Identifying the attributes of successful
small apparel businesses in Armenia

by

Lilit Khachatryan

B.S., Yerevan State Academy of Fine Arts, 2012

A THESIS

submitted in partial fulfillment of the requirements for the degree

MASTER OF SCIENCE

Department of Apparel, Textiles and Interior Design
College of Human Ecology

KANSAS STATE UNIVERSITY
Manhattan, Kansas

2019

Approved by:

Major Professor
Dr. Kim Hiller Connell

Copyright

Abstract

Because finding a job in the apparel and textile sector can be a challenging task for the graduates of the apparel and textile programs in Armenia, the focus of this study is to find the attributes of successful small apparel businesses in Armenia and to identify the knowledge and skills graduates need to secure a job, to succeed at it, and potentially open their own small apparel business. Specifically, the purpose of this study is to: 1) identifying the factors leading to the success of small apparel businesses in Armenia; 2) learn what obstacles hinder the success of small apparel businesses in Armenia; 3) gain understanding of how the small apparel businesses in Armenia address the needs and wants of their customers; and 4) establish what type of professional development would contribute to the success of the small businesses. The study also: 1) explores what knowledge and skills successful apparel businesses in Armenia are looking for in new employees; and 2) provides recommendations for curriculum changes at Armenian apparel and textile programs which would help the graduates of Apparel and Textile programs in finding a job in the apparel and textile industry or in starting their own businesses. This study adopted a qualitative approach and collected data through semi-structured interviews with 11 Armenian small apparel business owners.

According to the owners of small apparel businesses in Armenia who participated in this study, one of the most important factors contributing to the success of small firms is effective utilization of innovative marketing techniques. At the same time, the use of innovative marketing techniques is still at its infancy in the small apparel business in Armenia, while the graduates of apparel and textile programs in that country to not receive marketing or business education. Other factors discussed by the participants as contributing to the success of small firms are professional and personal characteristics of the business owners, quality employees, and good

customer service. Based on these responses, curriculum recommendations are provided for the apparel and textile programs in Armenia that reflect the knowledge and skills the graduates need to: 1) be successful at finding a job in the apparel and textiles industry and at excelling at it; and 2) opening and operating their own small apparel businesses.

The findings of this study can be useful for graduates of the Armenian apparel and textile programs because they can learn what type of knowledge and skills are needed to succeed in the garment and textile sector in Armenia. Additionally, the apparel and textile programs in Armenia may use the results of this study to modify their curriculum, and include courses in marketing, business, and consumer behavior/service, to better equip their students with tools which will contribute to their professional success. Finally, the small businesses may use the findings to better understand how to succeed by adapting various marketing techniques, how to attract quality employees, and how to better address the needs and wants of their customers.

Table of Contents

List of Figures

List of Tables

Acknowledgements

Dedication

To my family

Chapter 1 - Introduction

Armenia is one of the oldest countries in the world and the first nation to adopt Christianity as a state religion in 301AD (Kurkjian, 2014). Modern Armenia, officially the Republic of Armenia, is a small country with a population of three million people (CIA Factbook, 2017) and an area of 29,743 sq. km. located between Asia and Europe in the region usually referred to as Transcaucasia (CIA Factbook, 2017). Historically, Armenia occupied a much larger territory in the so called "Armenian Highlands" or Eastern Anatolia, which is the region between the Black, Caspian, and Mediterranean Seas north of Mesopotamia and south of the Caucasus Mountains. Throughout history Armenia was surrounded by great powers (such as Babylon, Rome, the Achaemenid Empire, Byzantium, Arabs, Seljuks, Mongols, Ottoman, and Russian Empires) that time and again conquered, divided, ruled, or simply coexisted with the population of the region; and even though the culture of the region is quite unique and has many foreign influences, much of it (language, writing system, religious traditions, customs, etc.) has remained unchanged throughout the centuries (Kurkjian, 2014).

Armenian Economy in the 20th and 21st Centuries

From 1923 to 1991 Armenia was part of the Union of Soviet Socialist Republics (USSR) (Libaridian, 2007). During this time, Armenia experienced a cultural renaissance and developed a strong economy and infrastructure with many industries flourishing, including clothing and textiles (Libaridian, 2007). The collapse of the Soviet Union, combined with a devastating earthquake in 1988 and an ongoing war with the neighboring country of Azerbaijan, had crushing consequences on the economy of the newly independent Republic of Armenia. The new national currency introduced in 1992 almost immediately went through devaluation, prices rose

by an average of 130% and in 1993 an estimated 90% of the population of the republic was living below the official poverty line (Curtis, 1995). However, in recent years, conditions have improved significantly. Armenia's GDP grew by double digits between 2001 and 2007 (12% annually on average), and by 4% annually on average between 2009 and 2015, after being harshly hit by the global financial recession of 2008 (GDP contracted by 21% in 2008) (National Statistical Service of Republic of Armenia, 2017). In 2016, the nominal GDP was $10.53 billion (World Bank, 2017) and poverty was down to 32% of the population (CIA Factbook, 2017). Nevertheless, the country still has many economic challenges to overcome, such as a high unemployment rate of 18.1% and low quality of life [e.g. (nominal) GDP per capita is $3,499.80 (World Bank)], and the poverty rate is still quite high compared to neighboring countries (CIA Factbook). Consequently, more and more people are emigrating out of Armenia. The net emigration rate in 2016 was -5.7 people per 1000, placing the country as the 198th in the world out of 222 countries (CIA Factbook). The high rate of emigration, combined with the high mortality rate, poses a significant demographic problem for Armenia's shrinking population, which is declining at a rate of - 0.18% per year (CIA Factbook).

Statement of the Problem

Armenia is a small country with a very rich history, culture, and a unique people. However, because of a weakened economy and high unemployment, emigration has been rising since the 1990's and the conditions of the general population have not improved significantly. Having more successful businesses within the country should help to improve the economy by creating jobs and lowering unemployment. In particular, successful apparel businesses will have

a positive impact on the economy and help the graduates of the apparel design programs in the country.

The main problem addressed in this thesis is that there is minimal research investigating the causes of small apparel business success/failure within Armenia, including apparel retailers; and, therefore, Armenian business owners are left without guidance specific to the realities of operating a business within the nation. The hope is that with a better understanding of factors leading to small business success and failure, more businesses will flourish and contribute to improving the economy and lowering unemployment among professionals working in the apparel and textiles industry.

Additionally, although Armenia's universities have quality art and apparel design programs, there is lack of apparel marketing and merchandising programs within the country and formal education focused on the business side of fashion. Therefore, although Armenian post-secondary students are receiving quality educations in apparel design, they do not have the opportunity to learn about concepts such as merchandising, retail buying, store operations, consumer behavior, and apparel marketing – skills and knowledge essential for successful apparel businesses.

Consumers will not buy just anything that is being sold in a store, and the decisions of choosing appropriate clothes are made in the context of, and are often influenced by, the local culture. For that reason, successful businesses must understand both the local and global apparel market, conduct consumer research and learn how cultural norms influence buyer behaviors, have marketing strategies, and purchase appropriate products – all concepts taught within apparel merchandising programs in the United States. Unfortunately, apparel merchandising or marketing is not taught in the major educational institutions of Armenia that have apparel and

textiles programs. For instance, in the departments of Fashion, Apparel and Textiles at Yerevan State Academy of Fine Arts and at the Armenian State Pedagogical University, the curriculum includes only the design aspect of the apparel industry. Thus, many professionals in the field of apparel and textiles in Armenia do not have preparation in merchandising and marketing. As a result, apparel businesses are suffering from the lack of personnel who are well-educated and knowledgeable in these areas.

This apparel merchandising and marketing void in fashion education in Armenia is the second problem focused on in this study. This study will be influential for the major institutions of higher education in Armenia in that it may motivate them to integrate marketing and merchandising education in their apparel programs so that the new businesses would know how to better satisfy their consumers' wants and needs, and help the Armenian economy grow.

Purpose of the Study and Research Questions

The purpose of this study is to identify the attributes of successful small apparel retailers in Armenia. Implementing new curriculum, such as teaching marketing and business-related classes in the existing apparel programs at universities, may also lead to more successful retailers. Therefore, an important implication of this study is to make curriculum recommendations for fashion programs in Armenia so that university students can formally learn about best practices for owning and operating small apparel businesses.

Presently, students who graduate from apparel design programs in Armenia struggle to find employment in their field of study because what they learn in university is not applicable to the current fashion industry in Armenia. However, students continue to go through the same program of study as previous generations, getting a similar education, and then, frequently get a

job at the same university, teaching identical things to new generations of students – or, if they are lucky enough, they may be able to find a retail job in an international apparel store as sales associates.

Determining factors contributing to the success of Armenian-owned small apparel businesses and providing suggestions for integrating merchandising and marketing into the curriculum of apparel design programs in Armenia may help both current and future business owners to use their talents, bring to life their ideas, and help them succeed in the competitive field of fashion. Moreover, apparel business owners will be able to find qualified employees proficient in apparel design as well as apparel marketing, thus decreasing the unemployment level of graduates of the apparel design programs. Therefore, educating the owners of the apparel businesses and employees will help satisfy the needs of Armenian customers, which will prevent international businesses taking over the clothing market, what is currently happening in Armenia.

Related to the purpose, this study will investigate the following research questions:

1. What factors lead to the success of small apparel businesses in Armenia?
2. What obstacles hinder the success of small apparel businesses in Armenia?
3. How do the owners of small apparel businesses in Armenia address the needs and wants of their customers?
4. What types of professional development would be valuable for small apparel business owners?

Additionally to achieve the goal of providing curriculum recommendations, the data gathered in this study will be used to identify the knowledge and skills that apparel businesses in Armenia are looking for among new employees and provided curriculum recommendations for the apparel

and textile programs in Armenian universities to help the graduates in finding employment in the apparel industry or in starting their own businesses.

Definition of Key Terms

Apparel design is the art of application of design and aesthetics or natural beauty to clothing and accessories. Apparel design is influenced by cultural and social attitudes and has varied over time and place.

Apparel marketing is a series of activities that fashion businesses undertake so that customers will buy products from them instead of their competitors. Examples of apparel marketing activities include establishment of target market, advertising, promotions, and effective customer service.

Apparel merchandising is the promotion of apparel sales and involves all the tasks necessary to deliver the clothing requests and meet the needs of potential customers and designers.

Marketing is the process of developing and distributing products to satisfy customers' needs and wants.

Retail buyers are the individuals within a firm who select what items will be stocked within the retail store.

Small and medium-sized enterprises are non-subsidiary, independent firms which employ fewer than a given number of employees. This number varies across countries. In the European Union this number is 250. However, some countries set the limit at 200 employees. (European commission, 2017).

Small firms (in the EU) are generally the firms with fewer than 50 employees (European commission, 2017).

Small businesses are privately owned firms that have fewer than the number of employees and/or less than the annual revenue than a regular-sized business or corporation. The definition of "small" varies by industry and country.

Small apparel manufacturing business (in the US) is an apparel manufacturing business that has fewer than 750 employees (US small business administration, 2017).

Small apparel retail business (in the US) is a clothing store satisfying the appropriate size standards of the average annual receipts set by the US Small Business Administration. For Men's, Women's and Children's clothing stores the standards are set at 11 million, 27.5 million and 32.5 million US dollars, respectively (US small business administration, 2017).

Chapter 2 - Review of Literature

This chapter reviews the literature related to this study. The first part includes a brief overview of the apparel and textile industry in Armenia during and after the Soviet period. The second part discusses the current apparel business environment of the country, and the third part reviews characteristics of successful small and medium businesses. The chapter ends with an overview of the skills that, according to retail executives, applicants need to have in order to be successful in applying for a job in the apparel retail industry, as well as a list of knowledge and abilities that a student graduating from an Apparel and Textile program should have according to the International Textiles and Apparel Association (ITAA).

Historical Perspectives of the Armenian Apparel and Textile Industry

From 1922 to 1991 Armenia was part of the USSR, and on September 21st, 1991 Armenia officially declared its independence. During the years following World War II Armenia's economy transitioned from agrarian to industrial, with 62% of the republic's production becoming industrial (Curtis, 1995). The economy was mostly based on industrial production (chemicals and electronics) and light industry such as textiles, apparel, and leather (UNIDO, 2016). The apparel and textile industry of the republic was a major supplier of garments and textiles within the Soviet Union. At its highest level, the sector employed 115,000 people, accounting for 25-30% of the country's labor force during the 1980s. The industry was built around massive plants that supplied a significant amount of clothing and textile products throughout the Soviet system (Armenian apparel and textile industry, 2009).

Before independence from the USSR, much of Armenia's industrial production was exported and used by the Soviet defense complex; and once the USSR collapsed, most of the

factories lost 60-80% of their business (Curtis, 1995). With independence in 1991 came the disruption of the socialist distribution of goods between Soviet republics through a closed-trading network. Moreover, being poor of natural resources, Armenia needed a reliable source of fuel imports for the functioning of its industrial complex. However, almost immediately after independence, as a form of political pressure against Armenia, Azerbaijan denied access to the Russian natural gas pipeline, which had been delivering 90% of Armenia's natural gas (Curtis, 1995). In the early 1990's Armenia's economy dramatically declined by almost 60%. There was a major negative impact on light industry and in particular on the apparel and textiles sector, which had employed 115,000 people – almost a quarter of Armenia's workforce (Armenian apparel and textile industry, 2009). Currently, the textiles and apparel sector provides only about 3,500 jobs within the country (UNIDO, 2016).

The primary strengths of the current Armenian apparel and textile industry are the existence of an abundant, inexpensive, and experienced labor force; no or reduced customs duties with large markets, including 0% tariffs rates with EAEU (Russia, Kazakhstan, Belorussia, Kyrgyzstan), CIS countries, Georgia; 0% or reduced tariffs due to free trade agreements with Iran and Vietnam, and via General System of Preferences (GSP) with EU, UK, Canada, Japan, Norway, Switzerland, and USA (Sectorial Brochure Textile & Apparel Industry of Armenia/BA, 2018). As of 2002 the industry was operating at about 38% capacity for those manufacturers who were still in business and represented about 0.3% of Armenia's GDP. Most of the apparel and textile related factories in the country employ more than 300 workers on average, yet some of these big enterprises are often working with 25-35% capacity, underutilizing both their equipment and space (Armenian apparel and textile industry, 2009). Other important characteristics of the apparel and textile industry of Armenia include a very

competitive workforce with a low average monthly wage of $200USD and the existence of industrial infrastructure throughout the country that can be revived (East Invest, 2011).

The main apparel-related business opportunities in Armenia include subcontracting in Yerevan and in other regions of Armenia (e.g. Gyumri, Vanadzor, Spitak), where, due to lower costs of living and less skilled workers, labor costs are even less than in the capital (since many Soviet era apparel and textile factories were in the capital) (East Invest, 2011). Several foreign companies have used these opportunities and are currently conducting apparel and textile related business in the country. Between the years 2003 and 2013, 85% of the exports of Armenia's textile and knitwear sector were the result of outsourcing. This mainly included coats, raincoats, jackets, and similar products exported to Italy and outerwear exported to Germany (Atabekyan, 2013).

Current Small Business Environment in Armenia

Economic struggles of the 1990's and low-income levels [average monthly salaries stayed below $40 during the 1990's and stayed below $400 until 2016 (UNECE, 2016)], significantly influenced Armenians' apparel preferences and impacted local small apparel businesses. With the small GDP per capita of $3,499.80 (World Bank, 2015) and a small population, the market in Armenia was not attractive to apparel firms (Tachiiri, 2014). Nevertheless, in 2015 Armenia was ranked 10th in the world by A.T. Kearney's 2015 Global Retail Development Index (GRDI) for its retail opportunities (A.T. Kearney, 2017). On the positive side, Kearney News (2017) noted that Armenia's retail market is still unsaturated and is shifting rapidly towards western standards, (Armenia - Fast Moving Consumer Goods Sector, 2016) which, combined with the government's efforts to attract international investments, has

resulted in several international apparel brands such as Promod, ZARA, Aldo, Baldi, Topshop, Mango, Polo, and GAP opening stores in Yerevan (Armenia - Fast Moving Consumer Goods Sector, 2016). Thus, small, local apparel retail businesses are competing with well-known international brands – making it even more difficult to be financially sustainable.

Unfortunately, competition with large international brands is not the only problem that makes Armenian small businesses struggle. Babayan (2015) described other factors working against small businesses in Armenia. According to Babayan, the principles of taxation and regulations are the same for all businesses in Armenia – independent of size – which disadvantages small and medium-sized businesses and frequently drives them to bankruptcy. Babayan also asserted that, even though registering a new business is very easy, obstacles arise after opening, many of which are made worse by the Armenian government's Ministry of Territorial Administration, the Service of Emergency Situations, and the Customs Service. Finally, Babayan also indicated that Armenia would only be an attractive country for opening and operating a business once the government was able to eliminate systemic corruption.

Even though there are many small and medium-sized businesses that struggle to be successful in Armenia, there are also some flourishing locally owned Armenian businesses. One common feature found among the successful businesses is that most of the owners received their education abroad in countries such as Russia, the US, and France. For instance, Karen Gomtyan, who was educated in Russia, has an established factory in Armenia called Lentex LCC, which produces pantyhose for women and girls, as well as socks for both men, women, and children (K. Gomtyan, Personal Communication, October 20, 2017). Another is Tigran Gasparyan, who received his master's degree in financial engineering in France and is the owner of Armtex Group (T. Gasparyan, Personal Communication, October 14, 2017). Armtex Group was

established in 2000 as a company producing hats for women, men and children. Since 2001, the products have been exported to the US, Canada and the Russian Federation. During the last 15 years the company has continuously grown and currently produces men's, women's and children's sleepwear and underwear. Therefore, under the right circumstances, it is possible for a small apparel business to flourish in Armenia.

Unfortunately, there is limited literature outlining factors of success and/or failure for small, locally owned business in the country – a deficiency this study aims to resolve.

Factors Contributing to Small Business Success

To better understand and evaluate the characteristics of small enterprises that lead to success of small apparel businesses in Armenia, and due to lack of prior research in this topic in Armenia, this literature review examines the characteristics of successful small businesses in other cultures and countries, and in particular in the United States, a topic which has been thoroughly researched. Small firms comprise the majority of all businesses in the US and have a significant impact on the overall economy (Fiore, 2013; Small Business Advocate, 2012). In fact, independently owned businesses account for 99% of all employer firms in the US (Niehm, 2014). Thus, knowledge of the strategies that can foster small business success is of significant value for the Armenian business sector. And even though the business environment in Armenia is quite different from that in the US, Armenia's market has been gradually moving towards a western style of business management (Armenia - fast moving consumer goods sector, 2016). It is therefore reasonable to try to apply some of the most general successful characteristics of small businesses in the US to Armenia.

Successful small, entrepreneurial firms are usually in-tune with customer wants, needs, and preferences (Becherer et al., 2008; Martin, 2009; Niehm et al., 2014). Among the factors that can bolster success are appropriate business organizational, managerial, and human resource practices (Niehm et al, 2014). Effective managers have the basic personnel management skills to recruit, develop, and retain employees as well as keep them motivated and create value for customers and for the firm through activities such as marketing (Temtime & Pansiri, 2006). One of the most common reasons for low business success is the lack of management capabilities, including the management of marketing activities, suggesting the centrality of marketing competencies to business performance (Niehm et al., 2014).

