' dependence on governmental incentives for export

Figure 6.16 above shows that seven (7) out of sixteen (16) firms depended on government incentives to export (K1) which represented 43% of the firms; while eight (8) out of sixteen (16) did not depend on governmental incentives to export which represented 51% of the firms; and only one (1) out of sixteen (16) firms declared that they didn't know.

This means that most of the firms in this study succeeded in exporting and had governmental incentives to do so. The result showed that government played an important role in their economic activity and should continue to stimulate the local industry to continue exporting. All sixteen (16) firms exported internationally as shown in the previous sections. In the first classification, three (3) out of five (5) firms exported to the SADC countries while in the second classification all four (4) firms exported to the EU; and lastly, all seven (7) firms in the third classification exported to the SADC, EU and the US. One of the objectives of this study was to explore the implications of the above findings for key stakeholders and to access methods of how to promote competitiveness and sustainability of the textile and clothing industries. There is an urgent need for government to put in place effective measures so as to continue stimulating these firms to export.

In addition to the above findings, the researcher found that twelve (12) out of sixteen (16) firms had different kinds of governmental support to improve wealth (J10) which represented 76% of the firms while only four (4) out of sixteen (16) firms did not have any kind of governmental support to improve wealth (J10). Government intervention is needed to keep firms competitive as government is an important player in economic activity by protecting, legislating, monitoring and stimulating the local industry.

6.2.6.2 In which ways (positive or negative) has government impacted on your firm. What more could/should they be doing? (K2)

This sub-section only deals with three important points related to government impacts on firms.

6.2.6.2.1 Positive ways in which government has impacted on firms are as follows:

The most common responses to the above question were the following: Stimulus package, tax cutting and formation; Loan incentives for small and developing enterprises; Training, loan incentives; Reducing tax, training, stimulus package; Through the organisation of promotion missions; Participating in several road shows organised by government; Skilled labour and flexible labour regulations; Stimulus package, tax production, tax agreement with foreign countries; Government playing a major role in helping textile industries by negotiating heavily with buyer governments; government should help more in cutting taxes, subsidizing raw material and helping foreign markets to buy from Mauritius; Tax incentives, extensive promotional campaigns abroad; Facilitation as regards using foreign labour inputs; reduction of tax.

6.2.6.2.2 Negative ways in which government has impacted on firms are as follows:

The most common responses to the above question were the following: tax incentives; poor communications; not being kept updated on the current world economic market.

6.2.6.2.3 What should government do?

The most common responses to the above question was the following: Encourage us by giving us new incentives to stimulate our workforce; More stimulus package, more incentives; Give more loans with low interest rate to SME; more loan incentives and better communications; More tax agreements with foreign countries should be signed; Tax deductions are being offered to foreign buyers; Negotiate with emerging markets; Market awareness and better communications with private sector.

6.2.6.3 Are you aware of possible assistance from the Department of Trade and Industry? (K3)

The findings revealed that only fourteen (14) out of sixteen (16) firms questioned were aware of possible assistance from the DTI (K3). This represented 88% of the firms while two (2) out of sixteen (16) firms did not respond to the above question (which represented 12% of the firms). This means that the majority of the firms in this study were aware of possible assistance from the Department of Trade and Industry. The reason why this created more awareness is important as it would assist all firms to do well. An on-going communication between industry or firms and governmental support agencies is required for the promotion of the local industry. The implication of the above finding is that more communication in terms of facilities and other assistance should stimulate firms to improve their daily performance and boost their competitiveness.

6.2.6.4 Have you previously or are you currently accessing assistance from the Department of Trade and Industry? (K4)

The findings here revealed that fourteen (14) out of sixteen (16) firms were previously or are currently accessing assistance from the DTI (K4) which represented 88% of the firms and two (2) out of sixteen (16) firms were not previously or currently accessing assistance from the DTI which represented 12% of the firms. This means that the majority of the firms in this study were previously or are currently accessing assistance from the Department of Trade and Industry. This is why creating more awareness is important so as to assist all the firms in doing well. An on-going communication between industrial firms and governmental agencies for support is required for the promotion of the local industry. The implication of the above finding was that more communication in terms of facilities and other assistance should stimulate firms to improve their daily performance and boost their competitiveness.

6.2.6.5 What is working between these workforce adjustments and value-added production paradigm to keep your firm sustainable and competitive?

The most common responses to the above question were the following: amelioration or mixture of the tax positively helps small factories like ours; Incentives that the government is giving to small and medium enterprises is helping to keep the textile industry going satisfactorily; We produce garments of high quality at minimum costs; value added helps the company to be competitive; More governmental incentives, more stimulus package; We focus on improving quality, reliability, value for money regarding prices and great flexibility in production; Better quality of products, Shorter lead times and flexibility of production; Making quality products

and getting more help from the government; value added helps; As part as our marketing and export strategy, our innovative products regarding price and quality will keep our firm sustainable and competitive; Advertising and marketing of the Department of Trade and Industry at internal level is helping to keep the industry sustainable and competitive; Our exposure to the international scene is helping a lot; Above average quality and marketing have given us a good reputation, opening up markets and thus keeping us competitive; Using foreign labour maintains competitiveness and compensates for lack of skills.

This means that value added production paradigm has been used to maintain the firm's survival and competitiveness. However, there have been a number of other factors contributing to the firms' competitiveness, survival and sustainability. The question (what is working between these workforce adjustments and value-added production paradigm to keep your firm sustainable and competitive?) refers to one of the propositions of the study that firms are facing a stark choice between labour repression and high value added production paradigms. This implies that the firms' choice between retrenchment or value added production paradigm (or using both together) depends on one firm's strategy as opposed to that of another; and, that they are not correlated, as almost all of the firms in this study were involved in value added production paradigm and only one (1) out of sixteen (16) firms was involved in workforce retrenchment.

The implication of these two strategies or production paradigms plays an important role in the firms' survival and competitiveness. But retrenchment can only be used for a short period as a curative or preventive strategy while value added production paradigm is continuously and permanently part of the daily activity of the firm. Also, there were a number of other factors which played an important role in firms' survival and competitiveness. These factors were the following: consistent quality, marketing, advertising and more importantly the government role to promote the local industry so as to remain competitive; but also by providing stimulus packages and different incentives to ensure the firms' survival.

6.2.6.6 What should be done to improve things? Please add a suggestion regarding how to remain competitive during the period 2005 to 2010 (K6)

The most common responses to the above question posed to firms' representatives were the following: Trade relationship with other countries should be established to promote our products; bilateral agreements with these countries should be established to facilitate the entry and processing of documents and tax should be revised each year to assess the company's state of finance; More seminars on new techniques of operation and management should be promoted; Tax incentives to small and medium enterprises and no taxes on machineries and raw materials; export, foreign investment, modern machinery and skilled labour; Modern equipment; Improved quality, more access to finance, more access to technical support, help in marketing to new markets and improved access to new material; Research into new products, more aggressive marketing, more investment in modern equipment and easier access to finance; The government of Mauritius needs to give more facilities to small and medium enterprise in terms of loans, tax deductions and incentive schemes to foreigners to buy from us; make labour laws more flexible and include skilled labour; The government should be more lenient on taxes and give more incentives to textile industries; Improved communication between government, syndicates and

textile industry; government should give more tax incentives to foreign buyers; More forums should be organised to boost national and international sales; Improved relationship with emerging countries and more interaction between the state and textile industries; review and make labour laws more flexible in a win-win manner for both employer and employees, Reinforce branding and goodwill as committed “partners” in trade; tax cuts.

It would seem from the responses that a number of things needed to be done to improve matters. The implication is that the textile and clothing industry in this study was doing fairly well, as fourteen (14) out of sixteen (16) firms exported internationally; nine (9) out of sixteen (16) firms improved their output level while seven (7) out of sixteen (16) firms stabilized their output level. Ten (10) out of sixteen (16) firms improved their profit level while another six (6) out of sixteen (16) firms stabilized their profit level. But one of the major concerns about the poorly performing local firms is that government should continue to help these firms to survive and remain competitive. Thus, government intervention is needed to save jobs and to continuously put in place measures to create and promote jobs, as the majority of these above firms contributed enormously to Mauritius’ economic activity.

6.3 Other findings

The other findings about the sustainability and competitiveness of the textile and clothing industry in Mauritius were very pertinent and complex. The researcher observed that only one firm retrenched its workforce to save money in the production process. The study discovered a strong labour union with wage negotiations being conducted in bargain council. But the majority of the firms in this study were focussed on value-added production paradigm as it contributed to their survival and competitiveness in the face of increased low-cost competition from Asia. The findings revealed that the majority of firms relied on the following characteristics: design, marketing, consistent quality, product specialization and research and development for their survival and competitiveness.

Any Mauritian firm hoping to survive competition from Asia in the new post-quota world needed a strategy which embraced four key goals: Provide total package solutions to garment retailers, from sourcing fabric and trim to packaging and shipping; Improve speed-to-market and cut lead-times for fashion items; Increase vertical integration by expanding into other parts of the textile and garment supply chain, including yarn spinning and fabric production; Move into higher margin products and services (McNamara, 2008:48). He further indicates that Mauritius sees its future as competing with the fashion-led European and Turkish manufacturers, rather than the high-volume low-cost producers of Asia. Central to that strategy is the production of higher margin, more expensive items (as described by David White, an adviser to Mauritian-owned manufacturer cut-make-trim) (CMT): “We will be beaten in the bottom-range clothing market (McNamara, 2008:50).

The strategy currently adopted by the more successful Mauritian suppliers’ places emphasis on added value. The greater number of stages of in-house production involved in making a garment (such as printing, embroidery, enzyme-washing), in addition to the basic cut-make-trim stage, the more value added is captured (McNamara, 2008:56).

In this new environment, RATES (2005) suggests that emphasis should be placed on product differentiation, as Mauritius can no longer compete in terms of price. To achieve product differentiation, firms need to invest in new technology, adopt a comprehensive modernisation programme, intensify marketing efforts and engage in proper market research. The industry also needs to be fully integrated and efficient logistics management needs to be promoted. Lastly, Mauritian firms need to aim at clustering which could provide a solution towards more value-added quality products and reduced lead-time. The future will lie in embracing innovative practices and focussing on value creation and the promotion of regional trade as well as the formation of strategic alliances (RATES, 2005:42).

6.4 Conclusion

This study explored the competitiveness of the textile and clothing industry in Mauritius with special attention to firms operating in Port Louis, Quatre Bornes, Coromandel, Mangalkhan, and Phoenix. This study sought to explore what underpins a firm's survival in the Mauritius textile and clothing industry by looking at what works in the industry, how it works and what can be done to ensure that things in the industry in the future?

Findings revealed the pertinence of the involvement in best labour practice and value added production paradigm to promote competitiveness and keep firms' survival. The researcher also found five important people management approaches such as soft HRM and hard HRM, labour repression, the paternalist or African model and lastly a mix-match one approach.

In brief, the findings found three predominant HR approaches used in this study which are the following: mix approach, soft HRM and hard HRM. Other findings showed that the majority of the firms in this study were unionized; all the firms provided training and developmental activities; all the firms had a work council; made use of team working, staff notice-board, team briefing and suggestion boxes. In addition to the above, only one (1) out of sixteen (16) firms was involved in labour cost cutting. Also, the majority of the firms in this study had a reward system regarding performance based pay. The same findings revealed that the majority of the firms in this study consistently used best labour practice to promote competitiveness but only one (1) firm was involved in retrenchment of its labour force as a curative or preventive strategy to reduce production costs and survive. HR policies relate to competitiveness as an important indicator of best labour practice on how to respond to an important requirement of customer.

Concerning HR practices, the findings from the first classification (small firm) revealed that all the small firms were domestic. This classification consisted of only five (5) firms. HR practices played an important role in firms' survival and competitiveness in this study as all the firms were not involved in retrenchment or redundancy of their workforce; all the firms provided training and development activities; four (4) out of five (5) firm had a contingent pay or reward system; all the firms were unionized; all the firms had a work council or participative strategies and four (4) out of five (5) firms made use of team working or simple involvement. This means that HR practices were an important factor contributing directly or indirectly to firms' competitiveness in this study. The study showed the predominance of only three HR approaches used to help firms

survive and remain competitive. Both mix-approach, soft HRM and hard HRM contributed directly or indirectly to firms' good performance. In brief, HR practices are related to firms' performance and further investigation or more tests are needed to help understand the causal relationship between HR practices and firms' performance, because only a single test, or Chi-square test, was used in this study (but did not reveal sufficient information).

Concerning HR practices, in the second classification (medium firm), the findings revealed that all the medium firms were domestic. This classification consisted of only four (4) firms. HR practices played an important role in the firms' survival and competitiveness in this study as not all the firms were involved in retrenchment or redundancy of their workforce; all the firms provided training and development activities; all the firms had a contingent pay or reward system; two (2) out of four (4) firms were unionized; all the firms had a work council or participative strategies and all the firms made use of team working or simple involvement. This means that HR practices were an important factor contributing directly or indirectly to the firms' competitiveness in this study. The study showed the predominance of only three HR approaches used to help firms survive and remain competitive. Both mix-approach, soft HRM and hard HRM contributed directly or indirectly to firms' good performance. In brief, HR practices are related to firms' performance and further investigation or more tests are needed to help understand the causal relationship between HR practices and firms' performance, as only a single test, or Chi-square test was used in this study but did not reveal sufficient information.

Finally, concerning HR practices in the last classification (large firm), the findings revealed that large firms were diverse with both domestic firms, foreigner-owned firms and joint-venture firms. This classification consisted of seven (7) firms only. HR practices played an important role in the firms' survival and competitiveness in this study as only one (1) out of seven (7) firms was involved in retrenchment or redundancy of its workforce; all the firms provided training and development activities; six (6) out of seven (7) firms had a contingent pay or reward systems; all the firms were unionized; all the firms had a work council or participative strategies and all the firms made use of team working or simple involvement. This means that HR practices were an important factor contributing directly or indirectly to the firms' competitiveness, as shown by this study. The study showed the predominance of only three HR approaches used to help firms survive and remain competitive as they put workers first which boosted firms' productivity and competitiveness. Both mix-approach, soft HRM and hard HRM contributed directly or indirectly to the firms' good performance. In brief, HR practices are related to firms' performance and further investigation or more tests are needed to help understand the causal relationship between HR practices and firms' performance, as only a single test, or Chi-square test was used in this study but did not reveal sufficient information.

In addition to the above, most of the firms were unionized, made use of quality circles and had a work council, as well as an important body and channels to examine the overall HRM or labour issues. As indicated above, unions played an important role in a firm by reviewing working conditions, wage-related matters and through negotiation with corporations, businesses and other organizations on behalf of its members. This contributed directly or indirectly to firms' performance. On a different note, training and development activity helped improve skills'

capability, workers' knowledge, productivity and efficiency which directly helped firms perform well. Reward systems remained an important motivational source for workers' involvement, helping to improve product quality and workers' behaviour which also directly contributed to organizational performance. On the other hand, work council helped to deal with matters related to the company as follows: internal conflict, reduced absenteeism which impacted positively on productivity, thereby contributing towards organizational performance. Lastly, the quality circles provided the various firms with an important channel for communication, as well as increasing workers' participation which also helped these firms to perform well.

The findings in this study revealed that most of the firms were involved in best labour practices as these firms provided training and developmental activities, reward system, union involvement, quality circles, work council, etc. Linked to indicators of performance, some variables showed the relationship between HR practices and firms' performance. Lastly, the Chi-square test between different HR practices and indicators of performance, did not give more details about their relationship. This is the reason why further investigations, or tests, are required to discover whether HR practices are related to firms' performance as, in this study, only export level and union involvement demonstrated a possible relationship between HR practices and firms' performance. In brief, the foundation of competitiveness in an industry which has experienced severe crisis can be explained or is related to HR practices.

In the case of Mauritius, the findings revealed that the overall performance of the sixteen (16) firms was good in this study as their profit level and export level were good during the period 2005 to 2010. None of the firms in this study were involved in labour repression practices and none of the Mauritius firms in this study survived. The small firms were dominated by local firms producing for their local market firstly; while some of these small firms exported to the international market, all the small firms were using value added production paradigm, performing quite well and complying to the best labour practices. Thus, the overall performance of these small firms was good as most of the firms improved or stabilized their profit level during the period 2005 to 2010; and none of the firms was involved in labour cost cutting or retrenchment in the first classification. In brief, these small firms were competitive, created jobs and contributed to the economic activity of the country. The Mauritius government should continue to support them and boost their export level and competitiveness as they have contributed to job creation and economic activities.