Business success is often defined in terms of measurable aspects such as sales growth, turnover, and profit (Sharma, 2004). Using profitability as a key measure of financial success, it was shown by Niehm et al. (2014) that one of the ways of achieving sustained competitive and financial success for small businesses is by means of employing innovative marketing strategies. Defined by Barney (1991) and Barney and Hesterly (2006), *sustained competitive advantage* is a form of advantage that cannot be easily duplicated by other competing firms because it is uniquely owned by a firm and as a result possesses heterogeneity and immobility. In fact, sustained competitive advantage depends on the level of innovative marketing strategies employed by the firm (Niehm et al., 2014). These strategies are reflected in unique resource combinations, which are difficult for small firm competitors to copy. According to Niehm et al. (2014), factors of innovative use of organizational or human capital resources can be critical for achieving small business success and sustained competitive advantage. Additional factors identified by Niehm et al. as being essential to small business success include:

1. Entrepreneurial marketing (EM),

2. Experiential marketing (4Es for engaging consumers),

3. Brand image (5Ps used in building a holistic experience), and

4. Brand distinctiveness.

Human Capital Resources and Small Business Success

Effective management of human resources is a key aspect of the success and even survival of small businesses (Dushpande Gohlar, 1994; Hornsby & Kurakto, 1990; Hornsby & Kurakto, 2003; Marlow & Patton, 1993). The presence of well-motivated, highly skilled employees is an important factor determining a small firm's ability to stay competitive and is one of the main characteristics distinguishing successful small firms from unsuccessful ones (Hornsby & Kurakto, 2003). Even though there has been much research on human resource management, most of the studies address the issues of large businesses (Hornsby & Kuratko, 2003). However, management of people in small firms does not correspond to the management in well-established organizations. Indeed, there are several differences between human resource management in small firms and large firms (Hornsby & Kurakto, 2003). This can be due to liability of smallness and in particular due to the fact that small businesses have fewer resources than large organizations (Stinchcombe, 1965). For instance, small businesses can face more challenges in recruitment of new employees (Williamson, Cable, & Aldrich, 2002) and may lack clear human resource policies and a dedicated HR department (Markman & Baron, 2003). In fact, in a typical firm with fewer than 50 employees the functions of the human resource management are handled by the owner/CEO (Little, 1986).

According to Hess (1987), human resource management is considered to be the second most important management activity after the general management work by the owners of the small businesses. Among the most critical issues from the viewpoint of human resource management in small ventures are the availability of quality workers, retention, benefits,

trainings, competitive wages and government regulations (Hornsby & Kurakto, 2003). All of these issues were present in previous studies as well (Hornsby & Kurakto, 1990). However, some new issues emerged in the 21st century, including childcare issues and flexible scheduling (Hornsby & Kurakto, 2003).

According to the owners/mangers of small firms, the most important human resource issue in small businesses is the availability of quality workers (Hornsby & Kurakto, 2003). Technical skills and knowledge used to be the most important characteristics sought during the hiring process (Robles, 2012). However, due to the profound impact of technology, employers now look for not only technical or hard skills (such as math skills, analytical abilities, etc.) but also for so called soft skills such as integrity, communication, and interpersonal skills (Robles, 2012). For instance, in the retail sector the skills related to businesses management and leadership qualities are particularly valued (Donnellan, 1996). Other skills and qualities employees need to contribute to the success and growth of small companies are dedication, positive mindset, ambition, reliability, and focus (Kappel, 2017). A successful employee also needs to be self-motivated, a team player and of course has to be qualified for the job (Kappel, 2017).

Innovative or entrepreneurial use and development of firm resources, and in particular of human resources, may lead to financial success of a small business (Niehm et al., 2014). Niehm and colleagues (2014) showed that small retail-related business operators can be grouped into three distinct clusters depending on the level of innovative marketing strategies used (in particular unique resource combination). The business operators in the third (i.e. highest level of innovation) cluster had higher education, were younger, employed more people and had a highest degree of financial success among the three clusters. One consequence of these findings

is that the level of educational attainment of the business operator may lead to a more successful and innovative marketing strategy and in turn to financial success. This is very much in tune with the justification for completing this particular research study -- which posits that a rigorous apparel marketing program in the institutions of higher education in Armenia may have a positive impact on the financial success of small apparel businesses.

Entrepreneurial Marketing

It is widely agreed that marketing is one of the key aspects of the survival, development, and success of small and new business ventures (Bjerke & Hultman, 2002; Carson et al., 1995, Kraus et al., 2009). One of the several available definitions of marketing comes from the American Marketing Association, which states that marketing is "the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals" (Morris et al., 2002, p. 2). The elements of successful corporate marketing have traditionally come down to the familiar four P's: price, promotion, product, and placement (Kotler, 2001; Martin, 2009). However, this traditional approach to marketing has been criticized by several authors for over-reliance on established formula-based thinking, lack of accountability for marketing expenditures, an emphasis on the promotion element of the marketing mix, focus on superficial and transitory whims of customers, the tendencies to imitate instead of innovate and to serve existing markets instead of creating new ones, a concentration on short-term, low-risk payoffs, and marketing as a functional silo with static and reactive approaches (Morris et al., 2002). Zontanos and Anderson (2004) argued that there is a set of very different 4Ps – person, process, purpose, and practices – that provides a much better framework for small/entrepreneurial marketing and should be thought of as consumer-centric relationship marketing.

Until the 1990s, it was assumed that the traditional sophisticated marketing practices, which were developed for larger companies, needed to be simplified when used by small or new ventures (Kraus et al., 2009). More recently it became understood that a more specialized approach to marketing is called for that considers the specific challenges that most small or new ventures face (Kraus et al. 2009). In the case of small firms, the challenges may be summarized using the term *liability of smallness,* which emphasizes that a firm has limited financial and human resources, limited market power, and a small customer base (Kraus et al., 2009). One of the important consequences of liability of smallness is that small firms have much higher closure rates than large ones (Zontanos et al., 2006). At the same time, businesses are at their most vulnerable when they are very young and very small. The case studies of surviving and non-surviving small manufacturing firms (Smallbone et al., 1993; Zontanos et al., 2006) show that a key factor is the ability to adjust. The most important adjustment for the survival of and growth of small firms is active market development, a continuous search for new market opportunities, and the expansion of the customer base (Zontanos et al, 2006, page 230). The use of innovative methods is a key for success.

According to Kraus et al. (2009), most new and small ventures are not very innovative, but rather imitative. In fact, most small new ventures start with an established business idea in an established market. An entrepreneurial or innovative approach to marketing may help overcome many of the problems facing the small and new ventures.

Entrepreneurship is the process of creating value by bringing together a unique package of resources to exploit an opportunity (Morris, et al. 2002). It results not only in the creation of new, growth-oriented firms, but in the strategic renewal of existing firms (Morris, et al. 2002; Pinchot 2000). Entrepreneurship is an organizational orientation exhibiting three underlying

dimensions: *innovativeness, calculated risk-taking, and proactiveness* (Morris, et al. 2002).

Innovativeness refers to seeking creative, unusual, or novel solutions to problems and needs.

Calculated risk-taking involves the willingness to commit significant resources to opportunities

that have a reasonable chance of costly failure, but also creative attempts to mitigate, leverage or

share the various risks, while proactiveness is making things happen through whatever means

necessary (Morris, et al, 2002). The need for entrepreneurship is greatest when firms face

diminishing opportunities, as well as rapid changes in technology, consumer needs, social values,

and political roles.

Due to unique obstacles faced by small and new enterprises, the entrepreneurial approach

to operating businesses has been mostly used in the context of small firms that are constrained in

their resources and therefore often rely on innovative and unsophisticated methods that heavily

use personal networks (Morris et al, 2002). Since small firms usually operate under the

constraints of having limited resources, market power and customer base – the liability of

smallness – and there is a lack of established relationships with market partners as well as lack of

trust in their products (this is *liability of newness*), a definition of entrepreneurial marketing,

which accounted for these liabilities, was formulated by Kraus et al. (2009).

> Entrepreneurial marketing is an organizational function and a set of processes for
> creating, communicating and delivering value to customers and for managing customer
> relationships in ways that benefit the organization and its stakeholders, and that is
> characterized by innovativeness, risk-taking, proactiveness, and may be performed
> without resources currently controlled. (p. 9)

The difference between entrepreneurial marketing and the more "conservative" approach

to marketing can be illustrated with the example of promotion as detailed by Kraus et al. (2009).

They describe that, while the traditional approach to marketing may be to use classical

communication channels such as print media and TV, the entrepreneurial approach often uses

innovative channels, such as the Internet or mobile marketing. This method of promotion creates

and expands a customer base using word-of-mouth communications and recommendations. One

advantage over the traditional advertising is that the innovative EM approach is cost-effective

since communication is spreading through the customers' own networks without the use of

company resources. However, the customers need to be highly involved by the product to spread

the message (Kraus et al., 2009).

Some of the best-known and most successful forms of entrepreneurial marketing are

guerilla marketing, buzz marketing and viral marketing, all of which are based on the concept of

word-of-mouth marketing (Kraus et al., 2009).

Guerilla marketing.

The term guerrilla marketing [coined by Jay Conrad Levinson in 1984 (Levinson, 1984)]

references a mixture of low-cost, high-impact marketing techniques. Its goal is to achieve wide-

ranging results with an atypically low utilization of resources. The disadvantages of guerrilla

marketing practices are that they often can be used only once, they are limited in scope, and are

seldom repeatable. Examples of guerrilla marketing campaigns include a Vodafone emblem on a

streaker's naked body at an Australian football match or Nike's "Go Heinrich Go!" campaign in

Germany that sponsored the participation of the 80-year-old runner named Heinrich at the

famous Berlin marathon (Kraus et al., 2008).

By creating a shocking, whimsical, or beautiful change to a space, one can quickly gain

the attention of passersby, guerilla marketing methods work well in urban spaces with high foot

or car traffic.

Figure 2.1 Dentist's advertisement

An example of successful guerilla marketing for small businesses is the clever poster hung on a telephone pole pictured in Figure 2.1. It is whimsical and as people remove the dentist's business information, the mouth invites even more curiosity. The poster is incorporated into the landscape, but the bold

design demands the attention of a passerby, causing the poster to stand out sharply (Snedeker, 2016).

An example of guerilla marketing in apparel retail is the "Get Fabulous" campaign by Arkaden in Gothenburg, Sweden. In this campaign (see Figure 2.2), the store set up mirrors that included images of clothing items on the sidewalks of the city. This allowed the customers to "try on" their clothes in the streets essentially moving the dressing rooms out of the mall (Schori, 2009).

Figure 2.2 "Get Fabulous" campaign by Arkaden

Buzz marketing.

Buzz marketing is a recent form of word-of-mouth communication that has emerged because more and more consumers are becoming critical of classical advertising methods. It is an attempt to stimulate consumers through spectacular actions to such an extent that the product becomes the topic of conversations or gossip (Rosenbloom, 2000). It uses consumers' social networks to generate a buzz around a product or a brand, thereby leaving the actual advertising to the customers. Buzz marketing's target persons are often opinion leaders with central hub positions in their social networks. Therefore, they can disseminate the message in an exponential way and it is estimated that buzz marketing influences the sales volume of up to 67% of all products and services in the U.S. (Dye, 2000). Ideally, cleverly designed buzz marketing actions are covered by the media and further distributed at no cost for the marketer. An important advantage of buzz

marketing is the fact that it is credible. People seldom trust traditional advertising as much as a word of someone they know. A disadvantage is that buzz marketing is usually applicable only for new products or services because it addresses the appeal of novelty the product has for the customer. Thus, it works best with products that are thought of as exciting and innovative.

A successful example of buzz marketing is the low budget movie *The Blair Witch Project*, which was filmed in 1999 in the style of an amateur video. The producers used the Internet to create word-of-mouth communication for the movie. Using innovative techniques, they generated enough buzz so that the movie, which was financed with only $35,000 USD, became a world-wide success with box office takings of more than $250 million USD (Kraus, et.al. 2009).

When applying buzz marketing to clothing stores, it is advantageous to generate buzz before the official launch of the apparel collection (Michele, 2018). For example, one can generate following on social media by triggering the potential fans with catchy hashtags. It is not necessary to be a famous designer to create appealing visual triggers. In fact, there are various social media templates (such as Canva) that can be utilized to create teaser campaigns.

Viral marketing.

Viral marketing is a form of marketing that uses social networks (family, friends, neighbors, colleagues) by spreading messages like a virus (Phelps et al., 2004). This is done voluntary through an honest communication by the customer him/herself with the aim of acquiring new customers (Rosenbloom, 2000). Viral marketers spread their campaign like a virus, seemingly uncontrolled, mostly over the Internet. The success of viral marketing depends on whether the client has a personal benefit to forward the marketing message to others (Dobele et al., 2005; Mohr & Spekman, 1994). Its main advantages are very low costs, resulting from the use of Internet and email (Dobele et al., 2005).

A successful example of viral marketing is the Internet game used by the Johnnie Walker liquor company to lure German customers to its products. The game was advertised only by word-of-mouth (through Internet, newspapers and TV) and became so popular that it resulted in productivity losses of several million euros, as it was played mainly during working hours. (Kraus, et.al., 2009).

Viral marketing was also utilized for the 2008 catastrophe movie "Cloverfield." The marketing campaign was based on secrecy and the publication of little snippets such as fake news broadcasts, which were spread over YouTube and other video hosting sites. A teaser trailer was published long before the movie and as the release date got closer, viral trailers, and more clues about the movie popped up. This created buzz, and people got very interested in the movie. As a result of this campaign the movie earned $17 million USD on its opening day (Kraus,et.al., 2009).

During the 2015 London Fashion Week, Topshop collaborated with Twitter and launched the #LIVETRENDS real-time campaign where billboards were set up in major UK cities, each near a Topshop store. From front row fashion tweets, Topshop determined which styles were most in-trend and recommended collections available in stores that customers could purchase right away. For the first time in history, customers were inspired to shop by real-time data collected by the brand. This viral marketing campaign resulted in 75% uplift in the sales of featured products, while the return on investment was 11:1 (Twitter, 2015).

Experiential Marketing and the 4Es for Engaging Customers

The economies of developed countries have been shifting from an emphasis on selling commodities to selling goods, to selling services, and now to the selling of experiences (Pine & Gilmore, 1999). As a result, consumers have high expectations from businesses and crave unique and engaging marketing experiences (Gentile, Spiller, & Noci, 2007; Pine & Gilmore, 1998,

1999). Thus, it is important for businesses, including small businesses, to provide innovative and memorable experiences for consumers through experiential marketing (Pine & Gilmore, 1999).

Experiences may be described in terms of two dimensions: customer participation and connection or environmental relationships that unites the customers with an event or performance (Pine & Gilmore, 1998). The level of customer satisfaction may vary from passive to active. Examples of passive participants include moviegoers or attendees of a symphony concert. People who participate in a ski race are active participants. Moreover, even those who come to watch a race are more active than passive participants since they also have roles in the performance or event that creates the experience (Pine & Gilmore, 1998).

The second dimension for describing the experiences is the extent of connection to an event or the performance (Pine & Gilmore, 1998). On one end of the spectrum of connection is complete absorption and on the other end is immersion. To illustrate, a student who is actively writing notes during a lecture is more absorbed than when leisurely reading a textbook. Similarly, the experience of seeing a movie in a theater with an audience, large screen, and stereophonic sound is more immersive compared to the experience of watching the same movie at home (Pine & Gilmore, 1998).

Depending on the relationship to the two dimensions of passive-active participation and absorption-immersion general experiences can be broadly placed in four categories: educational, entertainment, escapist, and esthetic (Niehm et al., 2104; Pine and Gilmore, 1998). The experiences of entertainment (e.g. watching a concert or a movie) and education (e.g. attending lectures or presentations) mostly take place in our mind and therefore involve absorption. In terms of the dimension of passive-active participation entertainment (e.g. watching a cooking show) is closer to the passive end of the spectrum, whereas educational experiences (e.g.

attending a cooking class) are shifted towards the active end (Niehm et al., 2014). An example of an escapist experience is the process of mass customization of products, which involves consumer's active participation. Escapist experiences can teach just as well as educational events can, or amuse just as well as entertainment, but they involve greater customer immersion. On the other hand, aesthetic experiences such as enjoying a beautifully designed store are more passive. Acting in a play, playing in an orchestra, or descending the Grand Canyon involve both active participation and immersion in the experience. If you minimize the customers' active participation, however, an escapist event becomes an experience of the fourth kind – the aesthetic. Here customers or participants are immersed in an activity or environment, but they themselves have little or no effect on it – like a tourist who merely views the Grand Canyon from its rim or like a visitor to an art gallery.

Niehm et al. (2014) showed that it is possible to describe small businesses according to their use of innovative marketing strategies. Namely, they showed that using entrepreneurial marketing strategies and the 4Es of experiential marketing can provide small business operators with competitive advantage that can lead to enhanced financial performance success of the small business. The findings of Niehm et al. (2014) are consistent with the work of Oh et al. (2007) that successful implementation of 4Es into business strategies are a critical component of business success.

Brand Image and Brand Distinctiveness

Branding is increasingly viewed as a one of the most important organizational capabilities of marketing and a key to business success (Carpenter, Moore, & Fairhurst, 2005; Esch, Langer, Schmitt, & Geus, 2006; Schmitt, 2012). The consumer should receive a unified image and message so that branding is effective (Fiore, 2010). Designing a holistic, unified image entails congruity among the multisensory aspects of the brand's 5Ps: property (e.g.,

building exterior), product (e.g., goods sold), product presentation (e.g., display signage), promotional activities (e.g., advertisements), and people (e.g., staff appearance) (Fiore et al., 2013), leading to creation of intangible resources that are challenging to imitate. While it is a common practice for major brands (Spence & Essoussi, 2010), creation of a unified brand is less common among small businesses (Fiore et al., 2013) because they tend to not prioritize branding (Spence & Essoussi, 2010). In the past, distinctive branding entailed a striking logo or product design (Lindstrom, 2011). Today, greater creativity is required to foster awareness by consumers of strong brand associations (Spence & Essoussi, 2010), which is defined as brand distinctiveness (Yoo, Donthu, & Lee, 2000). These associations may be manifested through consistency in the physical design of the entire branded experience. Thus, intangible value can be created through brand distinctiveness and integrative design of the 5Ps (Niehm et al, 2014). Creative and innovative brand strategies evoke beliefs, emotions, and desires that also result in brand distinctiveness (Fiore et al., 2013). Brand distinctiveness may therefore be enhanced by unique applications of the 4Es, with their engagement of emotions and cognitions and their novelty that contribute to memorable experiences (Jeong, Fiore, Oh, Niehm, & Hausafus, 2008). This suggests that the 4Es, with their engagement of emotions and cognitions and their novelty contribute to memorable experiences (Jeong, Fiore, Oh, Niehm, & Hausafus, 2008), and may enhance brand distinctiveness (Fiore et al, 2013).

Knowledge and Skills Needed for Professionals in the Apparel and Textile Industry

The main purpose of this last section of the chapter is to discuss knowledge and skills which contribute to the success of professionals looking for careers in the apparel and textile industry in general and in small apparel businesses in particular.

As mentioned above (in the section on human capital resources) the level of educational attainment of the small business operators, as well as the skills and knowledge of the employees, are attributes that can be crucial to the success of small businesses (Niehm et al., 2014). This section first described employee skills, which according to the owners of small businesses, contribute to career success. The section then proceeds to outline the description of the knowledge and abilities that graduates of apparel and textile undergraduate programs are expected to demonstrate according to the International Textiles and Apparel Association (ITAA), which is the main organization in the US that supports the development of competent professionals in textile and apparel programs.

One of the earliest studies detailing the perceptions of retail executives regarding the importance of certain skills and knowledge that applicants for retail merchandizing positions needed to have was conducted by Heitmeyer et al. (1992). The highest rated skills were analytical proficiency (e.g. good math skills, interpreting sales data, etc.), retail selling techniques, and ability to assist and supervise salespeople. These skills incorporate both hard and soft skills. Hard skills are very concrete tangible abilities that can be taught and measured, e.g. math skills, ability to use software programs, typing, writing, proficiency in a foreign knowledge and even earning a degree or a certificate (Kagan, 2019). Soft skills are the intangible, nontechnical, personality-oriented skills, such ability to work well in a team, flexibility, patience, and creativity. Soft skills are subjective qualities and may also include effective communication, conflict management, human relations, and team building (Kagan, 2019). Strong soft skills may indicate applicant's potential to be an effective leader (Kagan, 2019).

As part of their study, Heitmeyer et al. (1992) showed that retailers rated soft skills such as salesmanship and the ability to influence consumers' purchasing decisions and behavior as

essential. At the same time, hard skills, such as knowledge of the relationship between price and quality were also very important.

Donnellan (1996) showed that management and leadership qualities in professionals are especially valued by the retailers. In particular, communication and supervisory skills are indispensable when trying to interact with people. Moreover, Donnellan showed that merchandising and management skills were also essential for employees of small businesses.

Robles (2012) discovered that executives perceived that students needed to demonstrate hard skills to be interviewed for a job, while soft skills were crucial for advancement within their firms. Moreover, according to the executives, the top soft skills needed by employees in today's workplace are integrity and communication, followed closely by courtesy, responsibility and interpersonal skills (Robles, 2012). Robles concluded that educators should try to equip students preparing to enter the industry with knowledge and hard skills as well as soft skills.

ITAA and Apparel and Textiles Curriculum in the U.S.

The International Textile and Apparel Association (ITAA) is the primary organization in the US that supports the development of competent professionals in post-secondary textile and apparel programs. Through ITAA, apparel and textile undergraduate programs at post-secondary institutions are provided with a set of recommended core competencies that may be used for curriculum development, review, and assessment.

According to ITAA, the goal of four-year textile and apparel programs is to develop creative, knowledgeable, and effective professionals who can contribute to organizations in the global textile and apparel complex and to society, and who can continue to grow personally and professionally following graduation (ITAA, 2018). To achieve this, ITAA developed broad meta-goals which can be used as a means for curricular development and which will provide a structure that supports a variety of missions in textile and clothing programs.

ITAA meta-goals.

The meta-goals proposed by ITAA for the four-year baccalaureate programs can be divided into two broad categories (ITAA, 2018). The first category is Content and Process Knowledge. In relation to this category, the meta-goals state that graduates of apparel and textile undergraduate programs should be able to demonstrate knowledge and abilities in 1) industry processes [including understanding of the roles and functions of various sectors of the industry (e.g. development, production, marketing and sale of the products), identify and interpret of needs and wants of consumers, evaluate product quality, use industry terminology, and understand social, economic, and political interactions relevant to the industry]; 2) appearance and human behavior; 3) aesthetics and the design process (including the ability to use the design process to create products which meet the needs of the marketplace); and 4) global interdependence (including the understanding of how the global political, economic and cultural systems impact the industry processes as well as the understanding of sustainable disposal of products).

The second category of ITAA meta-goals is Professional Attitudes and Skills (ITAA, 2018) and the meta-goals in this category state that graduates of AT undergraduate programs should demonstrate competency in the areas of: 1) ethics, social responsibility and sustainability (including the ability to analyze issues related to environmental impact in the context of activities and processes of the global apparel and textile industry); 2) critical and creative thinking (including the ability to evaluate and compare different perspectives and understand the impact of diverse cultures, economies, politics and technologies on the issues of the industry); and 3) professional development (including the ability to effectively communicate ideas through written, oral, and visual forms, by mean of using appropriate technology when necessary).

The ITAA meta-goals, the in-depth investigations of the skills required by the employees in the small and medium businesses in Armenia, together with the desires of the younger generation of students planning to study in the area of apparel and textiles and desiring to work in the industry will form a solid foundation for the creation of a well-rounded, modern curriculum for the Apparel and Textile Programs in Armenia.

Conclusion

As described in the literature review above, the previous research has shown that there are specific attributes which are usually found among the successful small businesses and small apparel businesses (this research mostly concerns the businesses in the US). Among the factors leading to success of small businesses is effective management of human resources, utilization of entrepreneurial marketing techniques (such as guerilla, buzz, and viral marketing), experiential marketing methods, and successful branding of the firms. Furthermore, a crucial element of success of small apparel businesses is the high quality of employees, which need to possess skills and knowledge that are structured within the framework of ITAA meta-goals.

One of the goals of this study is to find out if the factors contributing to the success of small apparel businesses discussed in the literature are also important for the success of small businesses in Armenia. In particular, the study will attempt to detect the skills and knowledge which contribute to success of the employees of small apparel businesses in Armenia and consequently will provide curriculum recommendations for Apparel and Textiles programs, implementing which will hopefully contribute to the success of the graduates of these programs.

Chapter 3 - Research Methods

This study can be classified as applied research because the purpose is to understand the nature and source of human and social problems (Patton, 2015). One important goal of this project is to gain a deeper understanding of the nature and meaning of the everyday experiences of the owners of small apparel businesses in Armenia and thus the research is phenomenological in its nature. The goal of phenomenology is to achieve a deeper understanding of the essence or meaning of a lived experience, which could be an emotion, an experience (e.g. being pregnant, hiking the wilderness, running a successful business, etc.), a relationship, or a job (Patton, 2015). The important point in the phenomenological approach is that the researcher is not really interested in an instance, but rather in the general nature of a phenomenon (Patton, 2015). For instance, phenomenology does not ask, "How did Company A solve Problem A to make a profit?" Instead it asks, "What is the nature or essence of approaching the problems by successful companies?" Thus, it becomes possible to understand how a problem can be approached by other firms. In the context of the topic of this work, the core inquiry question that phenomenology addresses can be formulated as follows: *What is the meaning, structure, and essence of the experience of creating and running a business for the owners of small apparel businesses in Armenia?*

In this study, qualitative data were collected to gain in-depth information about characteristics of small apparel businesses in Armenia. The data were also used to understand the need for introducing marketing and business-related classes in the curriculum of existing apparel programs in Armenian universities. Successful small apparel business entrepreneurs in Armenia were interviewed. According to the parameters of Reynolds and White (1997), successful

businesses are those that have actively been in operation for a minimum of five years. Therefore, to be included in this study successful entrepreneurs were defined as individuals who had operated their apparel businesses for at least five years. In-depth interviewing techniques, using semi-structured questions, were utilized. Data collection and analysis were guided by the phenomenology approach. A core problem studied in phenomenological research is the understanding of the meaning, structure and essence of the lived experience of a phenomenon for a person or group of people (Patton, 2015).

The primary focus of the collection of the data was to identify the business characteristics of successful small apparel enterprises in Armenia. Also, the data guided curriculum recommendations for apparel design programs in Armenia so that students could formally learn about best practices for owning and operating an apparel business.

Overview of Sample

The unit of analysis in this study was individuals. As discussed above, to ensure the participants operated successful businesses, this study included only entrepreneurs who had operated their apparel businesses for at least five years. Moreover, to study a variety of viewpoints, participants were chosen from the two largest cities in Armenia, the capital city – Yerevan, and the second largest city – Gyumri. Selection of these cities allowed the researcher to have a large pool of business owners from which to choose. Additionally, to ensure the diversity of perspectives, participants from two different generational cohorts were chosen – individuals who went to school during the Soviet times and those who were born after the collapse of the Soviet Union.

Sampling Strategy

To recruit the first participant, purposive sampling was used. Purposive sample is a non-probability sample that is selected based on characteristics of a population and the objective of the study (Crossman, 2018). After the first participant snowball sampling was used to recruit additional participants who met the overall sample characteristics. Snowball sampling is, "a non-probabilistic form of sampling in which persons initially chosen for the sample are used as informants to locate other persons having necessary characteristics making them eligible for the sample" (Bailey, 1994, p. 438).

The participants for this study were recruited through personal relationships and by means of referrals. The first participant was a friend who graduated from Academy of Fine Arts and was operating her own apparel business for five years. This participant also provided with contact information for several other participants. Another group of participants, who mainly lived and operated their businesses in Gyumri, were found with the help of the researcher's mother, who worked in a bank and had several clients who had small apparel businesses in Gyumri. She asked for their contact information and the researcher then reached out to the participants.

The sample size for this study was determined by data saturation – the point in which no new information emerges through data collection process (Creswell, 2007). Initially it was anticipated that 10-15 individuals would be needed and, indeed, data saturation was achieved after completing 11 interviews. This is not surprising, since it has been already established that small studies with "modest claims" may attain date saturation before "a study that is trying to describe a process that spans disciplines" (Mason, 2010, n.p.).

Data Collection Strategy

After getting approval from the Institutional Review Board involving Human Subjects at Kansas State University, semi-structured interviews were conducted with the participants. In semi-structured interviews the researcher establishes clear objectives for the interviews, however the possibility of asking unplanned questions remains if new information arises during an interview (Rubin & Rubin, 1995).

Due to the geographic location of the participants (Armenia) in relation to the researcher (the United States), the interviews were conducted by phone or Skype. Before the interviews, the participants were informed that the main purpose of the interview was to study their opinions and beliefs and that there were no right or wrong answers to the questions (Fischer, 1993). The participants were also provided with a consent form and gave verbal permission to use the interview data in the study. With participant consent, the interviews were recorded and fully transcribed. Each interview lasted between 30 and 60 minutes.

Interview Instrument

Utilizing the study's research questions as a framework, an initial list of possible interview questions were developed. Those questions were then reviewed by three scholars with experience in qualitative research. This review led to some questions being revised, deleted, or added to ensure the instrument would lead to valuable data. Also, after the questions were finalized and before data collection began, two pilot interviews were conducted with small business owners (located in Manhattan, Kansas) to make sure all the interview questions were formulated in a clear and understandable way and that the questions would illicit appropriate information. The interview questions were not changed after the pilot interviews. In fact, as a

result of the pilot interviews, the researcher felt more confident about the questions and the interview process.

After finalizing the interview questions and before starting interviews, the interview questions were translated from English to Armenian. Then the questions were back translated from Armenian to English by an individual who was fluent in both English and Armenian and who had not seen the original English questions. The back-translated interview questions were then compared to the original interview questions, assessed for accuracy, and adjusted as required. This assured accuracy of the original translation of questions from English to Armenian.

Each interview opened by asking about the participants to provide general information about themselves, which helped the participants to feel at ease and comfortable. Some of the opening questions included:

1. Tell me a little bit about yourself. Where are you from?

2. Please tell me the story of how you got involved in apparel retail business. Please tell me about your business.

3. Please tell me about your education. Where did you go to school? What impact did your education have on your business?

After the opening questions, each participant was asked a series of questions – which were developed around the study's research questions. The interview questions were slightly altered or omitted depending on participants. For instance, some participants did not have employees and, therefore, the questions about effective management of human resources were not applicable in those cases. The complete list of the interview questions is available in Appendix A.

The data reduction stage began immediately after the interviews were translated and transcribed. Ten out of 11 participants were not fluent in English and, therefore, those 10 interviews were conducted in Armenian – with the final interviewing being in English. All the interviews were transcribed, after which the interviews conducted in Armenian were translated into English by the researcher and an IRB certified Kansas State University faculty member who is fluent in both Armenian and English. To ensure the complete accuracy of the transcriptions, each transcription was reviewed by the second transcriber.

Data Analysis

The procedure used in analyzing the qualitative data collected in this study consisted of three steps: data reduction, data display, and conclusion drawing (Miles & Huberman, 1994).

Data Reduction

During the data reduction stage, based on the purpose of study and on the research questions, the researcher decided which part of the data should be selected, simplified, and studied, and which part of the data was irrelevant and needed to be eliminated. This method in qualitative research is called coding. Through the coding process, major concepts and themes relevant to the research questions of the study emerged (Miles & Huberman, 1994).

After the first interview was transcribed, the researcher carefully read each transcription and created a list of emergent concepts and themes – organized by research question. The procedure of carefully reading the transcriptions and adding to and revising the existing coding lists continued with each interview transcription. The process of reviewing all the interviews resulted in a preliminary coding guide for each research question. Following the grouping of the codes according to the research questions, the researcher categorized the codes by grouping

similar concepts within each of the research questions. This was achieved by underlining, circling, boxing and highlighting the emerging themes and concepts within each color-coordinated research question. During this stage, some of the codes were modified, combined or eliminated so that they could better reflect the standard terminology as well as the collected data. Coding stage was done in four stages (see Appendix B).

During stage one of coding, the goal was to create specific themes corresponding to each research question. To achieve this the researcher read all the interviews and paid close attention to finding key words related to Research Question One. This process was then repeated for the other three research questions. Thus, the researcher first read all the interviews while only thinking about the first research question. Then the researcher read all the interviews again, this time only thinking about Research Question Two, and then these steps were repeated for the final two research questions. The key words obtained during this procedure were then categorized by dividing them into groups according to their general meaning thus generating themes for each of the research questions.

During the second stage of coding, the themes generated during the first stage were divided in smaller groups, called subthemes, describing more specific facets of the general themes. For each subtheme then the researcher selected several attributes from the raw data that the participants mentioned in the context of that subtheme.

In stage three of coding, all the themes and attributes corresponding to each theme and subtheme were reviewed, rephrased, organized, and restructured by the researcher. This stage of coding was supervised and reviewed by the researcher's major professor, who is experienced in qualitative research.

For the fourth stage of coding, each theme and subtheme was explained by the researcher by providing written definitions. Moreover, concrete examples and phrases were given where a certain code needed to be applied. After that, all the themes and subthemes were color coded to accelerate the process of assigning codes to relevant phrases, sentences and/or passages. Finally, everything was again reviewed by the researcher's major professor before proceeding to actual coding.

After the coding guide was finalized and before all the interviews were coded, inter-coder reliability was established. First, the researcher randomly selected one interview. Then, both the researcher and her major professor, independently applied the codes to the interview. After coding the interview, the two researchers compared the coding, discussed discrepancies, and made some finally tweaks to the coding guide. Inter-coder reliability was also calculated for the interviews and was determined satisfactory. The data of inter-coder reliability is provided in Table 3.1. Upon completion of this step, the researcher was satisfied she had a trustworthy coding guide and, therefore, went ahead and applied the codes to all the interviews – generally focusing on one research question at a time.

Table 3.1 Inter-coder reliability

RQ 1 subthemes	Coder 1	Coder 2	Intercoder reliability
Marketing strategies	4	4	100%
Personal Characteristics	2	2	100%
Specialized Knowledge & Skills	3	3	100%
Experience	3	3	100%
Satisfying demand	6	7	85%
Customer satisfaction	4	4	100%
Customer relations	2	2	100%

RQ 2 subthemes	Coder 1	Coder 2	Intercoder reliability
Overhead expenses	1	1	100%
Customer acquisition	4	4	100%
Employee qualifications	2	3	66%
Government corruption	1	1	100%
Taxation/fees	1	1	100%
Competition	1	1	100%

RQ 3 subthemes	Coder 1	Coder 2	Intercoder reliability
Customer feedback	5	4	80%
Customer service	1	1	100%
Market research	0	0	100%

RQ 4 subthemes	Coder 1	Coder 2	Intercoder reliability
Professional development in college	2	2	100%
Professional development after college	2	2	100%
Marketing education	4	4	100%
Specialized/technical education	4	5	80%

Data Display

After coding the data, the researcher started the data display stage of analysis by
compiling summary memos which consisted of quotes from the interviews with each interview
having a separate memo. For each research question, the memos pulled out of the transcripts and
collected the relevant coded data (direct quotes from the participants). The purpose of the

summary memos was to display and organize the data provided by individual participants related to specific research questions.

After creating the summary memos for all the participants, the researcher complied summary displays for each research question. This was accomplished by focusing on individual research questions and compiling all the related data from the summary memos. For example, for Research Question One, the researcher reread each summary memo, focusing on the data relevant to that research question. From each interview, this data was pulled into the Research Question One summary display and then the researcher wrote a summary of the findings for that research question. The primary purpose for creating the summary displays was to have the information in a form that was compact and immediately accessible (Miles & Huberman, 1994), which simplified the process of determining the major themes for each research question.

Conclusion Drawing

After organizing the data using the data displays and summaries, the final stage in data analysis was extrapolating meanings from the data and drawing conclusions. This was completed after carefully rereading the data displays, summary memos, and the appropriate parts of the transcribed interviews. The findings from these conclusions are presented in the next chapter, along with select quotations from the interviews to support the findings.

Trustworthiness of the Study

The last section of this chapter highlights the importance of the study's trustworthiness. It is important to pay careful attention to trustworthiness to guarantee the credibility of findings and interpretations resulting from a scientific inquiry.

According to Lincoln and Guba (1999), there are four constructivist criteria that are fundamental for qualitative research in social sciences which are parallel but distinct from the corresponding criteria in traditional scientific research paradigm. These constructivist criteria are credibility (parallel to internal validity), transferability (parallel to external validity), dependability (parallel to reliability), and confirmability (parallel to objectivity).

To ensure credibility or internal validity the researcher needs to provide assurances of the fact that the respondents' views of a topic match the reconstruction and representation of the same topic provided by the inquirer (Patton, 2015). Thus, Lincoln and Guba (1999) proposed that a study can be considered credible in the sense that it exhibits "truth value" when the researcher provides sufficient information about and representation of the respondents' "realities," i.e. a set of mental constructions created by the respondents, that the findings of the research are credible for the individuals who constructed these realities. In particular, a study is credible and valid if it utilizes research methods that increase the possibility of sound conclusions and demonstrates credibility by having the participants approve the research findings.

To demonstrate credibility and validity in this study, after analyzing and summarizing all the interviews, the researcher offered the participants the opportunity to review and/or discuss the researcher's conclusions related to the topics discussed in the respondents' interviews. Most of the participants opted to provide verbal feedback. One younger participant provided feedback via phone after reviewing the written conclusions. Whenever further clarifications and interpretations were needed, the participants were contacted by the researcher directly.

Another criterion for measuring the validity of research findings is related to the degree to which the findings of the study fairly represent the opinions and thoughts voiced by the

participants. To achieve the latter goal, this study did not exclude information due to nonalignment with the rest of finding or any reason whatsoever. The researcher represented the thoughts and beliefs of each participant in their entirety, as revealed during the interviews.

The importance of dependability or reliability is related to the fact that the researcher should ensure that the process of the inquiry was logical, traceable, and documented (Patton, 2015). To increase reliability of an inquiry, the researcher needs to establish a quality audit trail as suggested by Lincoln and Guba (1999). In the present study, the researcher achieved this by keeping thorough and accurate field notes and detailing the methods and procedures of how data was collected and analyzed. The audit trail included raw data (interview transcripts), products from the data reduction stage (including code guides, summary memos, and summary displays), and notes on the process. The gathered information was specific and detailed enough to allow others to follow closely the process pursued by the researcher to analyze the data and draw conclusions.