The medium firms were also dominated by local firms that produced for their local market firstly. Additionally, all these medium firms exported to the international market, used value added production paradigm, performed quite well and complied to the best labour practice. Thus, the overall performance of these medium firms was good as most of these medium firms improved or stabilized their profit level during the period under review and none of these firms was involved in labour cost cutting or retrenchment in this second classification. In brief, these medium firms were competitive, created jobs and contributed to the economic activity. The Mauritius government should continue to support them and boost their export level and competitiveness as they contributed to job creation and to the economic activities.

The large firms were diverse and consisted of locally-owned firms, foreigner-owned firms and a joint-venture. All these large firms first produced for their local market only. Thereafter, all these large firms also exported to the international market. All the large firms used value added production paradigm, performed quite well and complied to the best labour practice. Only one (1) out of seven (7) large firms was involved in labour cost cutting or retrenchment of the workforce. Thus, the overall performance of these large firms was good, since the majority improved or stabilized their profit level during the period 2005 to 2010. In brief, these large firms were competitive, created jobs and contributed to economic activity. The Mauritius government should continue to support them and boost their export level and competitiveness as they have contributed to job creation and economic activities. In brief, best labour practices helped firms to remain competitive and relied on the following characteristics: design, marketing, consistent quality, product specialization and research and development.

Other findings revealed that government intervention was needed urgently in order to improve things by building capacity; improved policies; promoting local industry and stimulating productivity and export. The sector under investigation greatly contributed to increased national economic development and played a key role in GDP formation, investment, foreign exchange earnings, exports and employment creation. According to Joomum (2006:210), the Mauritian textile and clothing industry has to become more efficient, productive and quality-oriented despite the rising costs of production. All efforts from stakeholders of the sector should be focused towards this goal. Some producers have already stated that the only solution was to move up-market or to find a niche market. There were also calls from suppliers for high quality products while other competitors were producing lower quality goods but in large quantity. The success of the textile and clothing industry therefore lay in the capacity of all stakeholders to rapidly adapt to the changing economic environment and on their will to meet new challenges.

Governmental intervention should include the following measures to promote the textile and clothing sector's survival and competitiveness such as: fiscal incentives; improved communication between government, syndicates and the industry; review and make labour law more flexible in a win-win manner for employers and employees; provide affordable energy; help continuously in skills' development and technology upgrading; create appropriate environmental strategies; more stimulating package; extensive promotion abroad; facilitate using foreign labour inputs; governments needed to give more facilities to small and medium enterprises; more investment in modern equipment, etcetera. Furthermore, governments should stimulate the textile and clothing firms to export. China's penetration in Africa is destroying the local industry. Create more awareness and incentives so that consumers buy local products to promote the local industry. Promote and stimulate nationwide the production of cotton.

In conclusion, HR practices helped to some extent firms in this study to survive and boost their competitiveness. Most of the firms in this study performed very well and this could be due to the fact that HR practices are related to firms' performance. Further investigations or tests are required to investigate whether HR practices are related to firms' performance or not, as export level and union involvement in this study demonstrated a possible relationship between HR practices and firms' performance. Most of the firms in this study were involved in value added production paradigm which helped them remain sustainable and competitive. Most of these

firms were characterized by consistent quality, product specialization, marketing and design. All the firms relied on the following: quality products, price, shorter lead-time for their competitiveness and sustainability. What should be done to ensure that things in the industry will perform efficiently in the future? The next paragraphs provide some suggestions and recommendations from both the respondents and the researcher.

There is a need for government to seek ways in which to improve the implementation of policies on how to control and to curb high levels of illegal imports, including the smuggling of textile and clothing products into the country. This will place a major policy onus on governments and international agencies to provide production capability upgrading assistance to firms (such as firm-level innovation, capital equipment, continuous improvement networks and benchmarking programmes) as well as finance to access technological innovation, stimulate growth productivity and adapt to changing markets (Morris & Barnes, 2008:43).

Furthermore, the researcher recommends the following:

- A need to support and guide firms to comply to best labour practice and help improve existing channels for collaboration between employers, unions and other stakeholders;
- The findings revealed a good relationship between best labour practice and value added production paradigm. This is why the research suggests that more firms become involved in this alternative strategy on how to help firms remain competitive, discouraging any firms that practice unacceptable sub-standard labour practice;
- Keep encouraging successful firms to continue to perform well by providing recognition awards or certificates to boost competitiveness and increase their productivity;
- Continuously protect jobs by providing support and compensatory packages, whilst also promoting the local industry with different measures to help the industry remain competitive.
- Encourage government to help provide the local industry with more facilities in terms of the transfer and upgrading of technology, skills development and more export incentives for firms to become more competitive;
- The findings showed that export level is closely linked to union involvement and that HR practices are therefore related, or in relationship to firms' performance. The researcher therefore proposes that further research and investigation - or tests - be conducted to establish a causal relationship; or whether HR practice is related to firms' performance - as this study was only based on a single test Chi-square test.

In the next chapter, the empirical study and presentation of the Democratic Republic of Congo results are discussed, analysed, presented and interpreted. It also provides the different findings related to this study. Lastly, the researcher proposes some recommendations about the textile and clothing industry competitiveness.

CHAPTER SEVEN: FINDINGS ABOUT THE DEMOCRATIC REPUBLIC OF CONGO TEXTILE AND CLOTHING INDUSTRY

This chapter has five main sections. Section 7.1 is the introduction. Section 7.2 gives the presentation of the textile and clothing sector of the DRC. Section 7.3 presents the fieldwork data. Section 7.4 provides the interview summary and other findings. Section 7.5 is the conclusion and recommendation.

7.1 Introduction

The purpose of this Chapter is to analyse, present and interpret the data obtained from the empirical study. This chapter consists of five main sections. Section one is the introduction. Section two provides a brief presentation of the textile and clothing sector of the DRC. Section three provides the presentation of the data or presents the research findings. Here the researcher discusses the basic details of Société Textile de Kisangani (SOTEXKI), the different trends regarding their performance and the different production paradigms used by the firm by exploring the issues related to labour force and value-added production paradigm. The survival area (firms which have survived or new entrants) in the DRC textile firm is critically analysed and the reasons for their survival and competitiveness are discussed. Section four proposes the different interviews with stakeholders. Section five is the conclusion. The researcher also proposes to make some suggestions about what can be done to ensure that things in the industry will perform efficiently in the future. Briefly, the finding reveals the pertinence of involving best labour practices and value added production paradigm to promote competitiveness and enable the firm to survive.

7.2 Presentation of the textile and clothing sector of the DRC

SOTEXKI was the only operating firm in the sector that survived during the period under review, namely 2005 to 2010. In 2007, UTEXAFRICA closed completely due to inefficiency, high competition and isolation during armed conflicts in country. Owing to war in the DRC from 1996-2003, SOTEXKI produced only a fraction of what they had produced in the 1970s and 1980s. Destruction of main infrastructures leads to cotton shortages. As Mwamayi (2004:22) indicates, the DRC counted several textile and clothing firms such as NOVATEX, SOLBENA, UTEXAFRICA, SINTEXKIN, CPA, FILTISAF, SOTEXKI, CONGOTEX but unfortunately all were progressively destroyed, except SOTEXKI. SOTEXKI was registered to the Congolese Enterprises Federation (FEC). SOTEXKI is located in Kisangani Northern Province of the DRC but its headquarters is in Kinshasa. The DRC depends almost exclusively on the importation of textile and clothing products from China and India.

7.2.1 Sales of the textile and clothing sector in meters (m)

Table 7.1 Sales of the textiles in meters (m)

Years/Rubrique	UTEXAFRICA	SOTEXKI	SINTEXKIN	PAGNES IMPORTES	TOTAL SECTOR
1996	5 166 000	3 380 000	780 000	42 674 000	52 000 000
1997	5 110 000	5 530 000	1 590 000	40 470 000	53 000 000
1998	3 675 000	1 170 000	2 695 000	41 160 000	49 000 000
1999	3 093 000	N/A	2 520 000	36 387 000	42 000 000
2000	2 377 000	N/A	2 353 000	34 489 000	39 000 000
2001	2 229 000	N/A	1 380 000	42 391 000	46 000 000
2002	4 375 000	700 000	3 675 000	26 250 000	35 000 000
2003	4 050 000	3 150 000	5 400 000	32 400 000	45 000 000

Source: Mwamayi (2004:26); UTEXAFRICA: Marketing and Commercial Department.

Table 7.1 above reveals the poor performance of the textile and clothing sector in the DRC. This was characterized by instability and decreased production which resulted in ups and downs as regards the number of meters sold. The quantity of textile produced and sold locally was insufficient for the demands of the population. The instability during the war years profited the East Asian firms who were able to penetrate and dominate the DRC markets with their imported products. In brief, the destruction of the local industry slowly took place. The same table shows that the locally-produced products and sold products from the DRC textile and clothing sector formed less than 30% of the total market consumption. More than 70% of the products consumed and sold locally were from outside of the country. Illustrating the above, table 7.1 shows that in 1996, the locally-produced products and sold products consisted of 9 326 000 meters representing 18% of the total market consumption, while the imported products were 42 674 000 meters representing 82% the total market consumption in the DRC. In 2003, the locally-produced products and sold products were 12 600 000 meters representing 28% of the total market consumption, while the imported products were 32 400 000 meters, representing 72% of the total market consumption in the DRC.

This above situation clearly shows the poor performance and lack of competitiveness of the DRC textile and clothing industry since 1996; and as a result of the situation many firms were forced to close in the face of low-cost competition. The researcher observed that only SOTEXKI survived and continued to operate. It is important to note that SOTEXKI's administration, or siege, is in Kinshasa capital of the DRC, but that all its factories were located in Kisangani, in the Northern Province of the DRC. An interesting observation was that SOTEXKI stopped operating between 1999 and 2001 due to war in Kisangani when it was occupied by both Ugandan and Rwandese armies. These armies destroyed much equipment and facilities. As argued by Mwamayi (2004:26-27), there was a need for drastic measures to protect the local industry from disappearance. Protecting the local industry depended on government prerogatives or obligations. The government also needed to promote the production of the textile and clothing

industry, through a veritable development path, by ceasing to be an economy of speculation - which the DRC's economy had been for a very long time - and had instead become an economy of production. Protecting the local industry was, and remained, a necessity for the economy in the face of a disloyal concurrence or 'sauvage concurrence' as products were subjected to dumping in their countries of origin.

7.2.2 Details of price indicator realized by the Institute for Economic and Social Research (IRES) (base: December 1993=100)

Table 7.2 Price indicator realized by IRES

Period	Market price (Congolese Franc)
	Clothing
2006	1 944 643 055.6
2007	2 627 247 596.0
2008	3 592 767 651.2
2009	4 366 946 042.6
2010	5 084 552 887.1
2011 (January & February)*	1 153 417 606.8

Source: Banque Centrale du Congo (2011:13) and * means only two months covered 2011.

Table 7.2 shows the important contribution this sector made to the economic activity of the DRC. The above table shows that the contribution of the textile and clothing sector to the DRC economy improved during the period under review as the market price in 2006 was 1 944 643 055.6 Congolese Franc compared to 5 084 552 887.1 Congolese Franc in 2010 which represented a significant improvement. This could be due to the fact that June 2010 coincided with the 50th anniversary celebration of the DRC independence. This means that consumption of clothing products in the country has increased each year but the majority of these products came from outside the country. Only a very small quantity was produced locally. Thus, the DRC depended almost totally on outside products which had a major impact on the local industry. Importing products led to deterioration of the sector and consequently many job-losses occurred.

SOTEXKIN continuously played an important role in the DRC economic activity as the firm continued to create jobs, contributing to the GDP and protecting their jobs. Government remained one of the principal buyers of SOTEXKI wax (or pagnes) ordering uniforms for police, the military forces and other governmental uniforms for national occasions. Many Congolese also brought SOTEXKI products. SOTEXKI is the only national firm operating in the sector, having retained only 15% of its operational capacity. This firm faced a serious challenge for its survival which was secured largely by improving the quality of their products. There is an urgent and consistent need for government assistance to help the firm become competitive and to

extend its market destination by exporting goods. The DRC is a beneficiary of the AGOA advantages.

7.3 Presentation of the data

The following findings illustrate the respondents' answers and views well. Firstly, basic details of SOTEXKI are discussed. Secondly, the different trends regarding the performance of SOTEXKI are presented. This was followed by an exploration of the issues related to the labour force and value-added production paradigm. The survival area, the reasons for its survival and what can be done to make things work better are critically analysed.

7.3.1 Basic details of the firm

SOTEXKI is a mixed economy company which is composed of both local ownership and foreign ownership. The turnover of the firm improved during the period 2005 to 2010 with between 1-3 million US\$ compared to the 1990s and 2000s during which the DRC firms performed poorly. Many of these firms closed during that period. The above period was characterized by a decreased turnover due to institutional instability, poor performance of firms, lack of competitiveness and war: firstly in the Eastern Province (1996-2003) of the country, looting (1991-1993) destroyed the economic activity of the country and caused many infrastructural problems and problems arising from international competition. The turnover level is an important indicator in describing the capacity of the firm to resolve its problems; and how a firm can engage in different activities for its development. This turnover places this firm in the medium firm category or classification as its turnover was between 1-3 million US with a workforce of 500 workers.

The other findings revealed that SOTEXKI did not change its ownership structure during the period under review and continues to survive. The relevance and interesting aspect of the above findings is that the capacity of the firm to resolve problems looked good when compared to the 1990s and 2000s - and also shows also how the firm tried hard to cope with low-cost competition and survive after all these situations, when most of the other firms in the country had closed. The firm shows some kind of resilience resulting in its survival; and with more governmental support, a good environment for doing business could help this firm compete again and penetrate the international market for its sustainability and competitiveness.

The size of the labour force was stable with around 500 workers only, according to the respondents. This means that SOTEXKI was a medium firm and could be classified in the second classification characterized by a turnover of between 1-3 million US\$. The previous chapters categorized four classifications of firms as follows: first classification (small firm) had a turnover between under 500 000 US\$ and 500 000-900 000 US\$; the second classification (medium firm) had a turnover between 1-3 million US\$ and 4-7 million US\$; the third classification (large firm) had a turnover between 8-10 million US\$ and 11-15 million US\$; and the last or fourth classification was characterized by a turnover of over 15 million US\$. In addition to the above, Morris (1978:4) succeeded in classifying firms as four major types: their industry grouping, their location, their size (in terms of capital employed), and whether or not

they were foreign controlled. In addition to the above view, Salinger, Borhat, Flaherty and Keswell (1999:8) suggest that firms can be classified according to several criteria, including size, type of output, location, degree of modernity of plant equipment and management, labour relations, relations with retailers and degree of dependence on international markets.

According to Morris (1978:4), the size of capital employed was categorized as follows: under R100 000, R100 001-R500 000, R500 001-R3 000 000, R3 000 001- R8 000 000, over R8 000 000 and this ranges from small firms to very large firms. But this study will look at turnover contribution to help differentiate a firm's size for statistical purposes. This consisted of converting the different currencies (South African Rand, Congolese Franc and Mauritian Rupees) to US dollar for statistical analysis and comparison.

SOTEXKI produced the following products: *tissus pagnes*, babies' *lange* or nappies, drills, cloths, woven articles, towelling, medical gauze, accessories, printed fabrics and other products. The strengths of firm competitiveness relied on products of good quality, delivery services, quick response and flexibility. The implication of this above finding is that SOTEXKI was producing good quality products which helped the firm to remain competitive and survive in the face of East Asian low-cost competition.

7.3.2 HR practices

This sub-section has three important points.

7.3.2.1 SOTEXKI labour force

Table 7.3 SOTEXKI labour force

Criteria/Year	1999	2004	2005	2006	2007	2008	2009	2010
Number Permanent Workers	250	300	300	350	450	500	500	500
Temporary Workers	75	120	120	100	50	135	110	150
Part time Workers	-	-	-	-	-	-	-	-

Source: SOTEXKI Enquête 2011.

Table 7.3 shows that the number of workers had remained stable for 2008 to 2010 concerning the permanent workers; and a relative improvement of temporary workers during the same periods. It is important to emphasize that SOTEXKI was not involved in labour cutting costs or retrenchment. SOTEXKI used other strategies instead of retrenching people, in order to survive and be competitive. In other DRC sectors such as the mining sector there was no respect for the law or labour legislations and workers could spend months without being paid a salary. Other characteristics included reduction of workers' rights, bad working conditions, reduction of workers' benefits or reduction of work hours, etcetera. The implication of the above findings is

that jobs should always be protected, such as by looking at other ways to reduce production costs and by cutting inefficient use of electricity and labour force, etcetera.

The SOTEXKI respondent added that stable or increased labour force was due to fiscal facilities, *parafiscal and tarifaire* given by the government to stimulate the local industry and maintain jobs. The findings revealed that in 2007 only 50 temporary workers were retrenched. The respondent said that this retrenchment was due to unpredictable circumstances. This situation left families without any stable source of revenue. This is a ‘hard’ variant of HRM when employees are merely considered as a dispensable resource to be reduced as a production cost to achieve its vision and goals. This above situation corresponds to hard HRM practices covered in the literature review. With this hard variant, human resource management focuses on cost reduction and containment, links with strategy and the role of HRM in furthering the competitive advantage of the organization (Manning & Worland, 2005:6). This implies that the individual is managed on a much more instrumental basis than under the soft model, where both competitive advantage and employee commitment are accorded equal importance. An interesting phenomenon discovered in the DRC is that retrenched people from the formal sector found refuge in the informal sector by selling low-cost products from East Asian countries to survive and alleviate poverty, which promoted this disloyal competition.

Concerning the best labour practice, the firm was involved in training and developmental activities. This firm offered external training and developmental activities. The training usually took between 10 and 15 days. The implication of training and development activities in the firm was that it contributed to productivity and thus helped the firm’s competitiveness and survival. In addition to the above, Vlok (2006:241) adds that training and development became the focus point for the clothing and textile industries, because they realized that it required skilled and high-level educated staff for modern manufacturing.

The researcher found that the firm provided a reward system regarding performance-based pay, offered individually. This is an important indicator for productivity and also contributed more to workers’ development as a motivation to always produce a surplus. The firm was unionized and that union is recognized. The unions play an important role in terms of job protection and wage negotiation: a good thing for workers to be represented. The firm also participated in collective bargaining. Also, the firm had a work council. The implication is that jobs were protected and there was an organ to monitor the work conditions and other issues related to the workforce.

Concerning the quality circles, SOTEXKI did not make use of the following: team working, team briefings, general workforce meetings, staff notice-boards, surveys and suggestion boxes. But according to the respondent, SOTEXKI usually discussed any related matters concerning the workforce through union representatives or ‘*délégation syndicale*’.

In addition to the above, the study showed that during the period 2005 to 2010 there were no strikes or lockouts in the different factories/production units of the firm. In brief, the findings showed the pertinence of best labour practices or best HRM practices: such as workers’ participation and involvement, formal training, engagement and discussion with union representatives about all job-related matters, flexibility in term of job design, performance-

related and incentive pay. But SOTEXKI consistently used this best labour practice to promote competitiveness by protecting its labour force as a crucial strategy to keep the firm functioning and surviving.

7.3.2.2 What patterns emerge between low training, high redundancy or retrenchment and types of firm and what is their impact on the firm's performance?

Responding to the above, the researcher proposes to use five variables: classification of firm, type of firm, training, profit level and retrenchment. It is important to note first of all that low training and developmental activities will be measured by firms that are not involved in training and developmental activities. High redundancy on the other hand, will be measured by firms which are only retrenching in this study. The findings revealed that the firm was involved in training and developmental activities but not involved in retrenchment of its workforce. This section tries to explain the impact of low training and high redundancy on the overall performance of SOTEXKI. The only operating Congolese textile firm was categorized in the second classification (medium firm).

The findings revealed that SOTEXKI is a mixed economy firm composed of both local and foreigner ownership. SOTEXKI experienced a decrease in profit level during the period 2005 to 2010. This firm was not involved in retrenchment of its workforce but was involved in training and developmental activities. This means that this medium firm performed quite well; and one of the positive effects of the good performance can be explained by its involvement in training and developmental activities and the non-involvement of this medium firm in high level of redundancy or retrenchment to keep the firm's survival. The implication of the above finding is that this medium firm in this study stimulated productivity due to its involvement in training and developmental activities. This medium firm was able to promote job creation due to no involvement in high redundancy or retrenchment which explains very well its good performance and competitiveness. In brief, this medium firm performed quite well even the profit level decreased during the period under review. Also, SOTEXKI succeeded in penetrating the regional market.

7.3.2.3 One of the research questions was to understand if the firm under investigation is involved in labour repression?

This question is one of the principal research questions in this study. It is important to note that in this study, labour repression refers to any unfair cost advantage used by a firm to remain competitive. It comprises issues such as wage repression, abusive reduction of labour production costs, exploitative salary, deprivation, inhumane treatment, arbitrary sacking, repression of workers' rights, code of conduct violation, reduction of worker benefit, forced labour, unfair retrenchment, abusive retrenchment, poor working conditions and the use of child labour. Retrenchment is viewed in this study as a preventive or curative strategy to help the firm remain survival and competitive. One of the research questions is to understand if there is any sign or indication of labour repression in the textile and clothing firm under investigation. The researcher proposes to look at the overall labour issues on how this textile firm could be related to labour repression.

This paragraph looks at the following variables: retrenchment, involvement in training and development activities, involvement in union, involvement in strikes, work council and quality circles. In this study, findings revealed that SOTEXKI was not involved in labour cost cutting or retrenchment but observed a stable labour force due to '*fiscal facilities, parafiscal and tarifaire*' granted by government; involvement in training and developmental activities; providing reward systems regarding performance based pay; involvement in union; no strike manifestation. This means that the firm being investigated did quite well in terms of best labour practice. No indication of labour repression had been observed. In brief, there were no reports of abusive retrenchment or strike manifestations and protests in this study as a result of wage discussions, demands for training or other requests which means there were no signs or indications of labour repression in the firm.

7.3.3 Exploring the links between the different HR practices and performance

This section is very important as it provides extremely relevant details about the possible links between different sets of HR practices and performance. Also, this section will help to understand how this firm explains its relative performance. The researcher proposes to measure the possible links by using different HR practices and indicators of performance such as export level, profit level, output level, and etcetera. The implications of the findings in this section provide important information on how to draw out broader lessons for theory (HRM generally) and practices on how firms' performance is linked to HR practices. Concerning this question, the researcher found it difficult to make any suggestion as to whether HR practices explained or influenced this firm's performance as it was impossible to run the Chi-square test. This case was based on one single firm where a firm used different HR practices but the indicators of performance were not relevant as the profit level decreased during the period 2005 to 2010 and the export level had somehow focussed on the neighbouring countries in the Southern African Development Community (SADC) market. It is important to note that SOTEXKI was a survival firm and one of the limitations with a single firm is the impossibility to run a Chi-square test in order to establish a relationship between HR practices and firm performance. The inability to run the statistical test also made it impossible to reach a conclusion in this study of any influence HR practices may have had on a firm's performance. Literature on the other hand, does show the existence of such a relationship between HR practices and firms' performance.

7.3.4 Value-added production paradigm

In this study, value added production paradigm refers to daily activities of firms consisting of transforming raw materials into marketable goods of high value. Value adding means to take something, add value and sell a finished or semi-finished article. Transforming yarn and then weaving or knitting it into fabric by adding the following values (labour costs, production costs). Thus, by dyeing and printing fabrics, more value is added adding some more value (printing and dyeing cost). The fabric is then made up into clothing and more value is added by the additional labour costs which include sewing costs). SOTEXKI focussed/involved on value-added production paradigm which means transforming inputs into marketable items of a higher market value. Only a very limited quantity of high value added goods were produced for niche market

but these were always copied by East Asian countries. According to the respondent, SOTEXKI is an integrated industry with significant forward and backward linkages for acquiring raw material such as cotton, then processing it through weaving and spinning mills. Thereafter the products would be finished in different factories elsewhere in the DRC by impression in pagnes or printed fabrics. In addition to the above, Velia et al., (2006:13) add that value added is used to provide some insight into the degree of transformation which occurs within industries. Though it is associated with the notion of productivity, the focus is on the product as opposed to the factor of production and how these are combined to yield the output.

The respondent in this study agreed that this value added production paradigm does not help to keep firms sustainable and competitive. He further indicated that this value added production does not create wealth in the firm and only the labour force constitutes its strength. Niche market is sustaining and helping to survive. The implication of the above is that SOTEXKI worked hard to survive and remain competitive; but government has an important role to promote the local industry to boost its competitiveness and sustainability by penetrating the international market. The DRC is a beneficiary of the AGOA advantages which is an interesting incentive to promote and stimulate SOTEXKI's competitiveness and create new investments in this sector.

7.3.5 Other related questions about the study

The principal market destination of the firm is the local market and the neighbouring countries in the SADC region. A market should be viewed as a place where demand and offer meet, resulting in the price fixing of goods and services. This is an important finding and reveals whether a firm is doing well or not and shows its overall performance. The above findings showed that SOTEXKI was doing quite well and continues to survive. Most of its products were for local consumption with a small quantity destined for neighbouring countries in the SADC. One of the objectives in this study was to understand the actual performance of this firm and its competitiveness. The importance of this finding corresponds to one of the objectives of the study to establish how SOTEXKI had continuously managed to survive and remain competitive in the face of low-cost competition. The researcher also observed that this firm performed quite well; but this situation is not necessarily accompanied by hard HRM consisting of reducing the production cost through labour cost cutting. However, increased demands in the region and increased demands in the home market constituted the principal sources of change regarding output directed towards primary markets during the period 2005 to 2010. It is important to note that the South African market differs from both Mauritius and the DRC in that its home market is much larger.

7.3.5.1 One of the research questions was to understand if the firm under investigation is surviving?

This question is one of the principal research questions in this study. The question provides crucial and sensitive details about the firm's survival and competitiveness in this study. The researcher proposes to measure the survival of the firm by using the profit level because a firm which is experiencing serious competitiveness problems cannot continue to operate for a long period without collapsing. The idea behind this question is that during the period 2005 to 2010

there were some firms which did not realize profits and continued to operate even while experiencing serious competitiveness problems. For this reason, the researcher suggested calling those firms ‘survival firms’.

According to the respondent, the firm’s profit level decreased during the period 2005 to 2010 which did not necessarily mean that the firm did not make a profit but that the profit had dropped. This finding constituted a principal indicator of a firm’s performance. The overall performance of this firm was quite good in terms of export level and surviving - compared to most of the firms in the country which had closed. Referring to the above, SOTEXKI is a surviving firm that showed a resiliency to remain in business. However, government should also help to promote the local industry’s competitiveness. The above indicator also helped explain how SOTEXKI continued to put mechanisms in place to adapt and remain competitive. The proportion of change regarding profit level was above 10%.

The firm exported to a few neighbouring SADC countries. This means that the majority of the products produced by the firm were destined for the local market and only a very small quantity was exported - which was a very good sign of performance as the firm penetrated the regional market.

7.3.5.2 ‘Production vendues’ or sales of SOTEXKI tissu (meters) or cloths/textile

Table 7.4 Production vendues or sales of SOTEXKI tissu in meters (m)

Nature de production	Year	Production vendue	Production Stockée	Production Total	%
Designation/Unite					
Tissus	2007	1195298365	10966695	1.206.265.060	17%
Tissus	2008	2350145153	20205302	2.370.350.485	33%
Tissus	2009	3402981359	122132796	3.525.114.155	50%

Source: Direction Générale des Impôts (DGI) (2007), (2008), (2009) Kinshasa/Gombe.

Table 7.4 shows the way SOTEXKI had been performing through the sales level of the firm measured in number of ‘*tissus*’ sold or cloths/textile sold which also corresponded to the output level of the firm. This corresponded well to one of the objectives of the study on firms’ overall performance. SOTEXKI production and sales have improved compared to 20 years ago. The above table revealed that from 2007 to 2009 inclusive, the number of *tissus* produced and sold by the firm had increased.

This finding shows that in 2007 SOTEXKI sales represented 17% compared to the firm’s prior performance in 2008 with an improvement in sales of 33%; and lastly in 2009 the firm had performed so well that it succeeded in selling more than in the two previous years by increasing its sales to 50%. This implies that the firm performed quite well and continued to occupy an important place in the DRC economy with its contribution to the economic activity. This situation is due to institutional stability in the DRC since 2005 and more investors were willing to invest in the different sectors of life. There were a number of other factors to be taken into account, such as amelioration of conditions as regards doing business in the country, the

elections of 2006 and 2011 as signs of the end of war by attracting new investors and an insufficient improvement of the socio-economic condition of people, etcetera.

7.3.5.3 Vente SOTEXKI or SOTXKI sales in Congolese Franc

Table 7.5 Vente SOTEXKI or SOTEXKI sales in Congolese Franc

No	MONTH	2009	2010
		SALES IN FRANC CONGOLAIS (FRC)	SALE EN FRANC CONGOLAIS (FRC)
1	JANUARY	20 020 748.65	5 270 000.00
2	FEBRUARY	20 032 634.80	38 070 000.00
3	MARCH	20 035 986.30	39 127 000.00
4	APRIL	20 098 670.34	40 340 345.00
5	MAY	11 202 773.29	38 450 230.00
6	JUNE	12 006 734.60	263 898 000.00
7	JULY	12 565 926.44	88 578 900.00
8	AUGUST	12 569 623.40	65 911 500.00
9	SEPTEMBER	9 458 020.73	52 732 690.00
10	OCTOBER	4 385 070.00	137 479 240.00
11	NOVEMBER	9 397 352.00	257 850 010.00
12	DECEMBER	9 487 620.00	169 635 750.00
TOTAL		161 261 160.55	1 197 343 665.00

Source: SOTEXKI, Direction Générale (2011).

Table 7.5 on the previous page is complete and confirms the findings in table 7.3 (see page 268) which shows that SOTEXKI performed quite well, as the sales level in Congolese Franc had increased between 2009 and 2010. One of the interesting observations in table 7.5 above is that June 2010 coincided with the 50th anniversary celebration of the DRC independence. It shows that SOTEXKI generated more revenue or money than in other months and the fact is that the revenue for June 2010 was superior to the total of sales in 2009. This also clearly contradicts what some corrupt and irresponsible governmental officials who usually under-estimate the capacity of the local industry to respond to the domestic market would have us understand.

According to Mr Dieudonné Kasembo, an official whose portfolio includes leasing the private operators and Commissariat Général pour le Cinquantaire, estimates that SOTEXKI cannot produce more than 100 000 ‘wax’ or ‘pagnes’; and the other problem, in his opinion, is the quality of the ‘wax’ or ‘pagnes’. The researcher observed that a number of officials in the DRC remain corrupt, selfish, putting a stop to all governmental effort to improve socio-economic activities by destroying the lives of thousands due to bribery and corruption. Mr Dieudonné Kasembo forgot that in a new-born democracy as in the DRC, people must be accountable and deliver by considering first the general interest of the population instead of their own personal interests. This type of attitude on the part of a governmental official is wholly irresponsible and contributes to the destruction of the local industry (www.radiookapi.com, Accessed on 25th November 2010). Promoting local industry should be the first priority of this new democratic government whose task it is to protect local industry against low-cost competition from East Asian countries; and all governmental collaborators should follow government ‘Feuillet de route’.

Concerning SOTEXKI's recent performance, the respondent showed that the firm's profit level had decreased during the period 2005 to 2010 which did not necessarily mean that the firm did not make a profit but just that profits had dropped. This finding constituted the principal indicator for the firm's performance. The overall performance of this firm is doing quite well or surviving where most of the firms in the DRC textile and clothing sector had closed. The firm exported to a few neighbouring SADC countries. This means that the majority of the products produced by the firm were destined to the local market and that only a very small quantity was exported. The domestic market need is much higher than what SOTEXKI had to offer. This means that SOTEXKI's production was too small to cope with the Congolese market. Only small quantities had been exported as a result of good quality products-a good indicator showing excellent performance which brought foreign earnings.