Finally, trustworthiness of a study depends on confirmability or objectivity, which concerns the neutrality of the inquirer and the fact that the data and its interpretations were not just figments of researcher's imagination. In this regard, the researcher needs to make sure that the findings of a study are determined by the research participant and the conditions of the inquiry rather than the biases and opinions of the researcher (Lincoln & Guba, 1999). As always, the investigator's personal biases affect what information is being collected and recorded, and therefore these biases can potentially influence data analysis, interpretations, and consequently also the conclusions of research. To minimize the effect of her personal biases on this study, the researcher kept a research journal where she worked on being self-aware and

open-minded during all the stages of the present study. The researcher's biases could potentially

limit the study in various ways and these limitations are discussed in detail in Chapter 5.

Chapter 4 - Qualitative Results

The following chapter presents the qualitative findings related to the study's four research questions. The chapter begins with a brief description of the individuals who participated in the interviews. Then, each of the subsequent sections summarizes the results related to the stated research question. Themes and subthemes were determined after the completion of the interview process. In order to support the findings, each section includes relevant quotations from the interviews with the research participants. Finally, each section concludes with a discussion of the implications of the results.

Introduction to the Research Participants

Eleven individuals participated in the study. These participants were all Armenian small apparel business owners. The participants were selected by using snowball sampling, and they all were asked by email if they would like to participate and be interviewed. Data saturation was used to determine when to conclude the recruitment of additional participants. Data saturation is often used in research involving interviews, and it is the point in the interview process at which no new information or themes are seen within the qualitative data (Guest, Bunce, & Johnson, 2006).

The mean age of the interview participants was approximately 37 years old. The two youngest participants were both 26 years of age. The oldest participant was 50 years old. Nine of the 11 participants reported having completed a university degree. Table 4.1 describes the demographic information of the participants. In presenting the findings of this study, and with their permission, the researcher will use the real names of the participants. Table 4.1

Table 4.1 Participant Demographics

Participant	Age	Education completed	University attended
Arpine	26	Bachelor's	State Academy of Fine Arts of Armenia
Angela	28	Bachelor's/Master's	State Academy of Fine Arts of Armenia/ Milan Fashion Academy
Ara	41	Bachelor's	Yerevan State Pedagogical University
Anna	35	Bachelor's	State Academy of Fine Arts of Armenia
Gayane	46	High School Diploma	Did not attend university
Hasmik	44	College	Trade Technical College of Armenia
Karen	45	Bachelor's	Saint-Petersburg State University of Economics
Manuk	34	High School Diploma	Did not attend university
Sevak	33	Bachelor's	Yerevan State University
Seda	50	Bachelor's	Mergelyan Institute of Computational Machines
Tigran	26	Master's	Yerevan State University/ Sorbonne/ Paris 1

As a way of providing perspective and increasing the understanding of the participants prior to the presentation of the research results, a brief profile of each of the 11 participants is provided below.

- Arpine is 26 years of age. She attended State Academy of Fine Arts of Armenia where she completed higher education, which is equivalent to a bachelor's degree in the United

States. She started her apparel business in 2012. Arpine has nine employees and she designs and sells eveningwear for women of various ages.

- Angela is 28 years old. She attended Yerevan State Academy of Fine Arts for her bachelor's degree, and she received her master's degree from Milan Fashion Academy. She started her business in 2013 and has five employees. Angela sells minimalistic everyday apparel, targeting women in the 20 – 40 age range.

- Ara is 41 years of age. He received a bachelor's degree from Yerevan Pedagogical University. He has been selling a variety of everyday apparel since 2008. He mentioned that he did not have age or gender restrictions regarding the target market.

- Anna is 35 years old. She has a bachelor's degree from Yerevan State Academy of Fine Arts. Anna started her business in 2012, and she has seven employees. She sells different kinds of textiles – mainly for curtains – and primarily targeting upper-class, wealthier clients.

- Hasmik is 44 years of age. She received a degree from the Trade Technical College of Armenia. Hasmik does not have employees. She oversees a small family business which had been running since 2010. Their target market is children from infants to six years old.

- Karen is 45 years old. He received a bachelor's degree from Saint-Petersburg State University of Economics. He has been in the apparel business since 2000. Karen has approximately 30 employees and he sells a variety of merchandise, but the main products are socks, pantyhose, and pajamas. He mentioned that his target market was in the age group of 30 and above.

- Manuk is 34 years of age. He received a high school diploma and is not college educated. He started his apparel business in 2007. He has one employee. He sells t-shirts, bags, and

casual clothing, as well as exclusive accessories. His target market is young women between the ages of 17 and 28.

- Sevak is 33 years old. He received a bachelor's degree from Yerevan State University. He started his business in 2013. He sells a variety of "Made in Armenia" apparel to a target market of young and middle-aged women and men. He has 20 employees.

- Seda is 50 years old. She received a bachelor's degree from the Mergelyan Institute of Computational Machines. She started her small business approximately in 2008. During the first six years she sold food, but then she started selling casual apparel for women aged 40 and above. She does not have employees.

- Tigran is 26 years old. He received a bachelor's degree from Yerevan State University and a master's degree from Sorbonne and Paris 1. He started his business in 2013. He does not have employees. Tigran's main products are pajamas, underwear, t-shits, and very rarely outerwear.

Research Question One: What factors lead to the success of small apparel businesses in Armenia?

In qualitatively examining Research Question One, this study focused on identifying the characteristics of small apparel businesses in Armenia which led to their success. From the data, it was evident that factors contributing to the success of small apparel businesses in Armenia can be classified into five overarching themes: marketing strategies, characteristics of the business owners, high quality employees, customer service, and customer feedback.

Marketing Strategies

To understand successful marketing strategies employed by small businesses, the researcher asked the participants to describe some examples of marketing strategies which

helped the success of their businesses. Most of the participants (n=8) used some type of a marketing strategy to increase their sales, to gain more customers, and to become more visible in the marketplace. The most common marketing strategy was utilizing various social media platforms such as Facebook, Instagram, Odnoklasskini (a popular Russian social media site) – with Anna, Arpine, Manuk, and Sevak mentioning that they used these social platforms routinely. For instance, Anna said "I hired a very popular blogger who was doing my advertising. Also, I utilized social media like Instagram, Facebook."

The small business owners used these online tools to advertise their products by posting pictures of new collections and announcing sales, promotions, and clearances. The perception of the participants was that the online advertising helped their businesses gain clients and increased the visibility of the brand or the firm (e.g. Arpine had more than 40,000 followers on Facebook).

In addition to marketing through social media, other marketing strategies employed by the respondents included sales and promotions, having good/friendly relations with the customers, and providing high quality products. Three participants (Sevak, Hasmik, and Karen) explicitly mentioned that they used traditional sales and promotions as a marketing tool. For instance, Sevak said, "We paid attention to things like Facebook, Instagram, Odnoklassniki. We use them all." Then he added, "In Shirak region the most effective is television. Plus as a marketing tool we use sales, clearances, etc."

Similarly, Hasmik mentioned that often it is hard to predict what products will be popular among the customers and sales help with less popular ones. Specifically, she said "It happens a lot that products do not sell. We then offer discounts to sell them fast."

Another marketing strategy discussed by the participants was maintaining good/friendly relationships with customers. For example, Ara remarked that his was a client-oriented family business and that he had a vast customer base and he treated everyone as a friend. More specifically Ara said, "This is a client-oriented business. In my store, there are always a lot of people… everyone in Gyumri knows where my store is, everyone is a friend, an acquaintance. That's a way of marketing." Similarly, Seda said that she worked with a small number of people whom she knew very well and knew what type of clothes each of her customers preferred. Specifically, she said, "I am just working with a small number of people. I have my clients, I have known most of them for 28 years and sell whatever they want."

Finally, providing good quality products was another important marketing strategy identified by the participants. For instance, Angela, whose business sells expensive products, felt that if she was selling cheaper, low quality products, her business would not survive. In particular, comparing to the low-priced products made in China, she said, "Lucky for us our segment is higher, and our customer is looking for much higher quality. If we were doing mass market we'd have no chance." Similarly, Gayane, whose target market was of a lower income bracket than Angela's, thought that even when the products were somewhat expensive the people would buy them if they were of good quality. She said, "Of course, people don't buy items which are not of good quality. That's very important." And when asked if that meant that there should be a balance between quality and cost, Gayane agreed, by saying, "Yes. It shouldn't be too expensive. But even if it is, it should correspond to the quality. People would still buy an item even if it is expensive." She even gave a concrete example illustrating her thought:

> For instance, once we brought shoes from Turkey for $100 (L.K. - quite expensive for Armenia), but of very good quality. And there were people who would buy 4 pairs of these shoes, because they were very soft, and for someone who has feet problems he/she would not spare expenses if they found something that is comfortable and fits well

because it is exactly what they want. And vise-versa if the quality is not good there is no way an item would be sold even if it is cheap.

Characteristics of the Business Owner

The second factor identified by the research participants as leading to the success of their businesses was their own personal characteristics and experiences. When considering the qualities of small business owners that contributed to the success of their businesses two sub-themes emerged during the analyses: personal characteristics of the business owners and their education and experience.

Personal characteristics. Characteristics of the small business owners that interviewees believed led to the success of their businesses included: (1) self-motivation, (2) confidence, (3) determination and dedication, and (4) innovativeness.

According to the participants, self-motivation is an important trait of a successful business owner. This characteristic was mostly mentioned in situations related to establishing the business, keeping it operating in difficult circumstances, and when trying to innovate. For instance, Angela said, "I always had the idea, always wanted to start my own brand, to create something in my preferred style, wanted to make it affordable for everyone." On the other hand, Arpine mentioned that she encountered situations when she thought nothing was going to work and she should not have continued, but then she added, "Those were only thoughts and I worked hard and tried to find new things." In fact, for the business to succeed, Anna felt that it was not enough to motivate herself, but she also had to motivate the employees. She said, "So that they not only work for money, but also for an idea." Self-motivation is also the quality that makes the owners work on themselves and develop their professional skills. Ara mentioned, "Of course, I'm reading a lot, trying new things, such as social networking, etc."

Confidence is very much related to self-motivation and was considered by several of the business owners to be another important attribute for small business success. Gayane formulated this belief as follows, "You have to be able to stand on your own feet and make your own place in the market." Confidence is also important since according to Anna it allows owners to take risks. She said, "The most important thing is to not be afraid, be a risk taker and believe in yourself." Confidence was also mentioned by Hasmik, who declared that even though a business owner should think carefully and make cautious calculations before taking every step, it is also important to not be afraid. In fact, it was clear that some of the participants were very confident themselves. For instance, Ara said, "No employee can ever replace you."

Determination and dedication were also identified as important attributes of an owner of a successful business. Some participants, such as Anna and Arpine, mentioned these qualities explicitly, together with patience and attentiveness (both mentioned in the context of dedication). For instance, when asked what helped her business succeed, Arpine said,

> Working with love, never giving up. Even in the beginning when I did not have enough clients I never was disappointed and continued to work. Well, there were some situations when I thought nothing was going to work and I should not continue, but those were only thoughts and I worked hard and tried to find new things. I was trying to do something so that people will get to know me, I was putting pictures on Facebook and promoting my products and then I started to get more clients. Step by steps people liked more dresses and I got more clients. Main thing is to be patient and wait so the old clients could bring other clients.

When asked what advice she would give to the beginning entrepreneurs, Anna said "The most important thing is not to be afraid, be a risk taker, and believe in yourself." This can be thought of as a way of determination.

On the other hand, for Ara the importance of dedication was more implicit. He said, "No employee can ever replace you…I'm constantly reading a lot, trying new things," which can be interpreted as dedication to the success of the business.

Finally, innovativeness is another quality that the participants expressed as being essential for owners of small businesses. This could be expressed in having a non-standard product lineup. This characteristic was mentioned by Hasmik, who said, "You need to bring something different, something unique." Another example of unique product lineup was given by Ara, who said about his own business, "There was no such thing yet. This was a novelty and so we started it." One advice that Ara gave to beginning entrepreneurs was in the same vein, "Try not to copy. Copy-pasting is the worst thing. Do something new."

Innovativeness does not have to be expressed only in the type of products a business provides. The owner can show originality by being flexible and capable of finding innovative solutions to satisfying customers' needs. Anna, for example, said that she found new materials when the long-time customers needed to get cheaper products. She said, "I just try to find new sources. … If the garments were Italian before the customer requested cheaper products, now they can get Chinese, Moroccan or Greek products."

Education and Experience. Besides personal characteristics of the business owners, the participants mentioned their education and experiences as additional factors which contributed to the success of their businesses. Interestingly it seems the value of education versus experience depended on the type of the business the entrepreneur was involved in as well as on the type of education he or she received. In this regard, the participants could be divided roughly into two groups: 1) those who had either a specialized higher education, practical experience, or an internship in an apparel related field (Angela, Anna, Arpine, and Manuk) and 2) those whose

education was not related to design and or apparel and textiles. The participants in the first group felt that their education had an important impact on their business. On the other hand, those in the second group thought that experience was far more important than education and in particular business education.

The participants in the first group mentioned the importance of their education on several occasions. This was particularly true for the business owners who were actively involved in designing their products. For instance, when asked what impact her education had on her business Arpine said, "Academy (of Fine Arts) (YAFA) taught me and gave me a lot," and added that there are many people who are trying to get into the fashion business who are unable to succeed because of lack of specialized education and appropriate skills. Among the skills acquired during her studies, Arpine particularly valued the ability "to draw her ideas." In a related context, Angela mentioned the importance of a good education when she was asked about the kind of the professional development that would help her business to succeed. She felt that her education at YAFA would have been more effective if there had been more classes with an emphasis on technical design, fashion illustration, and sewing, but she was thankful that the Academy taught her how to draw. Moreover, Angela thought that the knowledge she got during her internship in Milan gave her confidence to start her own business.

Experience was mentioned as an important attribute of success by several participants, no matter their education. Some participants, when asked if specialized (apparel or business) education was important for the success of their business responded by saying that education was not nearly as important as experience. For instance, Gayane said, "There is no need at all to have a business education. It's more important to have common sense, to have a good feel as to what products to bring." Similarly, Ara said, "For the small business, experience is the best

53

education… Dealing in this jungle of business is a better education than the education given in universities."

One of the reasons experience is important is that it helps the entrepreneur develop his or her skills of interaction with the clients. For instance, Manuk considered his networking skills to be of great importance for the success of his business. He mentioned that that he meets a lot of people during the various events such as bloggers, make-up artists, and show business representatives who have helped him and contributed to his success. Seda also mentioned skills of working and interacting well with customers as an important quality for a small business owner's success.

Quality Employees

The third factor found in this study to be contributing to the success of the small business owners was quality employees. Out of the study's 11 participants, seven had employees and four worked alone or occasionally received assistance running the business from their families. Thus, the latter group did not provide many answers about the role of the employees. On the other hand, those business owners who did have employees, when asked what qualities they were looking for in potential employees, gave responses which could be grouped into two general sub themes: (1) education, experience and skills of the employees, and (2) personal qualities of their employees. In this regard, there seems to be a certain parallel with the qualities of business owners needed for success as described in the previous section. However, in the case of the employees, the importance of education/skills and experience appeared to be more prominent, because it was emphasized by all the business owners who hired employees (n=8).

Education, experience and skills. The importance of appropriate education, skills, and experience of employees for the success of the business was mentioned in one way or another by

all the participants who had employees. These skills and experience could be obtained as a result

of education in a college, in a vocational school, or during professional training after being hired.

Several participants (Sevak, Karen, Arpine, and Manuk) mentioned education specifically as

something they were looking in the new employees. In fact, some said that they were looking for

professionals who went an extra mile and tried to get more knowledge and experience than what

was provided in classes. For example, Arpine mentioned that her employees were not satisfied

by the classes in YAFA and took private lessons which helped them hone their skills. She said,

> All my employees had private lessons and even though in the academy (YAFA) the
> classes were offered the students were not very skilled (it was superficially taught). All
> my employees, no matter if they graduated or not had private lessons. As a result, their
> knowledge is pretty good, they know how to sew, how to process beautifully. The bigger
> problem we have is the imperfect/deficient work done by the designers and the deficient
> education of the designers.

> Anna thought that she wanted to have employees who would follow all the new

technological developments happening in the field and who would be able to apply these

developments in their work. Specifically, Anna said,

> The new generation knowns much more about technology than we do now. The world is
> moving forward every day, new things are being created. I would like to have employees,
> who followed all that, and came to me and told me "there are these new things" and so
> that they could use these technological advances, software, techniques, etc.

Among the skills the business owners look for in employees were technical skills,

drawing skills, ability to finish a garment, make a pattern, sew, common knowledge (general and

specialized), languages and general knowledge of the fashion world, and good communications

skills. Some employees evaluate these skills before hiring new personnel. For instance, Arpine

mentioned that if she was hiring for a position of a tailor or technical designer she would "Pay

close attention how skillful the employee is in finishing a garment, or … at making a pattern."

She added that all her employees had prior lessons and they knew how to sew and how to finish

the products beautifully and neatly. Angela also approached the evaluation of an employee's

skills rigorously. She said, "If it's about the tailors, then I usually give them some kind of task,

something I find complicated or I give them a sample to sew."

The participants also mentioned that they often struggled to find employees with the

skillset they require and, in that case, professional development on the job is quite helpful. For

instance, Sevak said, "We try to teach them how to work with customers, as well as professional

knowledge which would help them to answer customer's questions."

It may be deduced from the discussion above that possession of specific skills, whether

through education or prior experience, is extremely important for the success of the small apparel

business, at least among the participants of this study. This sentiment was probably best

expressed by Arpine, who said "Thank God, I was able to find a technical designer and someone

who can sew!"

Personal qualities. Personal characteristics of employees are also viewed by the small

business owners as important to their overall success. The employee qualities that were

mentioned most frequently by the participants were being hard-working, dedicated and

motivated (Anna, Arpine, Angela, Manuk, Sevak, and Tigran). For instance, Sevak said that the

main factors in choosing employees for him have been, "hard-working, motivated, and

possessing necessary knowledge." Regarding these qualities Manuk said, "I always choose

motivated people, the ones for whom this is a serious job, not a hobby."

An example of a situation when lack of hard work and dedication cost an employee her

job was given by Arpine. She had an employee who did not pay attention to the presentation of

clothing items, for instance hanging them to be displayed without ironing and generally

approaching the job half-heartedly. This is how Arpine described the situation,

Recently there was a situation when one of the employees was not dedicated enough towards the work that I did (a clothing piece). For instance, she could hang and present an item without ironing or something like that and I understood that she wasn't going to be good fit in my team, so we found other employees who were really eager and dedicated to do the job and didn't think that only the owner of the business should be responsible for its success. Rather they think that if the business succeeds then everyone succeeds and therefore everyone gets more income. And in general, everyone has to work with dedication no matter if it is your own business or someone else's.