But the above results and performance were continuously challenged by the East Asian products which eroded, penetrated or invaded the DRC market by meeting 90% of the Congolese market needs. For example, the Chinese copied all local designs and sold poor quality products at lower prices. The findings of this study revealed that the market destination of the firm has remained stable during the period 2005 to 2010. The researcher found that protection against illegal products was the principal constraint, expecting it to become binding in the immediate future. However, competition from abroad and availability of raw materials constituted the principal constraints for the firm's progress in the past.

7.3.5.4 Fond de roulement of SOTEXKI concerning 2009

Table 7.6 *Fond de roulement* of SOTEXKI (2009)

EVOLUTION DU FONDS DE ROULEMENT							
Cpte	Variation Circulant	Actif	Co de	Flux d'Apport, Fusion et Reevaluat	Flux Courant	TOTAL	Don á l'étrang
	STOCKS						
30	Marchandises		01		499.404.213	499.404.213	
31	Matières et f		02				
32	Emballages c		03				
33	Produits s-o		04		122.640.642	122.640.642	
34	Produits finis		05		122.810.270	122.810.270	
35	Produits et t c		06		33.412.894	33.412.894	
36	Stocks à l'ext		07				
S/TOTAL (A)			08		120.540.357	120.540.357	
00	REALISABLES						
40	Fournisseurs(deb)		09		74.561.933	74.561.933	
41	Clients		10		146.248.146	146.248.146	
42	Personnel		11		71.528.871	71.528.871	
43	Etat		12		54.842.911	54.842.911	
44	Propriet. Et assoc		13				
46	Sociétés apparente		14		53.312.760	53.312.760	
46	Débiteurs divers				885.161	885.161	
47	Cpte de regulat. A		16		1.124.600	1.124.600	
27.	Partie d prêt à MT		17				
9	Prets a moins 1an		18				
51	Titres à CT		19				
52	Effets et warrant à r		20				
54	Chèque e coup à		21				
55	encaisser						
S/TOTAL (B)			22		402.509.382	402.509.382	
	DISPONIBLES						
56	Banque e Inst fin		23		-3.141.114	-3.141.114	
57	Caisse		24				
S/TOTAL (C)			25		-3.141.114	-3.141.114	
TOTAL (Variation des actif circulants) A+B+C=1			26		519.908.625		
Variat du fonds de roulem Net (1)= (2-1)			27		-	-	
TOTAL GENERAL			00		519.908.625	519.908.625	

Source: Direction Générale des Impôts (DGI) Kinshasa/Gombe.

Table 7.6 shows that the level of SOTEXKI's engagement had to continuously operate and survive. Important information has been provided about the firm's daily activities. Table 7.6 also provided brief details about the firm's stocks, liability, invoices and orders, etcetera. The reason for this table is to help establish how government should assist this survival firm as it contributes to the economic activities in the country by paying, for example, tax and other legal obligations (see sub-total of *realisables* represented by 'Etat' with 54.842.911 FC and how SOTEXKI stabilized many families with a revenue; see sub-total of *realisables* represented by 'Personnel' with 71.528.871 FC. It is important to note that there were other social advantages that the firm offered to the community such as hospitals, schools and road repairs). SOTEXKI's contribution to the economy is a very important reason why government should continue to protect them against disloyal competition and generally promote the textile and clothing industry.

SOTEXKI has machinery which is less than 10 years old; 10-19 years old and above 49 years old. The implication of the above finding shows that SOTEXKI bought new machinery prior to 2010 which was a major contribution to its performance, sustainability and competitiveness. The firm was characterized by consistent quality, design and product specialization. This is a good indicator of how the firm is continuously working hard to remain competitive.

The finding showed that the strengths of the firm's competitiveness and sustainability were quality products and shorter lead-time. This above finding is an important indicator of the firm's ability to stay ahead of potential competition and how continual and consistent strategies would help the firm perform well in a particular market. One of the pertinent questions was to understand whether these above working forces helped the firm to remain competitive. The respondent's response was "no". This means that the firm relied more on other reduced production cost strategies such as cutting workers' benefits, work hours, etcetera and to keep producing instead of retrenching its workforce. The implication of the above strategies is that they helped the firm to survive.

7.3.6 Issues related to government involvement

The respondent revealed that the firm had some kind of governmental support which improved matters. He further indicated that the firm benefitted from different measures and other facilities such as facilities *paraficales, fiscales et tarifaires*, etcetera. The implication of the above is that government intervention in the textile and clothing industry is required to help SOTEXKI to survive and remain competitive. Importantly, SOTEXKI contributed to the economic activities and job creation in the DRC. This is a major reason why government should continue to support the firm until it becomes competitive internationally. One concern about the promotion of sustainability and competitiveness was that the respondent required that government protect SOTEXKI as the actual environment of the textile and clothing sector in the DRC is characterized by disloyal competition. The respondent further indicates that prior to 2010 the imported products or pagnes from China and India were beneficiaries of dumping, subsidies, new technology, and bad labour practice in their respective countries which made those products cheaper than the ones produced in the DRC.

SOTEXKI exported a small quantity of its products to a few SADC neighbouring countries but the firm did not have any governmental incentives to export. The implication of this is that the DRC government should not just be limited to protecting local industry, but also to promoting the local industry to become more competitive in both domestic and international markets. Concerning the question “in what ways (positive or negative) has government impacted on your firm”; the respondent’s response was that, positively, government should facilitate SOTEXKI through different measures of exemption or exoneration such as *fiscal* measures, *parafiscal* and *tarifaire*; and more importantly, to promote the local industry by ordering the public order to SOTEXKI. On the negative side, government should try by all means to discourage the importation of pagnes from East Asian countries. The respondent acknowledged that the firm did have assistance from the Ministry of Industry. This Ministry is an important governmental player in local industry promotion and protection. The last question of the questionnaire was to enquire about what is occurring between workforce adjustment and value added production paradigm to keep firm’s survival and competitive. Responding to the above question, the respondent said that promoting the labour force should be a way, further indicating that normally, when a workforce is motivated, a firm benefitted from improved productivity and increasing profit, etcetera.

7.4 Interview summary and other findings

According to First Responsible du Siege SOTEXKI/Kinshasa, there is an urgent need to protect and secure the only “survival” textile firm in the next five years *vis-a-vis* the effects of globalization, disloyal competition and dumping. As regards the investigation of records, the liquidation of UTEXAFRICA (Kinshasa) and SINTEXKIN (Lubumbashi), the respondent urged government to continue to help and support the local industry.

In addition, the Director of the Congolese Enterprises Federation (FEC) indicates that many problems contributed to the closure of most textile and clothing firms. He further indicates that one of the major problems is the absence of local industry protection and unacceptable industrial policy. The Director of FEC added that the country’s economic state under the first Kabila regime suffered from international sanctions and was isolated. This contributed to the DRC’s economic activities regression. In the same interview, the FEC Director indicates that the closure of the textile and clothing firms is due to a number of problems including inadequate technology, multiplicity of taxes, a poor system of compensation from government and the textile and clothing firms - and the fact that most government services buying from the above firms did not pay for goods purchased. Other problems faced by the textile and clothing firms included under-invoicing, illegal imports and a corrupt system.

According to Mr Dieudonné Kasembo, an official who leases between the private operator and *Commissariat Général pour le Cinquantenaire*, SOTEXKI could not produce more than 100.000 wax or *pagnes*. Another problem is product-quality. He further asserts that they ordered Chinese wax or *pagnes* which can last long and only costs 15 US\$, against 24 US\$ for SOTEXKI product. *Le Commissariat Général pour le Cinquantenaire* and the importers ordered 800.000 wax or *pagnes* in East Asia, especially from China to celebrate the 50th anniversary of the DRC independence (www.radiookapi.com, Accessed on 25th November 2010). A number of corrupt officials in the DRC started to look after their own interests instead of the general interest of the

population. Such a position for a governmental official is irresponsible and contributes to the destruction of the local industry. Promoting the local industry should become the first priority of the new democratic government by protecting the local industry against low-cost competition from the East Asian countries. There is a need for good collaborators to assist institutions in placing and developing new strategies so as to promote competitiveness and sustainability of the local industry. In contrast to the above, *le patron de la SOTEXKI*, Mr Léonard Ridja, esteems that SOTEXKI could do better in terms of quality and price (www.radiookapi.com, Accessed on the 25th November 2010).

According to a union representative, there are more concerns about inadequate national legislation of labour, inadequate social protection, shortage of skilled labour, insufficient training and development, salary increase issues and promotion problems; as well as the use of minimum wage (SMIG or *Salaire Minimum Interprofessionnel Garanti*) which is not adapted to the economic retrenching conditions of workers. Sometimes, workers are not paid at all. It is important to note that a number of factors contributed to the closure of textile and clothing firms; such factors as lack of competitiveness, inaccessibility to financial institutions, increased illegal importation, development of the informal sector, inadequacy between the wax price and the level of people's poverty, etcetera.

Furthermore, Mwamayi (2004:53) found that the textile and clothing industry in the DRC has declined over the last fifteen years, largely as result of low-cost competition from the liberalization economy. This situation has led to infrastructural problems in the DRC. He further indicates that UTEXAFRICA works under approximately 10% of its capacity utilization, broken financial balances, a succession of negative results, a negative evolution of treasury, continual financing requests to the financial institutions, inadequate human resources, inefficient machinery and second-hand products; all of these factors contributed to a negative performance in the textile and clothing industry in the DRC. As a result, UTEXAFRICA closed in 2007 and only SOTEXKI is still operating. The situation gives rise to the following question: Why continue to produce this or that if you can buy it elsewhere more cheaply?

According to Tang (2010:364), “the booming markets in clothes, electronics and cars, imported or manufactured by Chinese companies, not only benefit the consumers, but also stimulate growth of distribution, transport and other related sectors” in the DRC.

According to the National Agency for Investment Promotion (ANAPI, 2010:15), in order to boost the economy and stimulate more investors, especially in the textile and clothing industry, the DRC's authorities decided on the following measures:

- Implementation of free-market economy;
- Adoption of exchange floating rate system;
- Promulgation of new laws designed to favour business development in the country (Investment Code, Mining Code, Forest Code, Labour Code);
- Progressive cut of domestic tax rates;
- Revival of cooperation with International Financial Institutions (World Bank, IMF);

- Setting up of facilitation and supporting structures for the private sector (ANAPI, 2010:15).

7.5 Conclusion and recommendations

This study explored the competitiveness of the textile and clothing industry in the DRC, a case study of SOTEXKI (the only firm operational in the DRC) by looking at what works in the industry, how it works and what can be done to ensure things in the industry will perform efficiently in the future? The findings revealed the pertinence of investing in best labour practices and value added production paradigm to promote competitiveness and keep the firm surviving. The study revealed five important people management approaches such as soft HRM and hard HRM, labour repression, paternalist or African model; and lastly, a mix-match approach. In brief, the findings found three predominant HR approaches used in this study which are: mixed approach, soft HRM and hard HRM.

Concerning HR practices, the findings revealed that the firm showed some interest regarding how to comply to best labour practices or best HRM practices - such as workers' participation and involvement in formal training, engagement and discussion with union representatives about all job related matters, flexibility in term of job design, performance related and incentive pay. Also, the firm had a work council and was not involved in retrenchment. In addition, the firm was not involved in quality circles (use of team working, use of staff notice-board, suggestion box, etcetera) but the firm usually discussed any related matters about the workforce with union representatives or 'delegation syndicale'; There were no strike manifestations, and lastly, there was no sign of labour repression. But SOTEXKI consistently used best labour practice to promote competitiveness by protecting its labour force as a crucial strategy to "keep the firm functioning and surviving". It is important to note that HR policies relate to competitiveness as an important indicator of best labour practice and on how to respond to one of the most important requirements of customers.

In addition to the above, it is important to emphasize that involvement in union, quality circle and work council are against any form of labour repression. In this study, the only survival firm was unionized, discussed any related matters about the workforce with union representatives (or 'delegation syndicale') and had a work council as an important body with channels to examine the overall HRM or labour issues. As indicated above, unions do play an important role in the firm by looking at the working conditions and wage related matters; and negotiate with corporations, businesses and other organizations on behalf of its members, thus contributing directly or indirectly to the firm's performance. On a different note, training and development activity helped improve skills capability, workers knowledge, productivity and efficiency which directly helped firms to perform well. But reward systems remain an important motivational source for workers' involvement. The reward system helped to improve the quality of products and improve workers' behaviour which also contributed directly to organizational performance. And, on the other hand, work council helps to deal with firm-related matters such as internal conflict and reduction of absenteeism which impacts positively on productivity and thereby contributes to organizational performance. And lastly a quality circle provides important channels for communication, increasing worker participation which also directly helps firms to

perform well. Contrarily, the above findings revealed that SOTEXKI was involved in best labour practice as the only surviving firm provides training and development, has a reward system, is involved in union, quality circles, a work council, etcetera. In brief, the foundation of competitiveness in an industry which has experienced severe crisis can be explained or is related to HR practices.

The DRC textile firm is facing multiple challenges of competitiveness, and is the only firm under review that has managed to secure its survival by concentrating on niche markets. The overall performance of the firm was quite good as it is penetrating the regional market. One important consideration is that SOTEXKI is a “survival firm” due to decreased profit level during the period 2005 to 2010. SOTEXKI is focusing on value-added production paradigm to remain “survival and competitive” as an integrated industry with significant forward and backward linkages. High value added products for niche markets help but usually in smaller quantities. As soon as it is successful, its products are copied by countries like China and India at much lower prices. In addition to the above, SOTEXKI had a stable permanent workforce and retrenched only small numbers of its temporary workforce during the period under review; but continued to provide external training, skills development initiatives and other best labour practices as a response to increased overseas competition.

SOTEXKI is producing products of good quality and design which have been exported to neighbouring countries in the SADC region but SOTEXKI cannot compete with East Asian products based on low prices and bad quality. To illustrate this, China is well-known for its ‘lack of design’ or being masterful in copying products. In the short term, SOTEXKI should continue to produce for the niche market; but in the long term, the firm should try to explore the international market as the country is a beneficiary of the AGOA advantage. It should also continue to be involved in best labour practice to remain competitive. The DRC government must put in place good measures to encourage the local industry.

In conclusion, HR practices to some extent helped SOTEXKI to remain “surviving and boost their competitiveness”. This firm performed very well which could be due to the fact that HR practices are related to firms’ performance. In this study, SOTEXKI was involved in value added production paradigm which helped the firm remain sustainable and competitive; and the firm was characterized by consistent quality, product specialization, marketing and design. Lastly the firm’s strength relied on quality products, price and shorter lead-time for its competitiveness and sustainability. But one concern about this survival firm was how HR practices to some extent continue to help this firm operating. What should be done to ensure things in the industry will perform efficiently in the future? The next paragraphs provide some suggestions and recommendations from both the respondents and the researcher.

Government should intervene in the textile and clothing sector with supports and facilities-measures such as: *fiscal incentives*, *parafiscale incentives* and *tarifaire incentives*, customs facilities provide affordable energy cost, improve social and health conditions, improve skills development and technology upgrading, building new road and telecommunication infrastructures. There is also a need for government to protect the local industry by putting in

place a contingent plan to limit imported products from Asia; stimulate production of cotton in the country; and also to stimulate the DRC textile firms to export, and lastly increase an awareness of the need to buy local products which would promote the local industry. It is important to note that China's penetration in Africa is destroying the local industry.

In terms of policy recommendations, SOTEXKI needs to be constantly innovative, increase its investment and upgrade by improving ways of doing business, as well as raising the quality of their products to obtain better prices, thus improving internal and external efficiency performance; as well as being involved in best labour practice and focusing on export as the major requirement of competitiveness. Government should provide stable economic policies and more incentives. Stability of macroeconomic variables such as interest rates, wages, and exchange rates are important to encourage exports and stimulate economic activity. Also, government should play a crucial role by providing production capability; upgrading assistance to firms; improving policies; promoting local industry and stimulating growth productivity - as well as financing access to technological innovation.

As indicated by Morris and Barnes (2008:42), policy levers must therefore be directed not only towards export market possibilities, but also towards realigning the domestic value-chain in order to ensure competitive access to domestic market opportunities. In much the same way as developed economy clothing and textile producers have needed to create manufacturing capabilities that meet incredibly onerous fast fashion demands, lean retailing and replenishment retailer requirements as a means to survival. They also indicate that there is a need to improve the implementation of these policies in order to control and curb the high level of illegal imports and the smuggling of textile and clothing products into the country. This places a major policy burden on governments and international agencies to provide production capability upgrading assistance to firms (such as firm-level innovation, capital equipment, continuous improvement networks, and benchmarking programmes) as well as finance to access technological innovation, stimulate growth productivity and adaptability to changing markets (Morris & Barnes, 2008:43).

Other recommendations are as follows:

- A need to support and assist SOTEXKI to continue to comply to best labour practice and help improve the different existing channels for collaboration between employers, union and other important stakeholders;
- The findings revealed that SOTEXKI was a “survival firm” and the research suggests that more investigation is needed to discuss what could be done to secure labour standards and to ask government for assistance in short period. Government supports should include technical assistance which should help to boost performance and stimulate the textile and clothing industry to be more competitive;
- Continue to promote the local industry with more facilities in terms of transfer and upgrading technology, skills development, provide export incentives to promote firms become more competitive;

- Continuously protect jobs by providing support systems and packages to compensate employees for job losses. Also protect the local industry with different measures to help the industry remain competitive;
- SOTEXKI should be encouraged to perform well by being recognized with awards to stimulate improvements;
- Promote the local industry by keeping a close eye to the only survival firm with adequate incentives and stimulate more investors in the sector to increase the national demand which is covered by East Asian products;
- Policy enforcement is essential to stop corruption, enhance efficiency and competitiveness in the local industry.

CHAPTER EIGHT: CONCLUSION

8.1 Summary of the study

This study explored the competitiveness of the textile and clothing industry in the Southern African Region with special attention given to firms operating in the Republic of South Africa, the DRC and Mauritius. This thesis had three principal objectives. The first objective intended to explore the foundations of competitiveness in an industry which has experienced severe crisis and to consider whether this has anything to do with labour policies. The second tried to understand and critically analyse the relationship between value added production paradigm and labour repression on how they contribute to the firms' survival and competitiveness by looking at and comparing the actual performance of the textile and clothing industry in the Southern African region (SAR) of which South Africa, the DRC and Mauritius are part. And the last objective was to explore the implications of HR practices and firms' performance for key stakeholders and suggest how to promote competitiveness and sustainability of the textile and clothing industry in the region.

This study tried to explore what underpins a firm's survival (firms who have survived or new entrants) in the textile and clothing industry by looking at what is working in the industry, how it works and what can be done to ensure that things in the industry will perform efficiently in the future? What is the overall performance of these firms? Which firms exactly are surviving and how many? Are there any firms using labour repression to remain surviving and competitive and how many firms are using it? To what extent has value added production paradigm contributed to firms' competitiveness and in which firms may this have occurred?

Since this research was based on two important alternative strategies, with particular attention to labour issues or HR practices, Chapter Two set the tone by outlining the conceptual analysis and provided an understanding of human resource paradigm. The researcher found five important people-management approaches such as soft HRM and hard HRM, labour repression, paternalist or African model and lastly a mix-match one approach. In brief, the findings found three predominant HR approaches used in this study as follows: mix-match approach, soft HRM and hard HRM. Also, the findings revealed that Development Studies (theory and policy) relate to HRM. The 'soft' HRM stresses the 'human' aspects of HRM. Development Studies is an interdisciplinary field across the social sciences and shows that there is a connection between Development Studies (theory and policy) and HRM as soft HRM approach is a developmental humanist approach and hard HRM approach is aligned with strategic HRM. Both Development Studies (theory and policy) and HRM put more emphasis on social and human capital, industry development and their effectiveness to help the textile and clothing industry to achieve its organisational goals.

Furthermore, chapter three discussed the sustainability and competitiveness of the textile and clothing industry in SAR and highlighted the theoretical framework of the study. This chapter provided an understanding of development theory which explains the institutional basis of economy with precise emphasis on business system theory by scholars such as Richard Whitley,

North, Wood and Frynas. It is important to note that each State plays an important role in promoting development. The study also highlighted some ideas behind the structuralist and neo-liberal approaches related to State intervention in the local industry.

Additionally, the existing literature would suggest strong upward and downward pressures in labour standards. The researcher tried to investigate whether there was any relationship between best labour practice and firms' performance and on how to help firms survive and remain competitive. Thus, chapter four presented the research design, the different techniques and methodologies used. The researcher chose a triangulation method by using interviews with key informants, questionnaire tools to collect data and STATISTICA software to analyse data. Thus, snowball and purposive sampling techniques were chosen due to the fact the sampling was not representative. Additionally, great care was taken to assure validity of the measuring instruments. This study proposed to discuss only issues related to labour repression and value added production paradigm or two alternative strategies used in the production process on how to help firms survive and remain competitive. The first alternative strategy looked at the overall labour issues by discussing labour repression and how many firms were involved in labour repression practice.

In this study, labour repression referred to any unfair cost advantage used in a firm to survive and remain competitive. It comprised issues such as wage repression, abusive reduction of labour production cost, exploitative salary, deprivation, inhumane treatment, arbitrary sacking, repression of workers' rights, code of conduct violations, reduction of worker benefit, forced labour, unfair retrenchment, abusive retrenchment, very bad working conditions and the use of child labour. The findings revealed that none of these firms was involved in labour repression in the three countries under investigation and all the firms in this study were involved in best labour practice. According to Eppel Simon (2013) from SACTWU, the findings of this study can be confirmed conditionally depending on what method (top-bottom approach) was used, as another method (more specifically, one that encompassed the ecosystem of smaller players and the Chinese owned textile sector in South Africa) could have resulted in different findings. In other words, Eppel and Kriel (2013) from SACTWU found that abuses exist in the local textile and clothing industry depending on what method was used and whether firms were compliant or non-compliant firms - or whether these firms were across metro areas or non-metro areas firms, with abuses being encountered in smaller players on the rural periphery. The perfect illustration was a cabal of conservatives who were rallying to break the power of unions, weaken labour laws and lower wages. Furthermore, they found a number of abuses in the Newcastle clothing factories related to low wages and working conditions - such as lowest wages in the country to clothing workers (usually far below the legal minimum) and also practice the most extensive and severe forms of worker abuse in the country, often akin to apartheid labour practices such as the death of Nokuthula Hlatswayo's children; Workers have provided testimony-after-testimony to union representatives in affidavits in which they describe being required to use off-cut rags for toilet paper, and of being strip searched by their managers; physical assault to workers; no pay for female workers maternity leave but rather using their absence as an excuse to lower their wages when they returned; if a worker collapsed at work from a health or safety matter, refusal to attend to the worker and the responsibility falling on other workers; workers were not paid

sick leave, even when they had valid sick notes (and even had penalty monies deducted from their wages); stealing workers' monies by deducting UIF and bargaining council levies from wages, but not paying them to the respective authorities. In one factory, in 2010 and 2011, workers were locked in the factory at night (their employer went home with the keys) and on two occasions fires started in the factory and workers were unable to escape.

The second alternative looked at value added production paradigm. In this study, value-added production means transforming inputs into marketable items of a higher market value. In this study, the findings revealed that in the three countries under investigation most of the firms were involved in value added production paradigm. The overall findings showed that there was no indication of labour repression. This could be due to the fact that firms involved in labour repression do not easily give access to their premises. But the findings revealed the pertinence of involvement in best labour practices and value added production paradigm to promote competitiveness and keep firms survival as two important alternative strategies used in the production process on how to help firms' survival and remain competitive.

In addition to the above, the findings revealed that all the firms in the three countries under investigation were not involved in any practices related to labour repression as the principal indicators such as retrenchment or strike manifestation did not reveal much about such practices. Although a strike is not a sign of labour repression, the researcher proposed to use strikes in this study just to investigate whether strike manifestation could have any relationship with labour repression. Also, strikes seldom occur in very repressive circumstances. In this study, retrenchment was viewed as a preventive or curative strategy to help the firms survive and remain competitive. Only some firms were involved in retrenchment. The incidence of retrenchments suggests that firms do not all follow 'good HR'; rather they mix practices. In brief, labour repression is not a good practice and should not be promoted as it breaks down labour standards. Firms need to adapt or explore other strategies instead of labour repression and massive retrenchment in an attempt to reduce production costs or to gain greater organizational flexibility. But, value-added production paradigm was viewed as a transformation of inputs into marketable items of a higher market value. Most of the firms in this study were involved in value added production paradigm.

Concerning HR practices, it is important to note that involvement in union, quality circles and work council are all against any form of labour repression. In this study, most of the firms were unionized, made use of quality circles and had a work council as an important body and channels which looked at the overall HRM or labour issues. As indicated above, unions play an important role in firms by looking at the working conditions, wage related matters, negotiating with corporations, businesses and other organizations on behalf of its members which contribute directly or indirectly to the firms' performance. Training and development activity helped to improve skills capacity and workers' knowledge, productivity and efficiency which directly helped firms perform well. But reward systems remain an important motivational source of workers' involvement, helping to improve the quality of products and improve workers' behaviour which also contributes directly to organizational performance. On the other hand, work councils help to deal with firms' related matters such as internal conflicts, reduction of

absenteeism which impacts positively on productivity and thereby contributes toward organizational performance. And lastly, the quality circles provide different firms with an important channel for communication and increases workers' participation which, in return, helps firms to perform well. In brief, the above findings revealed that most of the firms were involved in best labour practice as these firms provided training and development activity, reward systems, involvement in union, quality circles, and work council. Thus, the foundation of competitiveness in an industry which has experienced severe crisis can be explained as related to HR practices.

The overall performance of the above firms under investigation was fairly or quite good as their profit level improved or stabilized during the period 2005 to 2010. It is important to note that most of the firms in this study were penetrating the international arena but only some firms were "survival" as their profit level had decreased during the period under review. Their survival could be attributed to best labour practice. The researcher found that the following HR practices were used in the three countries being researched: retrenchment, training and development activities, reward systems regarding performance-based pay, involvement in union, work council and quality circles. The majority of the firms in this study were involved in these HR practices which helped to keep firms' "survival or competitive" as explained in this study by the different relationship between the HR practices and other variables. Best labour practice encourages participation and involvement and thus helps to improve firms' performance. Also, these HR practices played a crucial role in the textile and clothing industry in terms of labour standard protection, communication, motivation and creation of good working environment. In brief, HR practice related to firms' performance or HR practices are part of the performance process; but more tests and investigations need to be done in order to demonstrate the causal relationship between HR practices and firms' performance as this study was based on a single test which was the Chi-square test. Which firms made use of these good HR practices?

In response to this question, the researcher used a different firm classification in each country. Concerning South Africa, the first classification (small firm): all were involved in best labour practice as most of these small firms were not involved in retrenchment while only one small firm did retrench its labour force. Some firms were unionized. Also some firms provided training and developmental activities. One of these small firms experienced a strike manifestation. Only some of these small firms did not have a work council and most of these small firms made use of team working. Also, these small firms were simultaneously performing quite well due to an increased or stable profit level; and none of these small firms were involved in the export of their products. On the other hand, for the second classification (medium firm), all these medium firms were involved in best labour practice as the majority were not involved in retrenchment. Only some of these medium firms did retrench their labour force. Most of these medium firms were unionized. Most of these medium firms provided training and developmental activities. Most of these medium firms had a work council and most of these medium firms made use of team working and general working force meetings. Lastly a minority of these medium firms experienced a strike manifestation. Furthermore, these medium firms were performing quite well due to their increased or stable profit and export level. Lastly, concerning the third classification (very large firm), all these large firms were involved in best labour practice as most were

involved in retrenchment. All these very large firms were unionized. Also, all these very large firms provided training and developmental activities. Some of these very large firms experienced a strike manifestation. Most of these very large firms had a work council and some of these very large firms made use of team working and staff notice-boards. Also, these very large firms were performing quite well due to their increased or stable profit and export level. In brief, most of these South African firms in this study were involved in best labour practice but no findings revealed a relationship between HR practices and firms' performance. Further research is needed to investigate and test the causal relationship between HR practices and firms' performance as the present study used only a single test which was the Chi-square test.

Concerning Mauritius, the first classification (small firm): all were involved in best labour practice as most of these small firms were not involved in retrenchment. All these small firms were unionized. All these small firms provided training and developmental activities. All these small firms had a work council and most of these small firms made use of team working. Also, these small firms were simultaneously performing quite well due to an increased or stable profit and export level. On the other hand, for the second classification (medium firm), all these medium firms were involved in best labour practice as the majority were not involved in retrenchment, whilst only some of these medium firms were unionized. All these medium firms provided training and developmental activities. All these medium firms had a work council and all these medium firms made use of team working. Also, these medium firms were performing quite well due to an increased or stable profit and export level. It is important to note that none of these small firms were involved in strike manifestation. Lastly, concerning the third classification (large firm): all these large firms were involved in best labour practice as most of them were not involved in retrenchment and only one large firm retrenched its labour force. All these large firms were unionized. All these large firms provided training and developmental activities. All these large firms had a work council and all these large firms made use of team working. Also, these large firms were performing quite well due to an increased or stable profit and export level. In brief, most of these Mauritian firms were involved in best labour practice and performed well, as in some cases the findings revealed that there was a relationship between HR practices and firms' performance. Further research is needed to investigate and test the causal relationship between HR practices and firms' performance as this study used only a single test which was the Chi-square test.

Lastly, concerning the DRC, the only survival firm to be classified was a medium firm. This firm was not involved in retrenchment. SOTEXKI was unionized and involved in training and developmental activities. The firm had a work council. Lastly, concerning the quality circles, the firm usually engaged in discussion with union representatives or 'delegation syndicale'. In brief, the only survival firm in the DRC performed quite well due to its export level and not due to a decrease of profit level during the period 2005 to 2010. Further investigation is needed to investigate whether the survival of this firm is due to the HR practices and whether the firm's performance is due to the HR practices; but no single test was used to help investigate if there is any causal relationship between HR practices and firm performance.

In this study, retrenchment was viewed as a preventive or curative strategy to help the firms survive and remain competitive. The finding shows that certain South African textile and clothing firms were not doing well. The so-called “survival firms” represented 56% of the firms as their profit level decreased during the period 2005 to 2010 and most of the “survival firms” were involved in retrenchment representing 44% of the firms in this study while 30% of these firms were involved in strike manifestation. Lastly, some of the same firms were engaged in violent forms of protest which represented 9% of the firms. On the other hand, concerning Mauritius, only one (1) out of sixteen (16) firms was involved in retrenchment. None of the Mauritian firms was involved in strike manifestation. And lastly, the only survival firm from the DRC was not involved in retrenchment. SOTEXKI’s overall performance was quite good as the firm succeeded in penetrating the regional market irrespective of the decreased profit level. Is there any difference between the three countries under review concerning retrenchment? It is important to note that retrenchment is normally seen as a feature of hard HRM. The South African findings showed a mixed practice. Some of the common responses from South Africa revealed that unions are asking too much; out-dated model-unions had too much latitude; not protecting labour-intensive industry; labour related issues-wages hikes; unions needed to restore disciplines. But the common responses from the Mauritius findings showed a need to facilitate the use of foreign labour inputs; reviewing and making labour law more flexible in a win-win manner for employers and employees. The only “survival firm” in the DRC was not involved in labour cost cutting or retrenchment.

8.2 Comparative analysis between South African and Mauritius findings

This section provided only key information about the overall situation concerning the textile and clothing industry in these two countries amongst the firms surveyed, which were overwhelmingly established players. There were some significant differences in general but this study preferred to look only at issues related to two important alternative strategies and firms’ performance. The purpose of this section was to compare the different firms’ overall performance in these two countries and to discover whether HR practices had dealt with the overall performance. Two important questions arise from the findings. Were these firms similar? What were the major differences between the different firms in these two countries (South Africa and Mauritius)?

8.2.1 Similarities

The researcher found that in the three countries, South Africa, the DRC and Mauritius, there were no indications of labour repression. In this study, labour repression refers to any unfair cost advantage use in the firm to remain competitive. It comprises issues such as: wage repression, abusive reduction of labour production costs, exploitative salaries, deprivation, inhumane treatment, arbitrary sacking, repression of workers’ rights, code of conduct violations, reduction of worker benefits, forced labour, unfair retrenchment, abusive retrenchment, very bad working conditions and any use of child labour.