Being motivated is another important factor for the success of an employee. One of the ways motivation can be expressed is through the desire to learn new ideas, skills or techniques in order to apply them at the job. This was mentioned by Tigran, who selected some of his young employees based on this, since many of them did not have the necessary knowledge at the time of starting the job and thus had to be "eager to learn something new" to succeed. The desire to learn was also pointed out by Anna, who said,

I would have liked to have employees, who followed all the technological developments in the field, and even came to me and told me "there are these new things" and so that they could use these things (technologies probably: software, techniques, etc.).

In addition to the main characteristics discussed above, the business owners mentioned some other qualities which they valued in their employees and which contributed to the success of the business. These qualities included having common sense/being a fast thinker (Anna); having good interpersonal skills and in particular being a team player (Angela, Anna, and Seda); and possessing integrity and being loyal to the company or a brand (Manuk and Ara). For instance, the importance of such "soft skills" or qualities was emphasized by Angela, who said, "I care not only about their professionalism, but also about their personality. Because it's a creative environment, I don't want anyone to spoil it."

Customer Service

Another key factor contributing to the success of small businesses revealed in this study is customer service. The findings related to customer service can be grouped into three general

sub-themes: customer feedback, customer satisfaction, and customer relations. Under the

customer feedback sub-theme, participants discussed information coming directly

from customers about the satisfaction or dissatisfaction they feel with a product or a service. On

the other hand, the customer satisfaction sub-theme emphasizes examining how products and

services supplied by a company meet customer expectations. Finally, the customer relations sub-

theme focused on the process and manner by which a business develops, establishes, and

maintains relationships with its customers.

Customer feedback. All the participants in this study mentioned that customer

satisfaction is key to the success of their businesses. In this context, customer feedback was also

mentioned as a very important factor for success since most participants considered it to be the

main method for gauging the satisfaction level of their customers. The participants primarily

discussed two ways of getting customer feedback – through direct contact and through social

media.

Direct communication with customers was the most frequently mentioned form of

obtaining customer feedback. Most participants (Arpine, Manuk, Sevak, Hasmik, Karen, and

Gayane) stated that customer feedback is usually provided by the customers either voluntarily or

after being asked by the employees of the firm. For instance, Sevak mentioned that they collect

customer feedback through their sales personnel. Some participants (n=3) mentioned that they

elicited their customers' feedback either when they were shopping (Hasmik, Sevak, and Gayane)

or after fashion shows (Manuk). For instance, Hasmik said, "I listen to the returning customers, I

like asking them what…they would want." Similarly, Gayane mentioned that her customers told

her what type and what quality of products they want. Interestingly, some customers explicitly

mentioned the reasons they enjoyed coming to a particularly store. For instance, Arpine said,

"Customers told us that they went to other stores and were not serviced well and didn't feel welcome."

Obtaining customer feedback through the Internet via email and various social media platforms is becoming more and more widespread among business owners in Armenia. For instance, Sevak stated, "Our office employees … stay in touch with our customers though phone and email, inform them about our sales, hear their suggestions." And although social media was a very popular advertising tool among the participants, only two participants (Karen and Tigran) explicitly mentioned Facebook as a means of getting consumer feedback. While Karen mentioned Facebook in passing by saying, "We receive feedback all the time through Facebook," Tigran described the role of the platform in more detail. He said:

> We have our Facebook page in which people are asking some questions or make some reviews. All the reviews about these items are directly coming to our email box, so we are getting all the responses and we are trying to fix them as we can, we are changing our production or facilities to satisfy their needs.

Customer satisfaction. As mentioned above, all the participants felt strongly that customer satisfaction was a key for business success. More specifically, some (n=3) business owners explicitly stated that customer satisfaction is a key to customer retention, loyalty, and therefore to long term success. For instance, Anna said, "When a customer is satisfied, the probability that he/she will return increases." In fact, the very survival and growth of a business crucially hinges on customer satisfaction. If a customer is not satisfied then, according to Tigran, he or she "will find another supplier." Moreover, as Gayane phrased it, "He or she will not be coming back, which of course would be the end of business."

Several participants felt a satisfied customer not only would return, but would also contribute to the growth of the number of customers through word-of-mouth advertising. For instance, according to Anna one of her satisfied customers "started bring her friends and family."

In fact, one customer told Anna explicitly, "If you style me well, these four ladies … they will also come to you." Tigran has had a similar experience. He said that his satisfied customers spread the word and, in several years, he understood that many people in the city knew him and have heard good things about him. He summarized his thought as follows, "If you are not satisfying your customer, he will find another place to shop. It's that easy."

Recognizing the importance of customer satisfaction, all the participants had their own (sometimes unique) strategies in meeting their customers' needs. For example, Anna explained her willingness to go out of her way to find product requested by customers. She said,

> I try to satisfy a customer no matter what. Even if I don't have the specific product the customer wants I will try to do everything not to lose the customer. If I don't have the specific product I will try to get a hold of such a product and … will invest some time to find/make what she/he wants.

Another participant, Ara, would even incur profit losses just to keep a client. He said, "People are often taking things on credit." What Ara was referring to here was that in Armenia sometimes if a customer is struggling financially then he/she often does not pay for the product at the time of purchase. And since many people do not use credit cards they promise they will pay later (say when they get a salary). A store owner often keeps a ledger with a list of customers who owe money. This was of course a conscious decision on Ara's part, since as he explained, "You can't refuse them, because if you don't give the items on credit, the other store will," which would mean a loss of a customer.

Customer relations and customer service. An important way business owners satisfy customer needs is by having great customer relations and by providing quality customer service. The importance of good customer service was emphasized by several (n=6) participants. Regarding this Manuk said, "Customer service is the most important thing" and added an interesting point that when a customer spends money he or she care not only about the product

but also about the overall service provided by the business. Several participants mentioned that in order to achieve good service it is extremely important that the customer is treated in a courteous manner and he or she should always feel welcome. This is particularly important these days since the rise of online shopping creates competition; but as Hasmik observed, "There are still people who just enjoy the process of buying, who like receiving good service."

To enhance customer service, the respondents felt that successful businesses need to pay attention to two aspects of their interactions with the customers: (a) being friendly and attentive, and (b) being patient and helpful when customers are making a decision. Regarding the first point of being friendly and attentive, the participants mentioned several ways this could be achieved. The first thing is to greet a customer with a smile. As Arpine mentioned, she tries to instill a welcoming atmosphere in the store. She said, "The whole personnel are very welcoming and positive towards the customers. It is important to be kind, always smile, be friendly, and satisfy their [customers'] needs." Another example of this friendly attitude towards the clients, and especially older clients, was given by Manuk. First, he mentioned that when clients come they are offered some tea, coffee, and refreshments. Regarding the older clients, which in Manuk's opinion "are the important ones." He said, "You need to remember their birthdays, sit them on the front rows during the fashion shows."

Another important aspect of good customer service is the helpfulness of the employees when a customer is deciding or choosing a product or merchandise. As Gayane mentioned, "It is important not to 'jump' at the customer when they approach … give them space and time to choose, and only after they express a need for help you can give them advice." And when the customer asks for help, a store employee needs to be honest in helping. However, Hasmik emphasized that one should "try not to force certain products." Regarding the same point, Arpine

said that in her store they, "try convincing them in a very polite way which product will work best for their body type." Another facet of being helpful to customers is the ability to gauge and predict what product would be a good fit for a customer. For instance, Seda said, "I know what people need. I do everything myself and I even know my clients' sizes better than they do. The clients know me well and trust me." Similarly, Gayane said, "They [the customers] know that they can trust me and when I suggest something they usually agree and are very satisfied." Such trust often builds relationships with the customers. The following example provided by Gayane shows how such a relationship can last for many years, and how it can enrich and inform the whole process of shopping.

> Once there was a woman who approached me but was not able to choose. So, I asked – "is there something I can help you with?" And she said, "I have the money, but I am not able to choose." So, I helped her and after that she always came to me. And since then 10 years passed, and once she came with her son and the son said, "I am so thankful to you that you always help my mom and she always buys very tasteful and nice clothes."

There is probably no universal recipe for a perfect customer service. However, as Hasmik mentioned, good "customer service is mostly about small things," such as paying attention to details, being welcoming, polite, and helpful, since "there are people who return for the pleasant service."

Research Question One Summary

Findings from this study indicate that small apparel business owners in Armenia believe that a number of different factors contribute to the success of their businesses. According to the participants in this study, marketing strategies, characteristics of the business owner (including personal traits such as self-motivation, confidence, determination, and innovativeness as well as possessing certain levels of education and experience), characteristics of employees (including being hard-working, dedicated, and motivated), and quality customer service are the most

important factors leading to their success. Implications of these findings for other business owners as well as for fashion related educational programs at post-secondary institutions in Armenia are discussed in the final chapter of this thesis.

Research Question Two: What obstacles hinder the success of small apparel businesses in Armenia?

The purpose of Research Question Two is to find what obstacles hinder the success of small apparel businesses in Armenia. In identifying the obstacles, as a result of data analysis, the second research question was divided into five themes including social-economic obstacles, employee qualifications, competition, and governmental obstacles. Consequently, the themes were divided into small sub-themes which are discussed below.

Socio-Economic Obstacles

All the participants agreed that the socio-economic situation of the general population of Armenia is far from adequate, and most (n=6) participants explicitly stated that poor socio-economic conditions in the country negatively impacted their businesses. This impact manifests in various ways. There are two general subthemes associated with socio-economic obstacles small businesses face—problems with customer acquisition and retention due to poor economic and social conditions and overhead expenses.

Customer acquisition and retention. Several (e.g. Ara, Arpine, and Hasmik) participants mentioned that finding customers was one of the biggest challenges their businesses have faced, especially in the beginning stages. As described by Arpine, "For approximately one year we had a big problem of finding customers. It was the biggest problem."

The main problems small business owners face that are associated with customer acquisition and retention seem to be due to poor economic conditions in Armenia. When talking about economic conditions, they referred to the present state of the economy in a country or region. Among other things, economic conditions are influenced by the state of the global economy, unemployment levels, income levels of the population, productivity, and inflation. All the participants of this study agreed that the economic conditions of Armenia are quite poor. In particular, Tigran observed that there are several regional as well as global factors contributing to the current state of the country's economy, including the closed borders and economic blockade with neighboring Turkey and Azerbaijan, the US sanctions on Russia and Iran, the global financial crisis of 2008-2009, etc. As a result, as Tigran's described, "Many businesses went bankrupt, people lost their homes, their savings."

Most (n=6) business participants mentioned that poor economic conditions in Armenia had obstructed the success of their businesses in one way or another. More specifically, the entrepreneurs mentioned that many customers nowadays prefer to buy cheap, low quality products which creates problems in getting new clients. Anna, for instance, mentioned that acquisition of new and retention of old customers is problematic due to the poor financial situation of most of the population, since the customers often prefer to acquire cheaper products even if it reflects negatively on the quality of the products. As a result, the stores which provide good quality products, which Anna thought her store did, may lose their clients to "lower level" stores which provide cheap low-quality products. She said, "The economic situation is such that people often prefer cheaper products of lower quality." Interestingly, it seems that the poor economic situation affected not only the customers with low incomes, but also more affluent

buyers. Indeed, Anna addressed this issue by saying, "My old customers who always bought from me the most expensive fabrics asked me to bring the same fabrics for lower prices."

Another way poor economic conditions have affected the profits of small businesses in general, and customer retention and acquisition in particular, was described by Ara. He mentioned that some customers are unable to pay for an item at all and therefore they often take things from a store on credit, with the understanding that the money would be returned at a later day (as mentioned above, many customers either do not have or do not even know what a credit card is). In these instances, the owner or sales associate keeps a log and tracks how much each customer owes them. Of course, a business owner does not have to do this, but, as Ara explained, in not doing so they may lose a client. He said, "People are often taking things on credit. And you can't refuse them, because if you don't give the items on credit, the other store will." The fact that retention of clients is often a real problem is also evident from a comment made by Hasmik: "The business has become smaller, because we have fewer clients. It's due to the social-economic state in Armenia".

The problem of customer acquisition and retention is not just an economic one though. It also has roots in the social situation in Armenia. Emigration out of the country was mentioned in this context as a major obstacle in getting new customers and retaining old ones. Hasmik, for instance, made the following observation: "The population has decreased. There may be not even a million people in Armenia." This sentiment was shared by Ara as well, who said, "The number of customers is declining. People are leaving the country."

Another social-cultural obstacle to acquiring and retaining customers was mentioned by Hasmik, who said that some customers prefer not to acquire products made in Turkey. Since for some of the participants, e.g. for Hasmik and Seda, much of the merchandise is made in Turkey,

the rejection of Turkish products could have a considerable effect on the success of their businesses. For instance, Hasmik elaborated on her remark by saying that, in her opinion, Turkish products were of better quality that Chinese ones and also "bringing products from Turkey is cheaper than from China." Therefore, the social bias towards products made in Turkey may pose as an obstacle for the success of the businesses.

Overhead expenses. Most (n=6) of the participants mentioned overhead expenses as some of the biggest challenges faced by smaller businesses. By overhead expenses they meant costs or fixed expenses associated to operating a business. These expenses ranged from rental fees to administrative and marketing costs.

High rental fees were explicitly mentioned by Anna and Gayane as one of the main obstacles threatening the very existence of their businesses, while others (e.g. Hasmik and Manouk) mentioned high prices among general financial problems. One interesting point is that the problems associated with high rental prices do not only concern new businesses. Indeed, both Anna and Gayane mentioned this as an obstacle that was a significant hindrance both in the beginning of the business as well as later. For instance, Gayane observed that, "As time goes on, the prices for renting a space in a market go up." In fact, she said that,

> If they (the owners of the rental space) feel that the business is becoming more profitable, they make the fees higher. … For instance, if in the beginning the rent was $200, it became $400. Also, the price per square meter increased.

Interestingly, Gayane blamed the government for making the "fees higher;" however, there is no evidence that government is responsible for that action.

Among difficulties related to overhead expenses, especially in the beginning stages of operating a business, some of the participants mentioned problems related to getting initial funding which would be used for rent, fees, and other fixed costs related to starting the business.

In particular, getting a loan from a bank was difficult. For instance, Hasmik said, "In the beginning we didn't have financing. Eventually we took a credit with high percentage (APR)". In fact, at least two of the participants mentioned that they still struggle with the either the overhead expenses or with paying off the initial loan. For instance, Manouk said that he is still paying for these loans, which he used initially to promote his brand, while Arpine described the situation like this: "The taxes and expenses are terrible. Every month we give out $4000 ... every month. And at the end of the month … I am thinking that if the net (profit) is not zero and not negative we are satisfied."

Employee Qualifications

Most of the participants (n=6) agreed that absence of qualified employees can hinder the success of a small firm. According to the participations, unqualified employees hurt their businesses in several ways. These negative effects of unqualified employees can be categorized as: customer attrition (i.e. loss of old and important clients), decreased productivity, low quality of products, and additional expenses. Of course, all these factors result in decreased profits, which certainly hurts the company.

Customer attrition. Two of the retail stores owners gave examples of customer attrition due to unprofessional conduct by an employee. In the case of Anna, she said that one of her employees, a sales associate "came to work looking sloppy and not dressed in a tidy way." Moreover, in Anna's opinion the employee "did not perform well and the customer did not feel satisfied and was lost." More specifically, Anna said that the employee took the measurements badly, which resulted in a garment which, "didn't fit the customer, and … the customer thought it wasn't a serious store."

In the case of Manuk, the problem with the employee was less technical in nature. He described it as follows, "My VIP client came to my showroom; and my employee didn't welcome her warmly, didn't offer anything, and didn't tell of the new products." According to Manuk, this employee "blunder" resulted in loss of a client. He said that on that day he lost a large sum of money.

Decreased productivity and profits. One of the biggest ways in which poorly qualified employees affected the small businesses was in terms of how they negatively influenced productivity. Participants discussed that when employees are unable to work, production times increase. They also expressed loss of productivity because of other unprofessional habits of the employees, such as being unorganized, late to work, frequently absent, or taking too many breaks.

According to Arpine, one of the biggest problems her business faces is the imperfect or deficient work done by the designers "due to their deficient education and/or skills." This opinion was shared by Angela who added another dimension to the problem by saying, "It's hard to find a competent person. I have to control everything personally starting from sewing." The reason this posed an obstacle for Angela's firm was "because it slows down twice the productivity in all the production stages."

Anna gave a specific example showing how having an unqualified employee can result in a decline in productivity. She recalled a situation when a duvet cover was made 40-45cm shorter than what customer needed. She said, "Clearly the customer couldn't use it, so I was left with a useless duvet cover." So, Anna had to buy the fabric and make the product again in order not to lose a customer. Thus, the poor performance of an unqualified employee resulted not only in lost

time and decreased productivity but also caused unnecessary and unexpected expenses for the business owner, which resulted in decreased profits.

Another example of declining productivity due to unqualified employees was given by Ara. He said that sometimes "the employees focus on quantity instead of quality. They work faster and you are getting a lot of ready items which are deficient." In fact, he recalled a recent case when he got a call from a customer telling him that some of their products had some problems and that they wanted their money back. So, he had to make the items again. Thus, because the employee did not make sure the product was of good quality and was too focused on the speed of production; the productivity declined therefore hurting the business.

Competition

In addition to discussing how employees sometimes hindered the success of their business, most of the participants (n=7) acknowledged competition as a major obstacle limiting the success of their businesses. A common thread in discussing the effect of competition was the contrast between the two types of competition: competition due to new (digital) technologies and globalization and competition inside Armenia (direct and indirect competitors).

Competition due to new (digital) technologies and globalization. Several of the participants agreed that in the current age of new technologies and globalization, small businesses face challenges, particularly businesses with products that are also marketed to foreign markets. Small businesses based in Armenia who sell products abroad are often at a competitive disadvantage compared to businesses operating from other countries. For instance, Angela mentioned that exporting from many other counties is much cheaper than from Armenia. According to Angela this is due to several factors. "First," she said, "in some countries the exporters often pay for the delivery themselves." In Angela's opinion, because of this the

customer would prefer to buy from countries where they can save money on transportation and delivery. The second reason Angela thought that Armenian businesses are at a competitive disadvantage, is because the labor and production costs in some countries (e.g. China, India, South East Asia, etc.) are much lower than in Armenia. As a result, Armenian products are hard to sell abroad because they are more expensive. According to Angela, the only way for an Armenian business to survive on the global stage is to produce very high-quality products at a fraction of the price of the competition.

Tigran mentioned another obstacle related to international transportation and delivery that Armenian businesses have to overcome. He does a lot of business with Canada, and he mentioned that it takes a shipping container about 45 days to travel from Armenia to Canada Moreover, he said, "If we miss a shipment, then it will be 55 days." He added that the transportation company his business used was registered in Russia and their Canadian partner was not able to transfer money to this company because it was under sanctions. Angela also mentioned problems related to international deliveries from Armenia as a major obstacle for her business. She sells her products online, and she said that businesses in Armenian have essentially two options if they want to sell a product abroad - use the traditional postal service (which might take up to 40 days), or use a courier service like DHL or FedEx, which she said is "very expensive, sometimes even more expensive than the product itself." Angela then compared the situation to other countries and said that if she wanted to buy a shirt online from London she could just add $7 to the cost and receive it in 3 days. This is not the case for Armenia, according to Angela. In fact, she talked to the courier companies and found out that it is a big issue to export something abroad from Armenia. She said, "It's too expensive and not acceptable for any client."

The problems that arise from new technologies and globalization are also faced by small businesses which operate only in Armenia. Two related challenges were mentioned by the participants: competition from online retailers and clothes received from abroad. Interestingly, even though online retailers seem to be a common obstacle challenging the regular "brick and mortar" stores (Richter, 2018), online competition was identified by only one participant (Seda) in this study as a significant barrier. On the other hand, the fact that many residents of Armenia receive significant amounts of clothes from their relatives living in other countries was mentioned by three of the participants (Seda, Ara, and Hasmik). A sizable portion of Armenia's population have relatives living in other countries (as mentioned above, large numbers of people are leaving the country), many of whom leave the country to find work and leave their (extended) families behind. It is common for them to send clothing and other items back to their families. In this regard, as Ara observed, it is hard to compete against clothes that are free.

Competition inside Armenia (Direct and indirect competitors). Regarding the competition inside Armenia, several (n=4) participants mentioned that with the emergence of large malls and stores, small apparel retail businesses have suffered financially. One reason is the competitive prices offered by large stores and monopolies. Gayane, for instance, recalled the time that there were many small apparel retail businesses in the country, and "everyone was able to earn something." But today, according to her, "Big business comes up and puts up lower prices, so the small businesses suffer and then close. People buy wherever it is cheaper." The participants mentioned one crucial reason why big businesses are able to offer products at lower price point—they are able to buy the product at wholesale prices, something a small business owner cannot afford. Some of the business owners felt that the big malls are creating a monopoly and this in turn results in unfair competition. As Hasmik said, "There are many big shopping

malls and there is a monopoly. There is fair competition only when everything is equal for everyone."

Governmental Obstacles

Along with the previously presented obstacles, most (n=8) participants also mentioned governmental obstacles as significant challenges for the success of their businesses. By far the most frequently mentioned obstacle was taxation, but bureaucracy and corruption were also pointed out as major obstacles.

Taxation. Most of the participants felt that the government provided no support for small and new businesses and, in fact, only hindered the growth of the businesses. Hasmik, for instance, thought that the government created obstacles by raising taxes and did not support small businesses. Gayane agreed with this and mentioned that, "In the beginning they would tax at $3 per kg, then it became $5 per 1kg." Some participants were quite explicit about this sentiment. Arpine, for instance said, "I have only seen harm not help from the government." She especially was frustrated about the amount of the taxes. She said,

> The taxes are terrible. Every month I give out about $4000. Every month!! And at the end of the month when I am talking to my husband I am thinking that if the net is not zero and not negative we are satisfied. But really the taxes are absurd, and it's not like I have a big chain of big stores, it's just two stores. But we are pressured by this.

The issue of taxes was a painful one for most of the participants, who complained about both income taxes as well as customs taxes. Ara, for instance, said, "I'm not saying the government shouldn't collect taxes, but there's a measure for everything." The customs taxes in particular seemed to be a source of significant distress for business owners. For instance, Angela said that quality products, such as expensive high-quality fabrics, are "taxed almost as much as the products themselves." A similar comment about the quality came up in Gayane's interview. She complained that at some point the government started to differentiate between the types of

products. For instance, she indicated that leather products and shoes are now taxed more than other apparel items. Moreover, the taxes also depended on the country of origin of the product. According to Hasmik, the tax on products from Turkey has increased and is now higher than the tax on Chinese products. In the same vein, Angela mentioned that "if the fabric is from Italy or Germany then the prices are very high by the law." Another governmental obstacle stalling the process of starting new business was mentioned by Manuk. He said, "The state demands big money to start your business and register your brand. If you're starting with 100,000 AMD, already 70.000 AMD is spent on documentation." Anna also complained about the amount of finances needed for starting a new business and said that there was a "complete lack of support from the government organizations."

Bureaucracy. Bureaucratic problems were identified as significant obstacles for small businesses in Armenia by three participants. These problems were described as arising because of incompetence and inefficiency of government employees who often, from the perspective of the participants, did not know all the rules and laws. For instance, Angela mentioned that they were told by certain employees at the airport that they had to pay a customs tax. However, it turned out later that customs tax applied only in case the products value was more than 200,000 AMD (approximately $500). Moreover, Angela said that their presence at the airport's customs office was demanded for every single sample they received from abroad, even if they had to tell every time that there was no need to pay a customs tax at all. A related problem, which could also be a reason for certain employees not being up to date to all the rules, is the frequent changes in rules and laws related to taxation. This was mentioned both by Anna and Ara, the latter even claiming, "Every month something new comes up, paperwork changes all the time."

One consequence of such frequent changes, according to Anna, is the long time required to complete all the necessary paperwork, since it is new every time.

Corruption. The presence of corruption within the government was mentioned by two of the participants in two different contexts. Ara mentioned that bribes are common in relation to filing various governmental forms and papers. More specifically Ara said, "Even if you are doing 100% clear, every document, everything, they are just asking for some bribes." On the other hand, Hasmik speculated that big business owners are somehow related to the government and therefore they get tax breaks or even avoid the taxes completely. She formulated this thought as follows, "There's corruption in the government, when the state representatives begin doing business and avoid taxes, their business grows, and the SME loses money." Moreover, Hasmik thought that it was unfair that that the taxes paid by the small and big businesses were the same, especially because, "Big businesses often avoid taxes, while small and medium firms are under a scrutiny." In her opinion the reason for this was the fact that, "Big businessmen are also members of the government."

Research Question Two Summary

The findings of Research Question Two reveal that small business owners feel that there are common obstacles faced by most of the small apparel businesses in Armenia that stand in the way of success and growth. The nature of these obstacles varies from traditional socio-economic, governmental/bureaucratic ones to more "modern" obstacles such as those posed by globalization, Internet retailing, and the emergence of new technologies. The most prominent examples of such barriers are the low income level of the population and the resulting preference for low cost versus high quality products, high taxes (which often change without any visible reason), and unfair competition from large businesses and monopolies, who profit from lower

taxes and lower wholesale prices for imported products. Globalization and the emergence of online stores also hurts small businesses in Armenia since there are countries where manufacturing and labor costs are significantly lower than in Armenia.

Research Question Three: How do the owners of small apparel businesses in Armenia address the needs and wants of their customers?

To address Research Question Three this study attempted to establish what techniques the owners of successful small apparel businesses in Armenia employed to address the needs and wants of their customers. Building a solid customer relationship was mentioned as the main approach to addressing the needs and wants of the customers. However, marketing techniques also allowed the participants to better address their customers' needs. Two themes emerged – customer relationships and marketing techniques.

Customer Relationships

All the participants agreed that a cornerstone to the success of a small business is having good relationships with customers. Having good customer relations is "one of the most important things," according to Arpine. Similarly, Sevak remarked, "The only way to grow and develop, is to please as many customers as possible."

The participants felt that there are two aspects of a business that help it achieve a good relationship with customers. First, the business needs to be effective in obtaining accurate customer feedback. Second, the business needs to provide excellent customer service. The subthemes of customer feedback and customer service were also discussed in detail in the context of Research Question One, which asked which factors lead small apparel businesses in Armenia to success. The discussion of the same topics below, on the other hand, should be seen within the scope of Research Question Three, namely how the small businesses address the

needs and desires of their clients. In other words, the findings are now presented in order to emphasize *how* the customer feedback was collected and how customer service helped the businesses in addressing the customers' needs and wanted, even if it does not necessarily imply that there will be an immediate profit for the business, but would enhance the relationship with the customer.

Customer feedback. Most (n=7) participants considered getting customer feedback an important factor contributing to the success of their business and consciously employed techniques geared toward collecting such feedback. For some of the business owners it was evident that customer feedback is important; however, they realized that it takes time to take actions which would align the products offered by the businesses with the customers' needs. In this context Angela said, "You need to know who your customer is …so that production meets her life's necessities. I am doing research all the time, listening to the feedback. Over time it becomes clear what works the best." The research participants mentioned two ways they obtained customer feedback – through direct communication with the customers and via social media.

Direct communication with the customers is an important way of obtaining feedback. A business owner can interact with the customers to find out what they like or dislike. For instance, Seda said that she often asks her customers what they want, and because most of her customers have been her clients for a long time she is able to attend to their needs very efficiently. She said, "I am working with a small number of people. I have clients whom I have known for 28 years. I even know my clients' sizes better than they do." Another example of a business owner directly communicating with customers to collect feedback was given by Manuk. He said that after

fashion shows he always asks the customers for their opinions. "If the collection is too extravagant, I'll have to make a commercial move and alter it."

When a retail business is large enough to have sales people, the owners often collect customer feedback through personnel who directly interact with the customers. Both Karen and Sevak mentioned that they routinely get customer feedback from the salespeople. Moreover, the feedback is important for the decisions the owners make. For instance, Karen said, "We are constantly receiving information from our sellers. We take into consideration the questions our customers ask the sellers about the stock range." This thought was echoed by Sevak who mentioned that during staff meetings they always discuss suggestions of the customers. More specifically he said, "We try to hear the customers through our salesgirls. After all they are the buyers and it's them who decide what they want to buy, and so we need to know their demands."

Three of the business owners, Karen, Sevak, and Tigran, mentioned that they also gained customer feedback through social media. In these cases, they used Facebook. In particular, Tigran said, "We have our Facebook page in which people are asking some questions or making some reviews."

Customer service/customer satisfaction. In order to get insight into the actions they took to address customers' needs and wants, the participants were asked to describe a situation when a decision they made (about the product lineup) addressed the needs and wants of the target market. The answers the business owners gave revolved around good customer service and customer satisfaction. More specifically they mentioned (1) the desire and willingness to attend to customers' needs, (2) being polite, discreet and patient, and (3) being honest and possessing integrity.

Regarding the dedication to customer satisfaction, Anna mentioned that she would go out of her way and do everything she could to satisfy a customer. Specifically, she said, "If I don't have the specific product, I will try to get a hold of such a product and will invest some time to find/make what she/he wants." Sevak, also gave a concrete example how his firm deals with addressing the needs of the customers. He said,

> Our office employees who stay in touch with our customers through phone and email, inform them about our sales, hear their suggestions. There are people who have certain wishes, who may want clothes for a school or a kindergarten group. They contact us and we organize everything, talk to them, focus on the faults they have detected to be able to fix those faults.

Several participants (n=5) mentioned that being polite and friendly is an important aspect of good customer service. The participants mentioned the different ways they tried to treat the customers well. This included being welcoming and "meeting clients with a smile" as was the case for Arpine, In the case of Manuk, good customer service included offering refreshments like coffee and tea when they arrive at his business, as well as showing them special attention by "remembering their birthdays, sitting them in the front rows during the fashion shows." According to Manuk, certain VIP customers required extra attention and it is the business owner's responsibility to have a hunch in these matters. He said, "Knowing the clients' desires is very important. For example, if a minister's wife comes to your shop, you need to know who she is and offer the right service."

Two participants mentioned the importance of being discrete as an important requisite for good customer service. For instance, Gayane said, "Another important aspect is how you treat a customer, how you talk to him/her. If you treat them well your business grows." One of the things, Gayane meant by this comment was to be discreet with the customer, or as she put it, "They (the customers) should be given some space and time to choose, and only after they need

some help you can give them some advice." Related to discreteness in the seller - customer relations, Manuk had an interesting observation. According to him, even asking a simple question like, "How can I help you?" may not be the best idea. He said,

> We don't ask closed questions such as "what can I help you with?" I have learned during a lot of trainings that to a closed question the client gives a closed answer, like "nothing, I'm just looking." You need to tell your name and catch the client's glance, then wait and see how you can help them.

Finally, integrity and honesty were mentioned as important aspects of good customer service. Ara, for instance, said that this is particularly true for the salespeople working with the customer directly. More specifically, he said, "Salespeople need to be honest. They should be certain that they would wear this item themselves before selling it to someone else." Hasmik also said that being honest is a very important quality of a retail worker. It seemed like in her mind honesty was intimately linked to customer service, since she said,

> People want more honesty today. People don't like being deceived. It's rather easy today to buy online from their home, but there are people who enjoy the process of buying, who like coming to the store and receiving good service.

Marketing Techniques

The participants were asked to describe some of the techniques and actions they used to learn about the needs and wants of their customers. Besides the customer feedback described above, the participants mentioned indirect methods which could be hard to classify and are rather outcomes of experience of working in the retail field. Some of the business owners would choose their product based on what they felt was fashionable and what their clientele would want to buy. For example, Gayane said, "I try to get what is fashionable at that time. What is currently popular and what the people would wear." The way of determining what is fashionable for Gayane was to be observant and to have a "gut feeling" about it. She clarified her thought as follows:

You should look at the customers and see what they are wearing more. And not only your own customers, but people who shop in general. That's also a quality of a successful businessman, to have a hunch and feel as to what is popular at a given point in time.

Some of the participants mentioned marketing techniques, both traditional as well as social media related, as ways of addressing customers' needs. As discussed above, low incomes of the population are one of the obstacles hindering business success. Thus, it is not surprising that in this context several of the business owners felt that sales and other marketing techniques could be an important way of meeting customers' needs. For instance, Hasmik said, "We have sales for holidays, gifts, advertising." Even though, according to her, what many customers really wanted was overall pleasant customer experience. She said, "It's mostly small things. We work for the returning clients. There are still people who return for the pleasant service." Sevak utilized both traditional marketing techniques as well as feedback from social media to address the needs of his customers. He said, "We paid attention to the social polls, things like Facebook, Instagram, Odnoklassniki, we use them all." And then he added, "Plus as a marketing tool we use our sales, clearances, etc."

Research Question Three Summary

Data collected during this study reveals that there are two primary approaches used by the small business owners of this study when they try to meet the needs and wants of their customers. One approach is based on building a strong and trusting relationship with the customers. To achieve this, most business owners established trustworthy channels for customer feedback through social media and direct contacts. They also tried to develop and improve their customer services by always aspiring to tend to customers' needs, being polite, discreet, and being honest about the products and services they provide. Another approach was to employ more traditional marketing techniques such as sales and clearances which would make the

products more accessible for the customers. Being observant towards the current trends was also mentioned as a way of anticipating the customers' desires.

Research Question Four: What types of activities in professional development would be valuable for small apparel businesses in Armenia?

The purpose of Research Question Four was to establish what type of professional development practices would help the success of small apparel businesses in Armenia, according to the owners of successful small businesses. Most of the study's research participants thought that some type of professional development would be very beneficial for the success of their businesses. The responses collected during the interviews were naturally grouped into two themes: professional development of employees and professional development of business owners. Interestingly, the data suggested that the participants believed the types of professional development activities carried out by employees and employers should be quite distinct. Namely, the professional activities of employees should be more technical in their nature, while the professional development of the owners should be directed towards the areas of marketing and business management.

Professional Development of Employees

Several (n=5) business owners thought that professional development of their current or potential employees would be very helpful for their businesses. According to the participants, the employees would especially benefit from professional development in technical areas, which would help the businesses accelerate their production time. Moreover, such skills would help in getting hired by the small apparel firms. The wide array of skills and abilities the participants

mentioned were proficiency in sewing, tailoring, styling, merchandising, fixing faulty machinery, and even knowledge of English.

Practical training in specialized areas and internships. Some participants (e.g. Angela, Anna, and Arpine) have previously studied at Yerevan State Academy of Fine Arts and later, after opening apparel businesses, hired employees primarily from the Academy. In particular, they were intimately familiar with the education and the skills that were taught in that institution. They felt that additional professional development in certain technical fields would be very beneficial for the graduates. For instance, Angela felt that it was hard finding good tailors: "I wish there were sewing schools, or technical design schools." She then added that the Academy did not have a fashion illustration course. Anna also complained about the lack of "technological" skills. She said, "We studied "technology" which was based on old issues of "Burda" magazine from the times of the communists [Burda was the first western magazine to be published in the Soviet Union]. But the technology has changed so much since then. The students should be taught new things rather than things from Soviet times."

Another important professional development activity is getting internships (or as it is often called in Armenia, practice or practical training). For instance, Arpine mentioned the importance of more practical knowledge. She said, "I wish there were more practical classes; maybe with professional designers." Similarly, Anna said, "In terms of fashion we haven't learned anything, we learned just from fashion magazines, because we didn't have a place to go to gain experience (like an internship)." And even when asked if interactions with other business owners (say from abroad) would benefit her business, Arpine said, "I'd be more interested in employee exchange, so that our employees would pass internships with them."

Thus, according to these participants, the graduates of the main institution in the country producing the potential employees for small apparel businesses (themselves included) lacked in their professional development and practical trainings. The participants thought that internships would be very useful for them.

Another example of professional development that would help small apparel businesses was given by Tigran. He felt that there was a need for professionals, whom he called "engineers," with good knowledge of the machinery that was used during the production process of apparel and textiles. More specifically, he said,

> Right now, in Armenia there are slight problems with engineering employees, like you cannot find a person who is an engineer, physical engineer. … I think if there was some company or some people who can understand and fix the automation of your equipment of your machines it would put Armenia in a higher level and would make more cost-efficient production for all the textile sector.

Specialized and general education. Even though several of the participants mentioned certain flaws in their education, some nonetheless emphasized the importance of a systematic specialized education. For instance, Arpine mentioned that even though "every other person" is opening their fashion store and are saying (or thinking) that there is no need to get an education as long as one has taste, she thought that taste alone was not enough. She then added, "Academy taught me and gave me a lot." In particular, she valued the drawing skills which she acquired at the Academy. She said, "I don't even want to talk about the importance of drawing skills. They are very important. Any designer should be able to draw her/his own ideas."

One area in which the employees needed to have professional development was general education and knowledge of English. Karen mentioned the lack of knowledge of English as an obstacle hindering professional growth of employees. He said, "I'd like them to have higher qualifications, know English for instance. … If he doesn't know English he cannot learn new

things." According to Karen it is quite hard to find professionals in different fields in Gyumri who know English. He said, "We need better professionals here. We need designers for new kinds of apparels."

One more participant, Anna, mentioned the importance of general knowledge (or maybe inquisitiveness) in an implicit way. According to her it is important that the employees be aware of and be able to apply the new technological developments happening in their field. She said

> Well, since the world is moving forward every day, new things are being created. So, for instance, the new generation knows much more than we do now. This is regarding technology. I would like to have employees who followed all that, and even came to me and told me, "there are these new things" and so that they could use these things (new technologies probably: software, techniques, etc.).

Professional Development of Business Owners

Regarding the usefulness of professional development, the participants had views that somehow echoed their opinions related to the education and skill subtheme of research question one. Indeed, some of the participants felt that professional development was useful while other did not think so. For instance, the importance of specialized education, especially marketing, practical training and interaction with real customers was mentioned by the graduates of Yerevan State Academy of Fine Arts.

As mentioned in the previous subtheme, Arpine felt that the Academy gave her a lot of knowledge and skills, which were very useful in starting and operating a business and for her becoming a successful fashion designer. It is in this context that she mentioned that many of her customers are not very satisfied after interacting with designers who in her opinion are not educated (in the sense that they did not get a specialized education in YAFA or somewhere else). Finally, she made the following statement, "When I hear that a designer is educated, I think he or she is more successful," which might at first seem controversial, but Arpine's further explanation

clarified her point. She said, "Although many people think if they see on the internet what is trendy they become designers. No, it is not like that! I don't even want to talk about drawing skills. They are very important. Any designer should be able to draw her/his own ideas."