The findings revealed that most of the firms in South Africa and only some firms in Mauritius were involved in retrenchment. Retrenchment was viewed in this study as a preventive or curative strategy to help firms survive and remain competitive. In this study, two important variables were used to help determine any involvement of firms in labour repression (retrenchment, strike manifestation) but these variables did not give any indication or presence of labour repression in the firms under investigation. In brief, the study found no sign of labour repression which means also that there was no change in relationship between value added production paradigm and labour repression.

Another important finding was that most of the firms in these two countries, deployed value added production paradigm strategies in areas not pertaining to numerical flexibility; the firms making great usage of these strategies and performed quite well. Such strategies entailed a commitment to training and development activities, engaging with union, reward systems, and the usage of work councils, quality circles and team working. Hence, the majority of these firms in this study had used value added production paradigm adopting what may be seen as best labour practices of the soft HRM variety (other than in the usage of retrenchments) which helped firms to survive and remain competitive.

The majority of the firms in this study, especially in South Africa and Mauritius were first of all locally-owned firms; but there were also some firms in the two countries that were foreigner-owned firms and another few firms were joint-ventures. One of the characteristics of the local firms is that they consisted of smaller firms and medium firms. Interviews indicated that some had undergone substantial downsizing. The firms in this study produced firstly for their local market. Most of the firms, in this study, especially in these two countries did not change their ownership structure. Most of the foreigner-owned firms were large or very large firms. In brief, these firms used value added production paradigm and complied to best labour practice in order to survive and remain competitive, given the inability to compete with very low cost producers from the Far East.

Interviews highlighted the importance of government intervention in promoting the local industry and providing more incentives to export.

8.2.2 Differences

The researcher found that the overall performance of the firms, in this study, especially in these two countries was quite good but showed a lot of differences. The first difference was that only some firms in South Africa agreed to receive governmental support and incentives to export, while in Mauritius most of the firms agreed to receive their government's support and a number of facilities or incentives to export. Other findings revealed that none of the firms in Mauritius was involved in any strike manifestation and only one (1) out of sixteen (16) firms was involved in retrenchment; in other words, contrary to the general trend of downsizing, Mauritian firms have managed to maintain workforce sizes. This may be due to the greater ease of enforcing regulations against illegal imports in a relatively small country, and allowing firms to plan for the future with greater confidence. But in South Africa, the findings showed that 30% of the firms were involved in strike manifestation and 44% of the firms retrenched their workforce.

Also, most of the Mauritius firms in this study acknowledged receiving government support and facilities to stimulate export, while in South Africa only some firms acknowledged receiving governmental assistance and facilities to export. The overall performance of the firms in this study was quite good in both countries but most of the firms in this sector experienced serious challenges and governments were required to intervene. And lastly, the researcher found that the South African market was different to both Mauritius and the DRC in terms of its home market which was much larger.

Concerning South Africa, the researcher found only three (3) classifications (small firms, medium firms and very large firms) while in Mauritius there were four classifications (small firms, medium firms, large firms and very large firms) but the researcher proposed to combine the last two classifications for Mauritius. This was due to the fact that the very large firm grouping in this study was too small and would have made the last classification meaningless statistically. What was the performance of the firms under investigation in this study? Responding to this question, the researcher proposed to look at some important variables such as: profit level, export level, involvement in union, retrenchment, considering each country separately and its classification.

Concerning South Africa, the first classification (small firm) showed that all the small firms were local or South African-owned firms; the majority of these small firms decreased their profit level; the majority of these small firms did not retrench; only some small firms were unionized and not all of the small firms exported. This means that these small firms did not do well as their profit level decreased during the period 2005 to 2010 and complied to best labour practice. However, most of these small firms did survive even though they performed poorly and concentrated more on the local market. The South African government should try to help these small firms to boost the export level as they have contributed to job creation and to the economic activities.

In the second classification (medium firm), the researcher found that all the medium firms were local or South African-owned firms; most of these medium firms decreased their profit level; also most of these firms did not retrench; the majority of the medium firms were unionized and most of the medium firms did export. This means that these medium firms did do quite well even though some firms experienced a decrease of profit level during the period 2005 to 2010 as only some firms exported and complied to best labour practice. But, these medium firms did survive and were competitive as most of these medium firms performed quite well by penetrating the international market. The South African government should continue to help these medium firms boost their export level as they contributed to job creation and to the economic activities. There was no South African firm in the third classification (large firm).

In the fourth classification (very large firm), the finding showed that this classification was diverse with local or South African-owned firms, foreigner-owned firms and joint-ventures; the majority of the very large firms decreased their profit level; furthermore, some of the very large firms did not retrench; the majority of the very large firms were unionized and all of the very large firms exported. This means that these very large firms did do well even though their profit level decreased during the period 2005 to 2010 and complied to best labour practice. But, these

very large firms did survive and remain competitive as they performed quite well by penetrating the international market. The South African government should continue to help them boost their competitiveness as they contributed to job creation and to the economic activities.

However, as regards Mauritius, the first classification (small firm) showed that all the small firms were local or Mauritius-owned firms; most of these small firms improved or stabilized their profit level; not all the firms were involved in retrenchments; all the small firms were unionized and most of the small firms exported. This means that these small firms did do well as their profit level improved or remained stable during the period 2005 to 2010 and complied to best labour practice. But, these small firms were competitive as they performed quite well by penetrating the international market. The Mauritius government should continue to help them remain competitive as they contributed to job creation and to economic activities.

In the second classification (medium firm), the researcher found that all the medium firms were local or Mauritius-owned firms; most of the firms improved or stabilized their profit level; all the medium firms did not retrench; only some of the medium firms were unionized. All the medium firms exported. This means that the medium firms did do quite well as their profit level improved or remained stable during the period under review and complied to best labour practice. But, these medium firms were competitive and performed quite well by penetrating the international market. The Mauritius government should continue to help them remain competitive as they contributed to job creation and economic activities.

Thus, in the third classification (large firm), the researcher found that this classification was diverse with local or Mauritius-owned firms, foreigner-owned firms and a joint venture; all of these large firms improved their profit level; all of these large firms did not retrench; all the large firms were unionized and all these large firms exported. This means that these large firms did do well as their profit level improved during the period 2005 to 2010 and complied to best labour practice. But, these large firms were competitive as they performed quite well by penetrating the international market. The Mauritius government should continue to help them remain competitive as they contributed to job creation and to the economic activities.

8.3 Conclusion

In conclusion, HR practices to some extent helped firms in this study to survive and remain competitive. Most of the firms performed quite well and this could be due to the fact that HR practices are related to firms' performance. Most of the firms in this study were involved in value added production paradigm. Value added production paradigm helps these firms survive and remain competitive which corresponded to thirty seven (37) out of forty (40) firms in this study involving in value added production paradigm with twenty (20) out of twenty three (23) firms from South Africa, all the sixteen (16) firms from Mauritius and the only one (1) firm from the DRC. This implies that value added production paradigm helps these firms to create wealth and contributes enormously to their survival and competitiveness. Most of these firms are characterized by consistent quality, product specialization, marketing and design. Lastly, the strength of all these firms relies on quality products, price, and shorter lead-time for their competitiveness. One on-going concern is that some of the firms which "survived", and how HR

practices to some extent continue to help these “survival firms” to operate. In brief, HR practices contribute to some extent directly or indirectly to the various successes, competitiveness and survival of firms in this study; and thus HR practice can enhance performance of the firms. Findings revealed reasons why more tests and investigation need to be carried out in order to investigate the causal relationship between HR practices and firms’ performance as this study used only a single test which found that HR practices were related to firms’ performance. What can be done to ensure that things work better in the future? The next paragraphs provide some suggestions and recommendations from both the respondents and the researcher.

The overall performance was quite good in this study as some South African firms and most Mauritian firms have succeeded in exporting their products and simultaneously improving or stabilizing their profit level during the period 2005 to 2010. Also, the only “survival firm” from the DRC has succeeded to export its products even though the firm decreased its profit level during the period under review. Given these facts, most of the firms in this study were doing quite well represented by twenty six (26) out of forty (40) firms) and only some firms were just “survival firms” due to the fact that these firms decreased their profit level during the period under review which corresponded to fourteen (14) out of forty (40) firms with one (1) firm from the DRC and thirteen (13) firms from South Africa. One important observation was that there was no indication of labour repression in this study. More research will be needed in the future to thoroughly investigate whether labour repression did take place in certain firms as no such signs of labour repression was found. But, Eppel (2013) and Eppel and Kriel (2013) from SACTWU found that abuses exist in the local textile and clothing industry depending on what method used and whether firms were compliant or non-compliant firms or whether these firms were across metro areas or non-metro areas firms. This was illustrated by the Newcastle clothing factories situation. In brief, the majority of the firms were using value added production paradigm and were complying with best labour practices just to remain competitive. The above firms under investigation were playing an important role in the economic activities and job creation in the three countries. This is a reason why government should continue to support and promote their local industry competitiveness.

Finally, this competitiveness should include cost, quality, flexibility, reliability, adaptability and the capacity to innovate. But one of the concerns for the sector to remain competitive is about cost pressures and whether firms can afford state-of-the-art machinery? In an era of technology firms must make an effort to access state-of-the-art machinery to remain globally competitive by good internal financial management and looking for loans to buy new equipment or machinery. Concerning firm competitiveness, these interventions should include activities regarding manpower, machines, materials and methods. In order to remain globally competitive, local producers should keep the following in mind: best labour practices, state-of-the-art machinery, and raw materials at low prices. The importance of firms’ competitiveness relies on their ability to stay ahead of potential competition by strategizing on how to continuously perform well in a particular market.

There is a need for government to intervene in the textile and clothing sector to help improve things and to build capacity; improve policies; promote the local industry and stimulate productivity and export. Governmental intervention is a possible solution to help the textile and clothing industry in the SAR survive and remain competitive. This could be a short-time governmental intervention to help firms boost their performance and competitiveness due to the impossibility and complication of any long term governmental intervention, given the structure imposed and a great deal of pressure from the WTO, International Financial Institutions, and etcetera. Most of the South African respondents asked for the following governmental interventions: more government support, curb unnecessarily import, productivity incentives, subsidize capital investment, survival package, etcetera. One of the respondents said: “government must bring the local industry to a higher level by playing a crucial role in promoting the local industry in terms of assistance for competitiveness and stimulating local industry with the production of raw material in all the provinces, provide more incentives to stimulate export, facilitate transfer and upgrade technology, building capacity and improve the policies as these firms create jobs and contribute to the economic activities”.

On the other hand, concerning Mauritius, most of the respondents asked for the following governmental interventions: measures to promote the sector survival and competitiveness such as fiscal incentives; improved communication between government, syndicates and textile industry; review and make labour law more flexible in a win-win manner for employers and employees; provide affordable energy cost; help continuously in skills development and technology upgrading; create appropriate environmental strategies; more stimulus package; extensive promotion abroad; facilitating the use of foreign labour; government need to give more facilities to small and medium enterprises; more investment in modern equipment, etcetera. There is also a need for government to protect the local industry by putting in place a contingent plan to limit imported products from Asia. Also government should stimulate the textile and clothing firms to export. Create more awareness that consumers buy locals products to promote the local industry. Promote and stimulate nationwide the production of cotton.

In the DRC case, the only respondent revealed that the company has some kind of governmental support to improve things. He further indicates that the firm benefits from different measures, ‘exoneration’ and other facilities such as facilities *parafiscales, fiscales et tarifaires* and more importantly to promote the local industry. Government should continue to help contribute to the firm’s survival and competitiveness by ordering the public order to SOTEXKI. Also government should try by all means to discourage the importation of *pagnes* or other illegal imports from East Asian countries. The respondent or the First Responsible *du Siege* SOTEXKI/Kinshasa acknowledges that the firm does have assistance from the Ministry of Industry.

Despite some very limited governmental interventions to promote the textile and clothing industry, there are still a number of challenges which need to be addressed on how to improve things in this vital sector. There is a need to improve the implementation of the different policies such as industrial, trade and labour policies; and also to improve some of the government interventions which were poorly designed and inappropriate, thus making things worse. These are reasons why all the stakeholders (government representatives, manufacturers or textile and clothing industry, trade unions, nongovernmental organizations, etcetera) should join together on

how to develop and implement policies to upgrade skills, protect workers, stimulate export by doing business and helping firms become more competitive. In most of the cases in the three countries under review, government interventions need much improvement on how to make things work better, due to a number of problems such as bureaucracy, corruption, inadequate personnel, lack of law enforcement, poor policies' implementation and poor communication between the DTI Support Department and the manufacturers. Finally, such government intervention is possible but must not violate WTO principles.

8.4 Recommendation

This investigation has shown that in order to make things work and achieve substantial progress in the industry, the following recommendations are required to each country:

- Help firms continuously comply to the best labour practice by helping the different existing channels such as unions, employers and other stakeholders forum, thus improving working conditions and allowing more permanent and mutual collaboration. Encouraging new entrants in the sector to be aware of the different incentives and assistance from government departments;
- Create more awareness in the different firms about the involvement of the best labour practice by putting in place new stimulus or grants to stimulate firms' competitiveness and good practices; also the findings showed the pertinence of value added production paradigm reason why this alternative strategy must be promoted and encouraged to promote competitiveness;
- Promote the local industry by keeping a close eye on the only survival companies with some adequate good incentives such as facilitating transfer and upgrading technology, skills development, fiscal exoneration or exemption, etc and provide export incentives to promote better competitiveness of the local industry;
- The researcher suggests that the foundation of competitiveness in the textile and clothing industry should be further promoted and stimulated by following best HR practices. The researcher recommends further investigation and studies to be conducted in order to see whether or not such allegations concerning labour repression involvement emphasizes the value of competitiveness in order to show that improvement is taking place: but in which firms, and exactly where?
- The findings showed that HR practices have a relationship with firms' performance. The researcher recommends that further research and investigation or tests should be conducted to establish the causal relationship, as this study was based only on one single test - *viz* the Chi-square test which requires – and should be supported – by further investigation.

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APPENDIX A



Adam Mwamayi

Student Number: 208072419

Development Studies/NMMU

adam3fr@yahoo.fr

19 January 2011

Dear Sir/Madam

RE: REQUEST TO CONDUCT A RESEARCH STUDY IN THE FIRM OR COMPANY

Title: Textile and Clothing Industry Competitiveness in the Southern African Region

You are invited to participate in a survey aimed at investigating the competitiveness of the Textile and Clothing Industry in the Southern African Region. I am conducting the survey, in order to obtain a Doctoral Degree in Development Studies at the NMMU, Port Elizabeth/South Africa. The university has agreed that I can conduct this research.

I would greatly appreciate it if you can complete the attached questionnaire. This questionnaire has been developed in such a way, that minimum time is required for the completion thereof. It is important to note that you need not reflect your name on the questionnaire, and that your response will be treated in strict confidential. I intend to make the findings available as soon as I complete my studies.

Your kind co-operation in this regard will be highly appreciated. Kindly return the questionnaire to me before 10 April 2011.

Yours sincerely,

Adam Mwamayi

(Researcher)

Cell number: 0027720342380

Professor R. Haines

(Research supervisor)

APPENDIX B: QUESTIONNAIRE IN ENGLISH

Textile and Clothing Industry Competitiveness in the Southern African Region

This questionnaire is part of the researcher's fieldwork which will be undertaken during a period of time later this year and the beginning of next year. This study's main objective is to look at the competitiveness of the textile and clothing industry in SAR by exploring these survival areas. Your co-operation in this survey is thus important and would be much appreciated.

Date:.....

Questionnaire number:.....

Position of the respondent (Not Optional):.....

Age and Gender of the respondent (Not optional):.....

How long the respondent has been working with the firm?.....

Location/City of the firm:.....

Type of firm and product:

A. Basic details about the firm

a. What is the origin of ownership?

1. Is the firm part of a foreign company?

Yes No

2. What is the type of the firm?

Holdings Privately Owned Owner-managed Joint venture with foreign firms Closed corporation Others/Please Specify.....

3. What is the country of origin of ownership?

Domestic:

Foreign:

4. Did this firm experience any change in its ownership structure within the last past five years?

Don't know No change Shareholding change Ownership transfer Mergers Foreign buy in Partnership change Others/Please Specify.....

b. What is the size of the firm?

1. What is the turnover of the firm? (Estimated in US Currency access on 13 August 2009 with 1US\$= SA Rand 8.14; 1US\$=31.1 Mauritius Rupees and 1US\$=770 Congolese Franc)

- Under 500 000 US\$ 500 000- 900 000 US\$ 1-3 million US\$
 4-7 million US\$ 8-10 million US\$ 11- 15 million US\$ Over 15 million US\$

2. Over the past years has turnover changed?

- Don't know Improved Decreased Stable

3. What is the size of your labour force?

- Under 100 workers 100- 499 workers 500-999 workers 1000-1999 workers
 Over 2000 workers

4. Has the number of employees changed over the past five years?

- Don't know Improved Worsened Stable

5. What is the proportion of this change in term of labour force?

- 1-3 % 4-7% 8-10% Above 10% Others/ Please Specify.....

c. What are the products produced by the firm?

- Don't know Formal wear Knitted Woven Leisure wear Sportswear
 Underwear Towelling Embroidery Accessories Others/Please Specify.....

d. What are the strengths of the firm for its competitiveness? (Please indicate each of the options that apply to your firm)

- Price Product Quality Technical standards Delivery services
 Logistics Reliability Quick response and flexibility Others

e. Where is the principal market destination of the firm?

- Local SADC EU US Others/Please Specify.....

f. What are the sources of change regarding output directed towards primary markets within the past five years? (Please indicate each of the options that apply to your firm)

Increased demand from abroad Increased demand in region Increased demand in home market Competition and illegal goods Decreased Demand Don't know N/A

B. Trends regarding the performance of the firms

1. Over the past five years has output level of the firm changed?

Increased Decreased Stable

2. Over the last past five years has profit level of the firm changed?

Improved Decreased Stable

3. What is the proportion of this change regarding profit level?

1-3 % 4-7% 8-10% Above 10% Others/Please Specify.....

4. Over the past five years has market-share of the firm changed?

Improved Decreased Stable

5. Over the past five years have exports level changed?

Not applicable Improved Decreased Stable

6. Where is the principal destination of the firm export? (Please indicate where the exports of the firm usually go)

Local SADC EU US Others/ Please Specify.....

7. Over the past five year has market destination of the firm changed?

Not applicable Improved Decreased Stable

C. Internal efficiency performance indicators

1. Over the past five years has the firm's inventory performance or stock levels changed?

Don't know Increased Decreased Stable

2. Over the past five years has lead-time performance of the firm changed?

Don't know Increased Decreased Stable

3. Internal defect is an indicator of internal levels of efficiency within the firm. So have the internal defects changed over the last past five years?

Don't know Increased Worsened Stable

4. External quality is an indicator of internal levels of efficiency within the firm. So, has the external quality changed over the last past five years? Don't know Increased
 Worsened Stable

5. Which of the following constraints expect to become binding in the immediate future the firm progress?

Demand factors Manpower factors Capital factors Institutional factors
 Labour legislation Others factors/Please Specify.....

6. Which of the following factors were the principal constraints for the firm progress in the past? (Please indicate each of the options that apply to the firm)

Inadequate Demand Across the Industry Local Competition Competition from Other Firms in Region
 Competition from Abroad Cost and availability of skilled labour
 Lack of finance Government labour policy Management problem
 Availability of raw materials Cost and availability of capital goods Cost of unskilled labour
 Availability of semi-skilled labour cost and availability of transport

D. Issues related to labour force and value-added production paradigm

a. Labour issues

1. Is the firm involved in any labour cutting costs?

Yes No

2. Please explain the above question?.....

3. Is this labour cutting approach working to keep the firm surviving and competitive?

Yes No

4. Is the firm involved in any training and developmental activities?

Yes No

5. What kind of training and development activities is offered by the firm?

Internal by the company External

6. Please indicate how many days can be spent on training a year by the workforce?.....

7. Are there any reward systems in the firm regarding performance based pay and how did the firm offer it? Yes No Individual Collectively

8. Which of the following have been characterising the firm in these last past five years?

Wage Freezes Wage Cuts Unable to provide Training Workforce Reduction/Retrenchment Inadequate machinery Lack of investment Others

9. What are the staff turnover rates?.....

10. Please complete the following table by giving the estimated work force in your firm:

Criteria/Years	1999	2004
Number of Permanent Staff		
Number of Temporary		
Number of Part-time workers		

- If you have increased your work force, please explain why?.....
- If you have decreased your work force, please explain why?.....

11. Please complete this following table by giving an estimated work force in your firm:

Criteria/Years	2005	2006	2007	2008	2009	2010
Number of Permanent Staff						
Number of Temporary workers						
Number of Part-time workers						

- ❖ If you have increased your work force, please explain why?.....
- ❖ If you have decreased your work force, please explain why?.....

12. Is the firm unionized?

Yes No

13. Is the union recognized?

Yes No

14. Does the firm engage in collective bargaining?

Yes No

15. During the last past five years, did any of the following happen in the firm?

➤ Have there been any strikes in any of your factories/production units? Yes No

➤ Have there been any lockouts in any of your factories/production units?

Yes No

➤ Have workers engaged in any violent forms of protest or extreme/desperate form of protest? Yes No

➤ Which one is that?

Physical Attacks on Managements Clashes with other Workers or Police

Hunger Strike Hostage taking Damage to Company Property Others

16. Does the firm have a work council? Yes No

17. Which one of the following describes better the firm regarding quality circles?

Make use of Team working Team Briefings General Workforce Meeting

Make use of Staff Notice-Boards Make use of Surveys Make use of Suggestion Boxes

b. Value-added production paradigm

1. Adding value means transforming inputs into marketable items of a higher market value. So, is this firm focused or involved on value-added production?

Yes No

2. If yes what exactly your firm doing?.....

.....

3. Is the above value added production helping to keep your firm sustainable and competitive?

Yes No

4. Which of the following aspects characterise your firm?

- Design Marketing Consistent quality Product specialisation
 Make-up into garment Packing Research and Development Others

5. Is value added creating wealth in the firm? Yes No

6. Please, explain the above question?.....

.....

7. What are the firm forces for its competitiveness and sustainability? (Please indicate each of the options that apply to the firm) Price Quality products Shorter lead time
 Innovative production Others/Please specify.....

8. Is it really working for your firm competitiveness to focus this strategy?.....

.....

9. What is keeping the firm's survival in face of increased low cost competition?

- Value added production Labour Cutting Cost Something else/Please Specify.....
 Don't know

10. Did the firm have any governmental support to improve wealth?

- Yes No

11. How old is the machinery in this firm?

- Less than 10 Years 10-19 Years 20-29 Years 30-39 Years
 40-49 Years Above 49 Years

12. What can be done to promote sustainability and competitiveness?

.....

.....

E. Other Concerns

1. Is the firm depending on government incentives to export?

- Yes No

2. In what ways (positive or negative) has government impacted on your firm. What more could/should they be doing?

Positive:.....

Negative:.....

What can they do?.....

3. Are you aware of possible assistance from the Department of Trade and Industry?

4. Have you previously or are you currently accessing assistance from the Department of Trade and industry?

5. What is working between these work force adjustments and value added to keep your firm sustainable and competitive? Please explain the above question?.....

.....

.....

6. What should be done to improve things? Please give us your suggestion to remain sustainable to the next five years.

THANK YOU FOR YOUR ASSISTANCE IN THIS SURVEY

APPENDIX C: QUESTIONNAIRE IN FRENCH

Compétitivité de l'Industrie Textile dans la Région de SADC

Ce questionnaire fait partie de ma recherche sur terrain qui sera entrepris à un moment donné à la fin de cette année 2010 et le début de l'année prochaine. L'objectif de cette étude est de comprendre et analyser la problématique de compétitivité de l'industrie textile dans la région de SADC en explorant les milieux qui survivent. Votre coopération dans cette enquête est le plus important and sera beaucoup apprécié.

Date:.....

Questionnaire Numero:.....

Votre Position (Optional):.....

Votre Age and Genre (Optional):.....

Depuis combien de temps fais-tu partie de cette entreprise?.....

Location/Ville dans laquelle se trouve l'entreprise:.....

Type or sort de produit que votre entreprise fait or fabrique:.....

.....

A. Détail concernant votre entreprise

a. Quelle est l'origine du propriétaire?

1. Est-ce que votre entreprise fait partie d'une compagnie étrangère

Yes No

2. Quel est le type d'entreprise fait partie votre compagnie?

Possession Propriété privée Gestion personnel Joint-venture avec une entreprise étrangère Société fermée Autre chose: Spécifier.....

3. Quel est le pays d'origine du propriétaire?

Domestique:

Etrangère:

4. Est-ce que l'entreprise a connu un changement dans la structure de propriétaire durant les cinq années passées? Je ne sais pas Pas de changement Changement des actionnaires Transfer de propriétaires Fusion Achat des étrangers dans l'entreprise Changement de partenariat Autre choses : Spécifie.....

b. Quelle est la taille de votre entreprise?

1. Quel est ton chiffre d'affaire? (Estimation en US du 13 August 2009 avec comme 1US\$=8.14 SA Rand; 1US\$= 31.1 Mauritius Rupees and 1US\$=770 Franc Congolais)

- En dessous 500 000 US\$ 500 000- 900 000 US\$ 1-3 million US\$
 4-7 million US\$ 8-10 million US\$ 11- 15 million US\$ Au delà 15 millionUS\$

2. Est-ce que ton chiffre d'affaire avait change durant les cinq années dernières?

- Je ne sais pas Améliorer Diminuer Stable

3. Quelle est la taille de vos travailleurs+?

- En dessous 100 travailleurs 100- 499 travailleurs 500-999 travailleurs
 1000-1999 travailleurs Au delà de 2000 travailleurs

4. Est-ce que le nombre de vos travailleurs avait change durant les cinq années passes?

- Je ne sais pas Améliorer S'empiré Stable

5. Quelle est la proportion de ce changement de travailleurs estimée en pourcentage?

- 1-3 % 4-7% 8-10% Au delà de 10% Autres/ Spécifier cette proportion.....

c. Quels sont les produits fabriquent par votre entreprise?

- Je ne sais pas Vêtements formel Tricote Tissage Vêtement de loisirs
 Vêtement de sport Lingeries Serviettes Broderie Accessoires
 Autre chose: Spécifier.....

.....
.....

d. Quelle est la force de votre entreprise pour sa compétitivité? (Indique chaque option qui s'applique à votre entreprise)

- Prix Produit Qualité Technical standards
 Livraison Logistiques Fiabilité
 Réponse rapide and flexibilité Autres/Spécifier.....

e. Quelle est la principale destination concernant le marché pour votre entreprise?

- Locale SADC UE US Autres/Spécifier.....

f. Quelles sont les sources de changement de la production concernant le marché primaire de votre entreprise durant les cinq années passées? (Veuillez indiquer chaque option qui s'applique à votre entreprise)

- Augmentation de la demande en dehors du continent Augmentation de la demande dans la région Augmentation de la demande dans le marché local Compétition et les biens illégaux Diminution de la demande Je ne sais pas N/A

B. Détails concernant la performance de l'entreprise

1. Est-ce que le niveau de la production de l'entreprise avait changé durant le cinq années passées?

- Améliorer Diminuer Stable

2. Est-ce que le niveau du profit de l'entreprise avait change durant le cinq années passées?

- Améliorer Diminuer Stable

3. Quelle est la proportion de ce changement au terme du niveau de profit de l'entreprise?

- 1-3 % 4-7% 8-10% Au delà de 10% Autres/ Spécifier.....

4. Est-ce que la part du marché de l'entreprise avait changée durant le cinq années passées?

- Améliorer Diminuer Stable

5. Est-ce que le niveau des exportations de l'entreprise avait changé durant le cinq années passées?

- Pas applicable Améliorer Diminuer Stable

6. Quelle est la principale destination des exportations de votre entreprise? (Spécifier où va toujours vos exports)

Locale SADC EU US Autres/ Spécifiez.....

7. Est-ce que la destination du marché de votre entreprise avait change durant les cinq années passées?

Pas applicable Améliorer Diminuer Stable

C. Détails concernant les indicateurs de la performance interne

1. Durant les cinq années passées est-ce que le niveau de stocks ou inventaire de l'entreprise avait changée? Je ne sais pas Améliorer Diminuer Stable

2. Durant les cinq années passées est-ce que le délais de livraison de l'entreprise avait change?

Je ne sais pas Améliorer Diminuer Stable

3. Est-ce que votre entreprise a connue un quelconque changement en cet egard durant les cinq années passées?

Je ne sais pas Améliorer Diminuer Stable

4. Est-ce la qualité externe de l'entreprise avait changée durant les cinq années passées?

Je ne sais pas Améliorer Diminuer Stable

5. Quels sont parmi les contraintes suivantes qui excepte de lier votre entreprise dans un futur immédiate concernant son progrès?

Facteurs demande Facteurs main d'œuvre Facteurs capital Facteurs institutions
 Législation de travail Autre facteurs/ Protection contre illégal produits.

6. Quels sont les facteurs qui constituaient les principales contraintes du progrès de l'entreprise dans son passe? (Veuillez indiquer l'option qui s appliqué à votre entreprise)

Demande inadéquate à travers les industries Compétition locale Compétition des autres entreprises dans la région Compétition en dehors du continent Cout et disponibilité de la main d'œuvre qualifiée Manque de finance Gouvernemental lois du travail Problème de gestion Disponibilité de matière premières Cout and disponibilité du capital de biens Cout de la main d'œuvre no-qualifiée Disponibilité de la main d'œuvre semi-qualifiée cout et disponibilité de transport

D. Questions relative à addition de valeur dans la production et la préoccupation concernant la main d'œuvre

a. Question sur la main d'œuvre

1. Est-ce que ton entreprise est impliqué dans le retranchement comme stratégie de réduction de cout?

Oui No

2. Veuillez expliquer la question suivante?.....
.....

2. Est-ce que le retranchement comme stratégie de réduction aide l'entreprise à survivre et demeurer compétitive?

Oui No

3. Est-ce que votre entreprise s'implique stage de professionnalisation et activité de développent?

Oui No

4. Quelle sorte de stage professionnelle et activité de développent que vous pourvoyez dans l'entreprise?

Internale par la société Externale

5. Indiquez combine de jours que le travailleur passé au stage de professionnalisation par an?.....

7. Avez-vous un system de récompense dans votre société et comment vous offrez cette récompense?

Oui No Individuellement Collectivement

8. Lesquelles de caractéristiques suivantes ont marqué votre entreprise durant les cinq années passées?

Blocage de salaire Saisie de salaire Incapacité de pourvoir le stage professionnel
 Retranchement de travailleurs Inadéquate machinerie Manque des investissements Autres

9. Quel est le taux de rotation du personnel?.....

10. Complétez le tableau suivant en donnant les estimations de votre main d'oeuvre:

Criteurs/Années	1999	2004
Nombre de Travailleurs Permanent		
Nombre de travailleurs Temporaire		
Nombre de travailleurs à temps partiel		

- S'il y a eu augmentation de travailleurs, prière de vous explique?.....
- S'il y a eu diminution de travailleurs, prière de vous expliquer?.....

11. Please complete this following table by giving an estimated work force in your firm:

Criteurs/Années	2005	2006	2007	2008	2009	2010
Number of Permanent Staff						
Number of Temporary workers						
Number of Part-time workers						

- ❖ S'il y a eu augmentation de travailleurs, prière de vous explique?.....
- ❖ S'il y a eu diminution de travailleurs, prière de vous expliquer?.....

12. Est-ce que votre société est syndicalise?

Oui No

13. Est-ce que ce syndicat est reconnu?

Oui No

14. Est-ce que votre entreprise est engagée dans les négociations collectives?

Oui No

15. Durant les cinq années passées, est-ce que votre entreprise avait connu l'un des événements suivant?

- Est-ce qu'il y a eu toute forme grève dans vos installation de production?

Oui No

➤ Est-ce qu'il y a eu tout sorte de congé technique?

Oui No

➤ Est-ce que les travailleurs se sont engagés dans toute forme de protestation, violence or protestation?

Oui No

➤ Lesquelles?