In terms of education, the respondents felt that, unlike the employees, the employers in small apparel firms often needed to hone their knowledge and skills of marketing and business management. Anna, for instance, mentioned that even though the profession and specialization of business and marketing exists in the country, the fashion business has largely been dormant. Similarly, answering to the question about the marketing or management classes in YASA, Angela said, "Sure, sure. … We have business, but not fashion business. It'd be great if there were professionals in the sphere."

Regarding the importance of marketing education and related skillsets Anna said, "Marketing is the most important thing. Because you are studying in a place where the result should be something which you can eventually sell." Arpine echoed this point: "Oh yes! That is absolutely necessary. Nowadays, marketing is something new in Armenia. Very slowly people are getting more proficient in that field, but YAFA must have marketing classes." Arpine further explained that the need to learn the basics of marketing was that often business owners could not afford hiring outside marketing strategists. She said, "I am not able to pay separately to have someone who will take care of the marketing side. So, I wish I had learnt it at school." In fact, Arpine felt that one thing which would have been helpful would have been to have "a class where she would get a real order from a client, and learn how interact with the client, and bring the order to life."

Unlike Arpine and Anna, Gayane and Ara felt that specialized education business education were not that important for their businesses. Gayane, for instance, said

> Well, I think there is no need at all to have a business education. It's more important to have common sense, to have a good feel as to what products to bring, what not to bring. If you bring tasteful products, then business works well.

Ara had a similar position. He felt that the best education is surviving the competition in the real world. He said,

> I don't want to sound immodest but dealing in this jungle is a better education then the education given in universities. That's more for large business, but for the small one your own experience is the best education. Of course, I'm reading a lot, trying new things, social network.

This remark probably meant that, even though Ara thought that business education was not necessarily an important factor for the success of his business, there were areas in which increased knowledge or awareness could be useful for his company.

Research Question Four Summary

The findings suggest that most of the small business owners in Armenia feel that some type of professional development of both the owners and employees would be beneficial for the success of their businesses. In the case of employees, such professional development mostly meant additional technical education, development of specific skills (so called practical trainings), internships and even general educations (e.g. knowledge of English). For employers, the business owners felt that professional development in the areas of business, marketing, and interactions with real customers (customer service) was very important. Moreover, most of the business owners who were graduates of Yerevan State Academy of Fine Arts felt that the curriculum in this institution needed to be modernized to reflect the need for these subjects. Implications of these finding for the fashion educational programs at post-secondary institutions in Armenia are discussed in the final chapter of this thesis. Interestingly, some of the business owners felt that professional development in the fields of business, or marketing would not make

a difference for their businesses, since they felt that "real world" experience is the best business

experience they can get.

Chapter 5 - Discussion

The fifth and final chapter of this thesis discusses the findings of the research within the context of the study's four primary research questions. Also, drawing upon the findings, the chapter attempts to identify the types of knowledge and skills Armenian apparel businesses are looking for in potential employees and provide broad suggestions on how to improve the curriculum of institutions of higher education in Armenia which would help the graduates in job placement in fashion and textile industry as well as in the field of apparel retail business. The chapter concludes with the discussion of the limitations of the present study and recommendations for further research.

Success Factors of Small Armenian Apparel Businesses

A noteworthy conclusion of this study is that one of the most important factors leading to success of small apparel businesses in Armenia is effective utilization of various marketing techniques, and especially the use of popular social media outlets such as Facebook, Instagram, and Odnoklassniki. These activities can be viewed in the larger framework of entrepreneurial marketing (EM) which was identified by Niehm et al. (2014) as an essential factor for small business success. Indeed, according to Kraus et al. (2009), entrepreneurial marketing can be characterized by innovativeness, risk-taking, and proactiveness. And even though for the younger generation of entrepreneurs (i.e. those in their twenties and early thirties), the use of the social media may not seem to be an innovative marketing technique, it does show that younger business owners use more modern marketing techniques than the older ones who did not

mentioned using new technology and relied mostly on the traditional techniques such as sales, TV ads and the use of their existing customer network.

Entrepreneurial marketing is still in its infancy among small business owners in Armenia. None of the practices mentioned by the participants in this study could be reasonably categorized within the well-known EM techniques such as guerilla marketing, buzz marketing, or viral marketing. Moreover, several of the participants mentioned that they did not have any employees dealing specifically with the marketing side of their business, but rather they themselves oversaw the operation of the social media pages and other marketing strategies of their firms. The absence of dedicated marketing personnel is one aspect of the liability of smallness, which in turn is a consequence of limited financial and human resources of small firms. However, if small business owners were to be educated in the field of marketing and become familiar with the theory, practices, and examples of innovative marketing techniques which are common in entrepreneurial marketing, their firms could stand out in the marketplace and gain a competitive advantage. Therefore, a conclusion of this study is that small apparel business owners in Armenia could benefit from professional development focused on new and innovative marketing strategies.

Another important attribute of successful small apparel businesses in Armenia, as found in this study, is the presence of certain personal characteristics of the business owner, including self-motivation, confidence, dedication, and innovativeness. These qualities match the three dimensions of entrepreneurship observed by Morris et al. (2002) – innovativeness, calculated risk-taking, and proactiveness. One should note here though, that even though Morris et al. (2002) discussed these characteristics in the context of overall organizational orientation, for

small firms the orientation is largely determined by the owner and, therefore, it can be concluded that these characteristics ought to be applied to the entrepreneur him/herself.

As demonstrated by Niehm et al. (2014), the operators of small businesses who show the highest levels of innovation typically have higher education, are younger, and run businesses with more financial success, when compared with their peers. This study provided indirect support for the conclusion of Niehm et al. (2014), in the context of small apparel businesses in Armenia. Indeed, as mentioned above, the use of innovative marketing techniques was mostly noted in the younger generation of entrepreneurs. And even though strictly speaking it is not true that the younger business operators had higher levels of education, it is true that, compared to their older counterparts, they were educated in a field which was more intimately connected to their business. Indeed, even though they had earned post-secondary degrees, several of the older business owners (e.g. Seda, Hasmik, Gayane, Ara), opened their businesses almost accidentally, by being forced to do so after the collapse of the Soviet Union and to survive the harsh economic conditions of Armenia in the late 20th Century.

Aligning with the conclusions of Hornsby and Kurakto (2003), the data collected in this thesis shows that availability of quality employees is another one of the most important human resource issues for the success of small apparel businesses in Armenia. Moreover, as suggested by Robles (2012), both hard skills as well as soft skills are essential for the success of the employees and the business. Indeed, some business owners mentioned that during the hiring process they considered hard skills such as technical skills and knowledge as the most important characteristics for a potential employee – a conclusion supported by Robles (2012), who also added that due to the larger role of technology, nowadays employees consider soft skills, just as important. The participants in this study did not mention how they would (or even if they would

try to) determine whether an applicant possesses soft skills during the hiring process. They did, however emphasize the importance of soft skills such as communication and interpersonal skills, integrity, dedication, and positive mindsets for continued success of their employees, thus supporting findings of Kappel (2017).

Finally, according to this study, quality customer service is also a crucial factor contributing to the success of small businesses in Armenia. Successful businesses strive to achieve higher levels of customer satisfaction by using modern technology for obtaining more reliable customer feedback and by building good relationships with their customers. Soft skills of the employees as well as of the employers themselves, such as courtesy, integrity and interpersonal skills, are crucial in achieving customer satisfaction. The importance of good quality service for small business is also emphasized in the literature, especially in the context of qualities of the employees and the employers which contribute to the financial success and growth of the firms (Kappel, 2017; Robles, 2012).

Several factors which appear in literature as contributing to the success of small businesses were not mentioned in the interviews with the Armenian entrepreneurs participating in this study. Omitted factors include marketing methods such as experiential marketing (including the 4 E's for engaging customers), brand image (including the five P's involved in building a holistic experience), and brand distinctiveness (Niehm et al. 2014). Moreover, even such crucial factors as effective management of human recourses and marketing techniques seem to be at a rudimentary level at this point among small apparel businesses in Armenia. For instance, even though the owners understand the importance of human capital and try to address issues like effective hiring processes, availability of on the job training programs and competitive wages, several critical HR issues such as retention, benefits, childcare support, and flexible

scheduling were not considered by the Armenian entrepreneurs as key factors for their firms'

success.

Obstacles Limiting the Success of Small Armenian Apparel Businesses

This study concludes that many of the challenges described by the owners of small

apparel businesses in Armenia can be viewed through the lens of liability of smallness, a

phenomenon described in the literature review chapter of this thesis. At the same time, there are

also obstacles which are heavily influenced by the socio-economic and political situation in

Armenia and which are unique and specific for the small businesses operating in the country.

The concept of liability of smallness refers to the fact that most small, new ventures face

specific challenges, including limited financial and human resources, a small customer base, and

limited market power (Kraus et al., 2006). In the case of small Armenian businesses, for

instance, issues such as difficulties related to obtaining loans to start a business, problems with

high rental fees, and high customs taxes were all mentioned as significant obstacles, and these

are problems which are quite common for most small businesses (Kraus et al., 2006). However,

some of the financial problems mentioned in the interviews, especially those related to

governmental obstacles may be specific to Armenia. For instance, the participants mentioned that

customs taxes had increased significantly during the time they were in business and that

imported products have differentiated tax rates depending on the country of origin (products

from Turkey are taxed more than products from China), material (leather is taxed more than

fabric), and the type of the product (shoes are taxed more than apparel) but in the past everything

was taxed at the same rate. The changes appearing in tax laws can probably be attributed to the

fact that Armenia only relatively recently became independent (following the collapse of the

Soviet Union in 1991) and the tumultuous years immediately following independence were marred by economic and political problems as well as an ongoing war. Thus, the country is still amid establishing a taxation system and certain rates can be evolving with the time (such as the customs taxes can depend on the country of origin or the type of the product, while the income tax can depend on the level of income).

Just like the financial problems, issues related to hiring qualified employees mentioned by the participants were more common among the smallest of the businesses – which can once again be attributed to the liability of smallness (Williamson et al., 2002). Many small businesses do not have the resources necessary to have dedicated human resources departments – resulting in the business owners having to handle HR related activities and taking them away from executing other important actions in the business (Little, 1986).

Competition of small Armenian businesses with large malls, especially those in the capital city of Yerevan is another obstacle related to liability of smallness. In terms of competition this was the main challenge mentioned by the business owners participating in this study. Specifically, they emphasized the fact that the products are cheaper in the larger stores, since according to the participants, the malls can purchase large quantities at lower wholesale prices, something small business owner cannot manage financially. Several participants mentioned that the rise of the large malls forced many other small apparel store owners to go out of business, effectively bringing the end of the age of "Yarmarkas" or apparel markets in Armenia. Such apparel markets were common in Armenia starting around 1990 and were essentially large open spaces with hundreds of small stores/stalls that sold cheap apparel and had very few employees.

Among the obstacles specific to small apparel businesses operating in Armenia, the owners mentioned problems related to customer acquisition and retention due to social and economic challenges. Specifically, factors such as the low income of the population combined with the high rates of emigration from the country have reduced their customer base and, therefore, has declined their profit. These are clearly problems which are quite specific to the country, and it is not surprising that these factors were not mentioned in the literature related to the success of failure of small businesses in the US. Similarly, among the disadvantages that the small business owners face when exporting their production from Armenia to other countries is high transportation costs. This is also something quite specific to Armenia and no mention of such problems was present in the literature focusing on small business success in the US.

To summarize, in the broadest sense the small apparel businesses in Armenia face two kinds of obstacles which hinder their success: obstacles that are quite common for all small businesses in general (including those in the US) and are often a result of liability of smallness, and obstacles which are quite specific of small ventures operating in Armenia and are affected by the socio-economic, cultural, and political realities of the country. To overcome these obstacles the businesses need to concentrate their resources more on implementing innovative marketing techniques directed at retaining customers and setting their businesses apart from their main source of competition – large malls. For instance, a more personable/congenital approach towards the customers, especially to the returning customers may contribute to customer retention. Some further approaches for achieving effective implementation of marketing techniques as well as for attracting more quality employees are described in the "Implications of the Study" section of this chapter.

Meeting Expectations of Customers of Small Armenian Apparel Businesses

The small apparel business owners interviewed in this study address the needs and wants of their customers primarily by building lasting and quality relationships with their customers. This is achieved by collecting customer feedback through various means (social media, polls, in person interactions, etc.), by staying in touch with the customers (through social media, phone calls advertising the promotions, etc.), and most importantly by attempting to improve the customer experience during the clients' visits to the store (by being a courteous, polite, and friendly). In a way, these actions by the small business owners in Armenia, especially the attempts to enhance customer experiences, correspond to a similar trend in developed countries such as the United States, where the concept of experiential marketing (the movement towards selling of experiences just as much as selling goods and services) has been becoming more popular (Niehm et al., 2014). Moreover, the techniques of entrepreneurial marketing such as buzz or viral marketing also heavily rely on a loyal customer base and on the heavy use of customers' social networks (Kraus et al., 2010). Since the essence of many EM techniques such as buzz marketing is that people often trust word-of-mouth marketing more than traditional marketing methods (like TV and radio ads), it is of utmost importance to have and to develop a very good and loyal customer base in order to effectively implement these techniques (Kraus et al., 2010).

Since some of the marketing techniques considered in the literature review part of this thesis, including experiential marketing, brand image and brand distinctiveness, were not mentioned by the respondents of this study it is possible that these techniques are not widely utilized by small apparel businesses in Armenia. Therefore, the business owners should be utilizing entrepreneurial marketing techniques (e.g., guerilla, buzz, or viral marketing

techniques) and experiential marketing. In the case of the latter, the owners can try enhancing customer service by "selling experiences," so the customers can be engaged in a unique experience when interacting with the business, be it through a visit to the store, to a social media sire, or some other way. Moreover, having a successful branding strategy could help the small businesses to stand out and successfully compete with large malls, as well as better meet the expectations of the customers. Some ways of implementing these actions are described in more detail in the "Implications of the Study" section below.

Professional Development Needs of Small Armenian Apparel Businesses

Owners of small apparel businesses in Armenia consider professional development of their employees as well as of themselves as important to the success of their businesses. These findings conform to those in the literature (Robles, 2012). According to the business owners participating in this study, professional development is desired to help their employees improve technical skills – contributing higher levels of productivity, improved product quality, and therefore also increased profits. Moreover, increased technical skills of employees would allow the business owners to concentrate more on the management and marketing side of their businesses – trying to find innovative approaches to help their companies grow and develop. The small business owners of the study also believed that professional development of their employees' soft skills was of utmost importance, especially for retail businesses. In the minds of the business owners, soft skills which quality employees should possess (or try to develop) included good communication skills, politeness, integrity, and other interpersonal skills. This is like the conclusions of Robles (2012), who listed these qualities as essential for employee success within the firms.

The owners of small apparel businesses in Armenia who participated in this study also feel that professional development of themselves would be beneficial – speaking mostly to the need to enhance their knowledge and skills related to marketing and business management. In particular, the graduates of the Yerevan State Academy of Fine Arts felt that having courses in fashion marketing as well as "real world professional trainings" where they could interact with actual clients would have been very useful for them during their studies. Thus, adding such classes is crucial for the success of the graduates of YAFA, which is the main institution of higher education in Armenia which produces professionals in the field of Apparel and Textiles.

Implications of the Study

The findings of this study lead to several implications. These implications can be classified into two groups depending on to whom they apply to – small businesses and their owners and educational institutions. This section of the chapter details some of the implications for the business owners, while a more detailed discussion of implications for the educational institutions, complete with curriculum recommendations, follows.

One of the findings of this study is that effective implementation of marketing techniques is crucial for the success of small apparel businesses in Armenia. At the same time, the utilization of numerous marketing techniques is either in its infancy, which is the case with the entrepreneurial marketing, or is completely non-existent, like in the case of experiential marketing techniques and branding. Therefore, for Armenian businesses and the owners it would be beneficial to have a deeper understanding and utilization of contemporary marketing techniques including theory and strategies for entrepreneurial marketing, experiential marketing, brand image, and brand distinctiveness. This can be achieved in several ways. First, the small

businesses could invest in hiring a marketing expert as a permanent employee to the firm. One advantage of having an in-house marketing team is that it assures that the innovative marketing strategies employed by the firm are uniquely owned by the firm and cannot be easily duplicated by other firms, leading to sustained competitive advantage (Barney & Hesterley 2006; Niehm et al., 2014).

Another option for improved marketing for the small businesses would be to seek marketing advice through external firms specializing in marketing and business consultancy. There are several such companies currently in Armenia (e.g., Ernst & Young Armenia, KPMG Armenia, etc.,), (LLC, S., 2019) and many offer various consultancy services, including help with a business plan, marketing for small and medium enterprises, as well as human resource management and many other aspects of business management. Finally, another way for the small apparel businesses in Armenia to achieve a better understanding of the marketing side of running a business, and in view of liability of smallness, an important way, would be for the business owners to obtain this knowledge and skills for themselves. This could be accomplished through professional development (e.g. taking marketing classes, getting a business degree or certificate, etc.), participation in various local and national events (e.g., conferences, shows, exhibitions, etc.), or self-education (using online resources or more traditional methods). Moreover, the curriculum changes proposed in this thesis, will allow the graduates of apparel and textile programs to get a marketing education. The implication of using effective marketing techniques and methods directed at enhancing customer experiences, positive brand image, and brand distinctiveness will most probably help the businesses better meet the needs and wants of their clients, resulting in an increased number of customers and business success.

Another implication of this study is that the small apparel businesses in Armenia may benefit from the fact that this study effective management of human resources very important to the success of their businesses. Therefore, small businesses may want to address the problems related to the scarcity of quality employees early on, since it is a significant obstacle hindering the success of small apparel businesses. In general, businesses should try to establish close communication channels and relationships with the educational institutions and apparel and textils programs. This can be an important step toward getting talented graduates interested in their firms. Such communication channels could be beneficial for both the employees and the universities. Indeed, the businesses can communicate to the institutions what knowledge and skills they are looking for in their employees, while the universities would benefit from assisting their graduates in finding employment. Businesses should try to attract talented students through internships and practical training assignments. As the study suggests, currently there are no such internships and the only practical training the students experience is at very specific "high fashion" stores. Diversity and practicality is key here. The internships should be at different kinds of businesses where there is a real possibility of getting a job upon graduation. Moreover, "real world" experience should be emphasized, meaning the students, through their course work and internships, should have opportunities to fulfill real orders from actual customers. The university programs should also try to help the students in obtaining internships and employment by organizing career fairs, where potential employers could interact and network with the students.

Another way small apparel businesses in Armenia can attract quality employees is by offering tuition assistance programs where the costs of the study can be offset by the employer,

provided the future employee agrees to work for the business after completing a particular

degree, course, or a professional development program.

Offering competitive wages and a benefits package may also be important factors in

recruiting quality employees. Even though it may be hard for small businesses to be competitive

with larger firms in this regard, it is quite possible that the advantages of having good employees

will outweigh the costs of getting such employees. Indeed, getting and keeping quality

employees may enhance the productivity of the company, help in retaining the clients and

growing the customer base.   Successful HR management specialists/firms can help companies in

getting quality employees and there are several such firms in Armenia, whose services can be

used.