Attaque physique sur les gestionnaires Confrontation entre travailleurs or avec la police Greve de la faim Prise des otages Dommage de propriétés Autres

16. Est-ce que votre Entreprise a un conseil de travail?

Oui No

17. Comment faites -vous pour communiqué avec tous les travailleurs?

Utilisation de groupe de travail Minute de causerie avec les équipes Meeting général avec les travailleurs Utilisation de valve Utilisation des enquêtes Utilisation de boîte de suggestions

b. Production avec addition de valeur

1. Production avec addition de valeur c'est la transformation de matière première en produit fini de hautes valeurs. Est-ce que votre entreprise fait l'addition de valeur?

Oui No

2. Si la réponse est oui qu'est-ce que vous faite exactement?.....

.....

.....

3. Est-ce que la production avec addition de valeur aide l'entreprise à survivre et à être compétitive? Oui No

4. Qu'est-ce qui caractérise bien ton entreprise?

Conception Marketing Qualité consistante Spécialisation de produit Transformez en vêtement Emballage Recherche et Développement Autres

5. Est-ce que l'addition de valeur crée la richesse dans l'entreprise?

Oui No

6. SVP, expliquez la question suivante?.....
.....

7. Quelle est la force de votre entreprise pour sa survivance et sa compétition? (SVP indiquez chaque option qui s appliqué à votre entreprise)

Prix Produit de qualité Court délai d'exécutions Innovation dans la production Autres/Spécifier.....

8. Est-ce que ce choix suivant marche pour l'entreprise compétition comme stratégie?
.....
.....

9. Qu'est-ce que votre entreprise fait-elle pour survive cette competition exterieur?

Production avec addition de valeur Retranchement comme réduction de cout Autres choses/Spécifier..... Je ne sais pas

10. Est-ce votre entreprise à un soutien du gouvernement pour améliorer les choses?

Oui No

11. Quel est l'âge de vos machines?

Moins de 10 Années 10-19 Années 20-29 Années 30-39 Années
 40-49 Années Au-delà 49 Années

12. Qu'est-ce qu'on doit faire pour promouvoir la compétition et la survivance?
.....
.....

E. Autres Concernes

1. Est-ce que votre entreprise dépend des incentives du gouvernement pour exporter?

Oui No

2. Dans quel sens (positive ou négative) le gouvernement impact sur votre entreprise. Quoi de plus le gouvernement peut faire ?

Positive:.....

Négative:.....

Quoi de plus le gouvernement peut faire?.....

3. Est-ce que vous avez une assistance de la part du Ministère du Commerce et Industrie ou de la Chambre du Commerce?.....

4. Est-ce que présentement tu as accès à une assistance de la part du Ministère du Commerce et Industrie?.....

5. Qu'est-ce qui marche entre l'ajustement de travailleur et la production avec addition de valeur pour que l'entreprise survive et demeure compétitive? Prière d'expliquer la question suivante?.....

6. Qu'est-ce que pouvons-nous faire pour améliorer les choses? Prière de nous donner vos suggestions et recommandations pour l'entreprise demeure compétitive et dure les cinq années qui viennent.....

.....

.....

MERCI BEAUCOUP DE VOTRE ASSISTANCE DANS CETTE ENQUÊTE.

APPENDIX D: OTHER IMPORTANT INFORMATIONS RELATED TO THE STUDY

Section one: Additional tables and figures from chapter five related to SA findings

Table 5a: Chi-square test between team working (I20 1) and involvement in union (I12)

Statistic	Statistics: I12(2) x I20_1(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	2.718437	df=1	p=.09920
M-L Chi-square	2.836210	df=1	p=.09216
Phi for 2 x 2 tables	.3437920		
Tetrachoric correlation	.5326986		
Contingency coefficient	.3251153		

Table 5b: Chi-square test between team briefings (I20 2) and retrenchment (I1)

Statistic	Statistics: I20_2(2) x I1(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	1.433077	df=1	p=.23126
M-L Chi-square	1.535026	df=1	p=.21536
Phi for 2 x 2 tables	.2496151		
Tetrachoric correlation	.4502044		
Contingency coefficient	.2421841		

Table 5c: Chi-square test between team briefings (I20 2) and involvement in union (I12)

Statistic	Statistics: I20_2(2) x I12(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	.7096581	df=1	p=.39956
M-L Chi-square	.7052869	df=1	p=.40101
Phi for 2 x 2 tables	.1756551		
Tetrachoric correlation	.3023830		
Contingency coefficient	.1730063		

Table 5d: Chi-square test between general workforce meeting (I20 3) and retrenchment

Statistic	Statistics: I1(2) x I20_3(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	.0335082	df=1	p=.85476
M-L Chi-square	.0335071	df=1	p=.85476
Phi for 2 x 2 tables	-.038169		
Tetrachoric correlation	-.060231		
Contingency coefficient	.0381413		

Table 5e: Chi-square test between general workforce meeting (I20 3) and involvement in union (I12)

Statistic	Statistics: I12(2) x I20_3(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	.4342657	df=1	p=.50990
M-L Chi-square	.4362174	df=1	p=.50895
Phi for 2 x 2 tables	-.137409		
Tetrachoric correlation	-.215581		
Contingency coefficient	.1361295		

Table 5f: Chi-square test between staff notice-boards (I 20 4) and retrenchment (I1)

Statistic	Statistics: I20_4(2) x I1(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	3.486189	df=1	p=.06188
M-L Chi-square	3.575706	df=1	p=.05863
Phi for 2 x 2 tables	-.389324		
Tetrachoric correlation	-.576343		
Contingency coefficient	.3627987		

Table 5g: Chi-square test between use of survey (I20 5) and retrenchment (I1)

Statistic	Statistics: I1(2) x I20_5(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	.8041958	df=1	p=.36984
M-L Chi-square	1.175942	df=1	p=.27818
Phi for 2 x 2 tables	.1869894		
Tetrachoric correlation	.1495506		
Contingency coefficient	.1838037		

Table 5h: Chi-square test between use of survey (I20 5) and involvement in union (I12)

Statistic	Statistics: I20_5(2) x I12(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	1.359091	df=1	p=.24370
M-L Chi-square	1.725206	df=1	p=.18902
Phi for 2 x 2 tables	.2430862		
Tetrachoric correlation	.3069301		
Contingency coefficient	.2362075		

Table 5i: Chi-square test between suggestion boxes (I20 6) and retrenchment (I1)

Statistic	Statistics: I20_6(2) x I1(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	.0314530	df=1	p=.85923
M-L Chi-square	.0316154	df=1	p=.85887
Phi for 2 x 2 tables	.0369800		
Tetrachoric correlation	.0655872		
Contingency coefficient	.0369548		

Table 5j: Chi-square test between suggestion boxes (I20 6) and involvement in union (I12)

Statistic	Statistics: I20_6(2) x I12(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	.0314530	df=1	p=.85923
M-L Chi-square	.0316154	df=1	p=.85887
Phi for 2 x 2 tables	-.036980		
Tetrachoric correlation	-.065587		
Contingency coefficient	.0369548		

Table 5k: Chi-square test between profit level (G2) and retrenchment (I1)

Statistic	Statistics: G2(3) x I1(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	1.714793	df=2	p=.42427
M-L Chi-square	1.813380	df=2	p=.40386
Phi	.2730498		
Contingency coefficient	.2634070		
Cramér's V	.2730498		

Table 5l: Chi-square test between export level (E2) and training and developmental activities (I3)

Statistic	Statistics: I3(2) x E_2(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	.4573864	df=1	p=.49885
M-L Chi-square	.7455329	df=1	p=.38789
Phi for 2 x 2 tables	-.141019		
Tetrachoric correlation	.0201303		
Contingency coefficient	.1396374		

Table 5m: Chi-square test between profit level (G2) and training and developmental activities (I3)

Statistic	Statistics: G2(3) x I3(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	.4739011	df=2	p=.78903
M-L Chi-square	.4847258	df=2	p=.78477
Phi	.1435423		
Contingency coefficient	.1420860		
Cramér's V	.1435423		

Table 5n: Chi-square test between involvement in union (I12) and export level (E2)

Statistic	Statistics: I12(2) x E_2(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	.8041958	df=1	p=.36984
M-L Chi-square	1.175942	df=1	p=.27818
Phi for 2 x 2 tables	-.186989		
Tetrachoric correlation	-.149551		
Contingency coefficient	.1838037		

Table 5o: Chi-square test between profit level (G2) and involvement in union (I12)

Statistic	Statistics: I12(2) x G2(3) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	5.471006	df=2	p=.06486
M-L Chi-square	5.712900	df=2	p=.05747
Phi	.4877190		
Contingency coefficient	.4383613		
Cramér's V	.4877190		

Table 5p: Chi-square test between profit level (G2) and strike manifestation (I15)

Statistic	Statistics: I15(2) x G2(3) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	3.961813	df=2	p=.13794
M-L Chi-square	5.318301	df=2	p=.07001
Phi	.4150334		
Contingency coefficient	.3833297		
Cramér's V	.4150334		

Table 5q: Chi-square test between export level (E2) and strike manifestation (I15)

Statistic	Statistics: I15(2) x E_2(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	.4573864	df=1	p=.49885
M-L Chi-square	.7455329	df=1	p=.38789
Phi for 2 x 2 tables	.1410190		
Tetrachoric correlation	-.020130		
Contingency coefficient	.1396374		

Table 5r: Chi-square test between profit level (G2) and work council (I16)

Statistic	Statistics: I16(2) x G2(3) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	1.261808	df=2	p=.53211
M-L Chi-square	1.864433	df=2	p=.39368
Phi	.2394889		
Contingency coefficient	.2329029		
Cramér's V	.2394889		

Table 5s: Chi-square test between export level (E2) and work council (I16)

Statistic	Statistics: E_2(2) x I16(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	.1654135	df=1	p=.68422
M-L Chi-square	.3006276	df=1	p=.58349
Phi for 2 x 2 tables	.0867110		
Tetrachoric correlation	-.309594		
Contingency coefficient	.0863868		

Table 5t: Chi-square test between profit level (G2) and team working (I20 1)

Statistic	Statistics: I20_1(2) x G2(3) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	2.718437	df=2	p=.25686
M-L Chi-square	2.836210	df=2	p=.24217
Phi	.3437920		
Contingency coefficient	.3251153		
Cramér's V	.3437920		

Table 5u: Chi-square test between export level (E2) and team working (I20 1)

Statistic	Statistics: I20_1(2) x E_2(2) (data (2) SOUTH AFRICA)		
	Chi-square	df	p
Pearson Chi-square	1.626263	df=1	p=.20222
M-L Chi-square	1.947888	df=1	p=.16281
Phi for 2 x 2 tables	-.265908		
Tetrachoric correlation	-.359683		
Contingency coefficient	.2569781		

Section two: Additional tables and figures from chapter six related to Mauritius findings

Table 6a: Chi-square test between team working (I20 1) and retrenchment (I1)

Statistic	Statistics: I20_1(2) x I1(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	.0711111	df=1	p=.78973
M-L Chi-square	.1334323	df=1	p=.71490
Phi for 2 x 2 tables	-.066667		
Tetrachoric correlation	.5347033		
Contingency coefficient	.0665190		

Table 6b: Chi-square test between team working (I20 1) and involvement in union (I12)

Statistic	Statistics: I20_1(2) x I12(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	.1523810	df=1	p=.69627
M-L Chi-square	.2764111	df=1	p=.59906
Phi for 2 x 2 tables	.0975900		
Tetrachoric correlation	-.345574		
Contingency coefficient	.0971286		

Table 6c: Chi-square test between team briefing (I20 2) and retrenchment (I1)

Statistic	Statistics: I20_2(2) x I1(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	.4848485	df=1	p=.48623
M-L Chi-square	.7793390	df=1	p=.37734
Phi for 2 x 2 tables	.1740777		
Tetrachoric correlation	0.000000		
Contingency coefficient	.1714986		

Table 6d: Chi-square test between general workforce meeting (I20 3) and retrenchment (I1)

Statistic	Statistics: I20_3(2) x I1(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	.0711111	df=1	p=.78973
M-L Chi-square	.1334323	df=1	p=.71490
Phi for 2 x 2 tables	.0666667		
Tetrachoric correlation	-.534703		
Contingency coefficient	.0665190		

Table 6e: Chi-square test between general workforce meeting (I20 3) and involvement in union (I12)

Statistic	Statistics: I20_3(2) x I12(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	.1523810	df=1	p=.69627
M-L Chi-square	.2764111	df=1	p=.59906
Phi for 2 x 2 tables	-.097590		
Tetrachoric correlation	.3455742		
Contingency coefficient	.0971286		

Table 6f: Chi-square test between staff notice-boards (I20 4) and retrenchment (I1)

Statistic	Statistics: I20_4(2) x I1(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	1.066667	df=1	p=.30170
M-L Chi-square	1.453010	df=1	p=.22805
Phi for 2 x 2 tables	.2581989		
Tetrachoric correlation	.2540135		
Contingency coefficient	.2500000		

Table 6g: Chi-square test between use of survey (I20 5) and retrenchment (I1)

Statistic	Statistics: I20_5(2) x I1(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	.2461538	df=1	p=.61980
M-L Chi-square	.4304094	df=1	p=.51179
Phi for 2 x 2 tables	.1240347		
Tetrachoric correlation	-.209166		
Contingency coefficient	.1230915		

Table 6h: Chi-square test between use of survey (I20 5) and involvement in union (I12)

Statistic	Statistics: I20_5(2) x I12(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	.5274726	df=1	p=.46767
M-L Chi-square	.8942466	df=1	p=.34433
Phi for 2 x 2 tables	-.181568		
Tetrachoric correlation	-.027296		
Contingency coefficient	.1786474		

Table 6i: Chi-square test between suggestion boxes (I20 6) and retrenchment (I1)

Statistic	Statistics: I20_6(2) x I1(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	.4848485	df=1	p=.48623
M-L Chi-square	.7793390	df=1	p=.37734
Phi for 2 x 2 tables	.1740777		
Tetrachoric correlation	0.000000		
Contingency coefficient	.1714986		

Table 6j: Chi-square test between suggestion boxes (I20 6) and involvement in union (I12)

Statistic	Statistics: I20_6(2) x I12(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	1.038961	df=1	p=.30806
M-L Chi-square	1.625580	df=1	p=.20232
Phi for 2 x 2 tables	-.254824		
Tetrachoric correlation	-.251298		
Contingency coefficient	.2469324		

Table 6k: Chi-square test between export level (E2) and retrenchment (I1)

Statistic	Statistics: E_2(2) x I1(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	.6400000	df=1	p=.42371
M-L Chi-square	.9796736	df=1	p=.32228
Phi for 2 x 2 tables	-.200000		
Tetrachoric correlation	-.089038		
Contingency coefficient	.1961161		

Table 6l: Chi-square test between profit level (G2) and involvement in union (I12)

Statistic	Statistics: G2(2) x I12(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	.1523810	df=1	p=.69627
M-L Chi-square	.1482512	df=1	p=.70021
Phi for 2 x 2 tables	.0975900		
Tetrachoric correlation	.1935664		
Contingency coefficient	.0971286		

Table 6m: Chi-square test between work council (I19) and profit level (G2)

Statistic	Statistics: I19(2) x G2(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	.6400000	df=1	p=.42371
M-L Chi-square	.9796736	df=1	p=.32228
Phi for 2 x 2 tables	-.200000		
Tetrachoric correlation	-.089038		
Contingency coefficient	.1961161		

Table 6n: Chi-square test between work council (I19) and export level (E2)

Statistic	Statistics: I19(2) x E_2(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	1.777778	df=1	p=.18242
M-L Chi-square	2.074599	df=1	p=.14977
Phi for 2 x 2 tables	-.333333		
Tetrachoric correlation	-.415683		
Contingency coefficient	.3162278		

Table 6o: Chi-square test between team working (I20 1) and export level (E2)

Statistic	Statistics: I20_1(2) x E_2(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	.6400000	df=1	p=.42371
M-L Chi-square	.9796736	df=1	p=.32228
Phi for 2 x 2 tables	-.200000		
Tetrachoric correlation	-.089038		
Contingency coefficient	.1961161		

Table 6p: Chi-square test between team working (I20 1) and profit level (G2)

Statistic	Statistics: I20_1(2) x G2(2) (data (2) MAURITIUS)		
	Chi-square	df	p
Pearson Chi-square	.6400000	df=1	p=.42371
M-L Chi-square	.9796736	df=1	p=.32228
Phi for 2 x 2 tables	.2000000		
Tetrachoric correlation	.0890384		
Contingency coefficient	.1961161		