Development of Fashion Business Focused Apparel and Textiles Curriculum for Armenian Universities

The findings of this study support the idea that fashion education in Armenia needs

improvement in areas related to the business, marketing, and merchandising aspects of the

apparel and textiles industry. Thus, a significant outcome of this study is to provide suggestions

for modifying the curriculum of apparel and textiles programs in Armenia with the goal of better

preparing the graduates for working in, owning, or operating a small business. Before providing

such curriculum suggestions, however, a summary is provided of the knowledge and skills which

are most important for the success of the employees, according to the owners of small

businesses. This information is then used to provide specific curriculum recommendations.

Knowledge and Skills Needed for Employees of Small Armenian Apparel Businesses

Having quality employees is one of the most important factors for the success of small

businesses. The small apparel business owners in Armenia who participated in this study are

looking for employees possessing specific knowledge and skills, including both hard and soft skills.

In terms of hard skills, the employers in small apparel firms value technical skills, such as the ability to draw a figure or a dress, sew, professionally finish garments, make a pattern, etc. Employees of small apparel businesses should also be able to answer customers' questions about products, for instance about the quality of a product, the materials used in the item, and the relationship between cost and quality. According to the study's participants it would also help young professionals stand out if they were knowledgeable about the various technological developments taking place in the field and were familiar with the modern techniques and software used during the production and development stages of the textiles and garments. Finally, employers consider the knowledge of a foreign language (most importantly English) an important hard skill as well, since it allows the employees to have access to the vast amounts of information available online and in print media.

Among the soft skills which small business owners in this study want their employees to have are personality-oriented skills such as being hard-working, responsible, and dedicated. The employers indicated that absence of such qualities shows them that an employee may be only the responsibility of the owner. Other soft qualities necessary for the success of the employees include good interpersonal skills and being a team player, which help create a pleasant and creative environment in the firm. Good communications skills and being courteous are also important for the employees who directly interact with the customers. Finally, qualities such as integrity, loyalty, and motivation were mentioned by the employees as attributes of an employee who wants to have a good future in their firm.

Most of the skills described above are found in the literature, but some other qualities appearing in the previous studies were not mentioned (at least not explicitly) by the respondents. For instance, Heitmeyer et al. (1992) showed that salesmanship and the ability to influence consumers' purchasing decisions and behavior are important qualities. Even though this quality was not mentioned, one of the participants (Anna) mentioned that she wants the employees to have common sense and be fast thinkers, which could be perceived as traits of someone who is a good salesman. Similarly, management and leadership qualities are important for retailers (Donnellan, 1996), but were not emphasized by the owners of small Armenian apparel businesses owners. One of the reasons for this could be the fact that in the present study the size of the businesses was too small to need people with leadership qualities other than the owner.

Meta-goals for Four-year Apparel and Textiles Programs in Armenia

Before providing specific course recommendations, a summary is provided of core competencies and abilities which the graduates of apparel and textiles program in Armenia should strive to acquire during their studies. These recommendations are akin to the meta-goals developed by the International Textile and Apparel Association (ITAA, 2018 – the primary organization based in the US that, among other things, provides the apparel and textile programs with a set of recommendations which can be used for curriculum development with the eventual goal of graduating knowledgeable and effective professionals in the apparel and textiles industry. Additionally, the recommendations of this study consider the data provided in this study. However, since only the owners of small businesses were interviewed for this research, our "meta-goals" may be incomplete, since they do not consider the opinions of other groups, such as educators, students, customers, employees at apparel and/or textile companies, environmentalists, etc.

As discussed in Chapter 2 of this thesis, the ITAA meta goals fall into two broad groups: 1) Content and Process Knowledge and 2) Professional Attitudes and Skills. Below we provide a list of similar meta goals. However, these meta-goals are based on the data provided by the participant of this study; and therefore, are narrower in their scope than the well-known ITAA meta-goals.

I.   CONTENT AND PROCESS KNOWLEDGE. Graduates of Armenian apparel and textiles programs should demonstrate abilities in:

   a.   INDUSTRY PROCESSES. They should be able to understand and apply knowledge about the following areas:

      i.   various industry sectors in which products are developed, produced, marketed, and sold;

      ii.   construction, sourcing, manufacturing, marketing, and merchandising processes;

      iii.   industry processes that are applied to plan, develop, produce, and sell profitable products; and

      iv.   identify and interpreting needs and wants of consumers and evaluating product quality.

   b.   AESTHETICS AND THE DESIGN PROCESS: In particular, they should be able to understand and apply knowledge about:

      i.   aesthetics and the design process in relation to dress and appearance management;

      ii.   the design process, in order to create products that meet marketplace needs; and

      iii.   relate the elements and principles of design to product development, use, and evaluation.

II. PROFESSIONAL ATTITUDES AND SKILLS. Graduates of Armenian apparel and textiles programs should demonstrate abilities in:

a. CRITICAL AND CREATIVE THINKING. They should be able to:

   i. Demonstrate critical and creative thinking skills;

   ii. Identify and understand social, cultural, economic, technological, political, educational, influences on industry issues;

   iii. Apply quantitative/qualitative skills to problems within the textile and apparel complex; and

   iv. Use appropriate technology to facilitate critical, creative, quantitative, and qualitative thinking within the textile and apparel complex.

b. PROFESSIONAL DEVELOPMENT. They should be able to:

   i. Communicate ideas in written, oral, and visual forms using appropriate technology;

   ii. Function as team members and leaders within professionally diverse environments;

   iii. Demonstrate the ability to critique one self and others constructively; and

   iv. Apply career planning/job search strategies to the available opportunities in industry.

It is important to emphasize again, that the above meta-goals reflect only the data collected during this study and can (and probably should) be expanded in the future by, for instance, incorporating the opinions and thoughts of different groups of individuals which are related to or interact with the apparel and textile complex.

Curriculum Recommendations for Apparel and Textiles Programs in Armenia

Next, this section of the chapter provides recommendations for curriculum changes at apparel, fashion, and textiles programs in Armenia, based on the findings of this study. The assumption is that improved curriculum will better prepare the programs' students in both finding employment in small apparel businesses as well as in starting and running their own firms. These recommendations are divided into three groups – depending on what type of skillset there are intended to develop.

Technical skills and knowledge. One of the findings of this study is that Armenian apparel and textiles students need hard skills and knowledge for success. The business owners in this study emphasized how important it is to have reliable professionals who are good at technical skills, such as garment construction, sizing, fit, etc. Therefore, solid foundation in classes related to textiles, apparel production, fashion illustration, etc., are needed.

Another important class of hard skills is being proficient in computer technologies and software used in computer-aided design of apparel as well as using computers technology in apparel marketing (e.g. using computer -based advertising, and promotions).

Table 5.1 below lists several suggested classes which address the skills described above. A short description of the classes is also provided. This list is inspired by the classes which are currently offered at the Apparel and Textiles Department of Kansas State University. These courses will help the students meet most of the meta-goals described above which are within the category of Content and Process Knowledge.

Table 5.1 Apparel and Textiles courses in technical skills and knowledge.

Course title	Knowledge and skills acquired
Textiles	Knowledge and skills for identifying textiles, including their production, sale, and use. Skills required to identify fibers, yarns, and fabrics. Knowledge about the care and performance of various textile items.
Apparel and Textile Industry	Knowledge of the apparel and textile industry in Armenia, other countries (e.g., US, Russia), and of the global apparel and textiles supply chain. Principles and processes required to meet the needs of the consumers.
Apparel Production I and II	Knowledge and skills needed for garment sizing and fit. In depth knowledge of garment construction and fit; Ability to utilize challenging fabrics.
Fashion Illustration	Fashion illustration, technical apparel drawings. Line development by hand and using computer methods.
Apparel Pattern Development I and II	Apparel design through flat pattern methods. Apparel design by draping; line development for a variety of markets. Senior project.
Apparel and Textiles Evaluation	Evaluation of garment quality in terms of fiber, fabric, and performance. Knowledge of material/product standards and specifications, and cost.
Computer-aided Design of Apparel	Knowledge of computer-aided design within the apparel industry. Development and presentation of apparel using computer software.

Computer Technology for Merchandising	Studies in computer-based advertising and promotional strategies for the apparel and textile industry. Students will apply skills to graphic presentation and current industry technologies.

Professional development / specialized training or practicum. Throughout their studies students should have to complete at least one professional development class. This class would help them to prepare for an internship and get professional development in the apparel and textiles industry. In this class the students can participate in the day-to-day operations of a business by shadowing an employee, they can interview the employee and should write a paper summarizing what this experience taught them. The students should have the option and in fact be encouraged to have multiple internships during their studies. The students should try to get internships in apparel businesses (e.g., a small retailer, a garment manufacturer, or an atelier) where the students can interact with real customers and if they want to, they can complete orders in real time. This will help them hone their hard and soft skills, their ability to understand and predict consumer behavior, and influencing purchasing patterns of the consumers. These qualities were often mentioned in the interviews as crucial for the success of the employees.

Apparel marketing, merchandising, and business management. One of the most important outcomes of this study is the conclusion that having classes in subjects like apparel marketing, merchandising, and business management would help small apparel businesses in Armenia. Indeed, several of the business owners regretted the fact that in college they did not learn anything about establishing, running, and managing a small business. Currently, such courses are not incorporated in the curriculum of the apparel and textiles programs. Therefore, a major recommendation of this thesis is to introduce classes which will help the students in these

areas. Moreover, the students should have the opportunity to take classes in general marketing and business management as well as business-focused classes tailored for the apparel and textile professionals. However, since in Armenia most apparel and textile departments are within art institutes, which do not have marketing or business programs, some of the suggested classes should be taken from outside institutions. For instance, in the case of Yerevan State Academy of Fine Arts, the students can take general business/marketing classes in Yerevan State University or in the Armenian State University of Economics.

The marketing and business-related courses recommended by this study are listed in Table 6.2. Several of these courses, such as Principles of Buying, Principles of Forecasting, and Promotional Strategies in Merchandising, will introduce the students to various aspects of apparel and textiles businesses and will help them acquire knowledge and skills that are necessary in finding and succeeding in a job at small as well as large apparel businesses. On the other hand, classes like Apparel and Textile Retailing, Theory and Practice of Apparel/Textile Marketing and Distribution, Professional Advancement in Merchandising, Introduction to Marketing, and Principles of Management will also help the students open and run a successful business of their own. Note that some of these classes (e.g. Introduction to Marketing, Principles of Management) are quite general marketing/management classes and the knowledge and skills learned in them have wider applicability than within the apparel and retail sector. As mentioned above these classes most probably will have to be taken at outside schools.

Table 5.2 Marketing, Merchandising, and Business Classes

Course title	Knowledge and skills acquired
Social Media Marketing	Knowledge and skills on how to utilize various social media sites to increase the customer satisfaction, create a holistic brand image and brand distinctiveness of the business
Principles of Buying	Knowledge and skills used by buyers in apparel businesses to purchase merchandise assortments, for assortment planning, buying, vendor negotiations, and profit planning.
Principles of Forecasting	Skills used in textile and apparel industry to conduct short-term and long-term forecasts. Knowledge and skills needed for planning and making fashion projection.
Promotional Strategies in Merchandising	Knowledge of promotional strategies and techniques used by merchandising firms.
Apparel and Textile Retailing	Understanding the role of retailing in the value chain. Skills for analyzing the components and processes involved in managing an apparel and textile retailing organization.
Apparel & Textiles Business Strategy	Ability to apply the marketing principles to the apparel and textile industry. Skills needed for developing marketing, promotional, and merchandising plans.

Theory and Practice of
Apparel/Textile Marketing
and Distribution

Knowledge and skills necessary for theoretical and applied analysis of apparel/textile marketing and distribution strategies, with an emphasis on the effectiveness of a market-oriented approach for decision-making; synthesis of past and present trends to forecast probable future patterns.

Professional Advancement in
Merchandising

Knowledge and skills needed for leadership positions in a merchandising firm. Effects on the organizational culture. Review of various leadership styles.
Development of the personal leadership philosophy.

Introduction to Marketing

Study of marketing principles leading to the development of marketing strategy. A review of environmental influences and key analytical tools used in formulating marketing plans. Product or service design, distribution, pricing, and promotional programs.

Principles of Management

Knowledge of the four basic managerial functions of planning, organizing, leading and controlling and skills needed for applying these to today's complex work environment.

Consumer Behavior

Understanding of consumer behavior, emphasizing the cognitive, affective, and behavioral factors that interact with social, cultural, and situational influences to guide decision making in the marketplace. The goals are to provide a conceptual understanding of consumer behavior, understand their decision-making processes, and learn ways of attracting new customer and keeping the old ones. Applications of consumer behavior concepts to marketing strategy.

In Table 5.2 a course in consumer behavior is also included. The reason for including such a class is so that students can enhance their abilities and skills needed for building strong consumer relationships. In this type of course they will also learn about the customers' decision-making processes, ways of attracting new customers and retaining the old ones. This will help in building close relationships with the customers which is an essential ingredient when trying to meet their needs and wants.

To summarize, in this section we provided curriculum recommendations for apparel and textiles programs in Armenia. These recommendations are based on the meta-goals which we proposed by reconciling the data provided by Armenian small apparel business owners with the ITAA meta-goals. The recommended classes are split into three groups. The first group of classes will equip the students with technical skills and knowledge needed for finding and succeeding at a job in the apparel and textiles industry. The second recommended class is a professional development class which will equip the students with the opportunity of applying their knowledge in a "real-life" situation in an actual apparel or textile business, as well as will help them to find and successfully apply for internships. Finally, the third group will provide the students with abilities in apparel marketing, merchandising, and business management and will help young professionals in opening and operating their own apparel businesses.

Limitations of the Study

Just like in any research study, there are some limitations present in this thesis as well. The limitations discussed below can be grouped in three types: limitations related to the formulation and choice of interview questions, those related to the selection of the participants, and limitations related to applicability of the findings especially considering the recent dramatic

changes in the political situation in Armenia, which took place in spring 2018 after the interviews were conducted and the data was already being analyzed.

In terms of limitations related to the creation of the interview instrument, initially it was not thought that some interview questions may appear to be irrelevant or biased to some of the participants. For instance, the questions related to the role that effective HR management contributed to the success of businesses baffled some of the participants since they did not understand the meaning of human resource management and in several cases the questions were indeed irrelevant since some businesses were family operated and had just one, two, or three employees. The main reason for including the questions related to effective management of HR resources in successful apparel businesses is that this feature is one of the attributes characterizing successful small businesses as explained in the literature review section (see, e.g. Niehm, et al., 2014). At least five business owners oversaw not just small businesses but micro businesses with less than four employees, including the owner. Similarly, the questions related to the fact if the owners have had any business background or education may have come across as a biased one. All of participants seemed to be comfortable with the interview questions. However, when interviewing the owners of the above-mentioned micro businesses, and especially those of the elder generation, the researcher felt that the formulations of the questions could have been implying a slight favor towards those who do have some type of business education. Even though the participants did not show discomfort with the interview questions, in future research, more thought and care may be given to the wording of interview questions.

A second limitation of the study is related to the fact that, as mentioned above, some of the participants were owners of businesses with very few employees, sometimes also called micro-businesses. An interesting feature of the responses emerged during the data analysis.

Namely, it became apparent that the answers of the owners of micro businesses differentiated from the responses of the larger small business owners. Thus, it would be interesting to further investigate the differences and similarities of successful micro businesses (less than five employees) versus more traditional small businesses.

Finally, in the Spring of 2018, when the interviews were already completed and the data analysis stage of the study was underway, an important political change occurred in Armenia. A so called "velvet revolution" swept through the country, resulting in a peaceful removal of the recently elected prime minister of the country, Serzh Sargsyan (Renwick, 2018). One of the most important issues that the new prime minister Nikol Pashinyan, promised to tackle was the problem of corruption in country (Garbis, 2018) Related to that, many of the concerns voiced by the participants of this study related to the governmental obstacles, and in particular corruption related issues hindering the success of small businesses, may need to be addressed again in the context of the new government and the new reality in Armenia.

Future Research Recommendations

As with any research, this study brought up many questions which in the researcher's opinion are worth investigating further. Below some of the most important directions for future research are discussed, including the impact of business/marketing education on the success of small businesses in Armenia, the impact of the possible curriculum changes on professional success (including the rates of post-graduation successful employment) for the graduates of apparel and textile programs, and the differences between successful micro businesses versus small businesses with at least five employees.

One of the most interesting avenues for future research is the impact of business-related education, and especially marketing, on the success of small apparel businesses in Armenia. This is particularly important for the business owners, since several of the participants of this study mentioned that they would have liked to have receive such an education and it could have helped them tremendously in the initial stages of operating their businesses. Moreover, several of the marketing techniques which are known to help small businesses to succeed seemed to be unfamiliar to the participants. For instance, the owners never mentioned any actions they took to promote their firms' brand image and brand distinctiveness, nor did they refer to experiential marketing and the 4E's for engaging customers. Therefore, it would be very interesting to study the impact of the curriculum changes recommended in this study on the small businesses if these recommendations are adopted.

Another interesting direction of research is the study of the professional success of the graduates of apparel, fashion and textile programs of Armenian colleges. It would be worthwhile to know if the curriculum recommendations related to soft and hard skills suggested in this thesis improve their chances of being hired by apparel businesses. Moreover, since some owners of the businesses mentioned that they often like for the employees to display leadership qualities, it would be interesting to know what impact marketing related courses will have of their careers, even if they do not become entrepreneurs.

As mentioned above, the responses of the younger participants (those educated after the collapse of the USSR) often differed from the responses of the older participants (those born and educated during the Soviet period). Therefore, another recommendation for future research would be to study the generational differences exhibited by the two generational cohorts of small Armenian apparel businesses which emerged during this study.

Finally, it would be interesting to have a deeper study of the impact of the government on small businesses in Armenia, and particularly the "velvet revolution" and the recently elected new government. As mentioned above, in 2018 after a peaceful revolution which saw very large numbers of people come out to the streets and demand the removal of the Prime Minister Serzh Sargsyan from the office, a new popular government, headed by Nikol Pashinyan, took control of Armenia (Renwick 2018). Moreover, in December 2018, because of snap parliamentary elections, Pashinyan's party won a landslide victory (Hoellerbauer, 2019). Since the new government seems to have high approval ratings and has promised to fight corruption, it would be interesting to learn what the small businesses feel about the government's role in the success of their enterprises. Since several participants mentioned governmental hurdles such as high taxes, bureaucracy, corruption, and monopolies, as some of the important obstacles hindering their success, it would be interesting to know if the entrepreneurs still feel that government poses significant obstacles.

Conclusion

This thesis focused on identify the characteristics of successful small apparel businesses in Armenia. The study was motivated by several facts. First, there was very little prior research devoted to this subject and therefore the entrepreneurs trying to open small apparel or textile businesses are often left with no sources of advice on how to establish and manage a successful firm. Second motivating factor was a desire to help the graduates of apparel and textile programs of Armenian colleges in getting the knowledge and skills which would help them find good jobs in the fashion industry. In an attempt to achieve this last goal, this study identified the knowledge and skills which owners of small apparel business owners consider to be important in their employees and used this information to formulate a set of curriculum recommendations for the

Armenian apparel and textile programs which will contribute to the professional success of their graduates.

The findings of this work will benefit the owners of the small businesses as well as the graduates of AT programs in Armenia. Indeed, the implications of this thesis propose several actions based on the findings of this study, which have the potential of helping the small businesses to succeed (including actions geared towards improving and/or implementing effective marketing strategies, and human resource management). Furthermore, the curriculum recommendations provided in this thesis, if implemented in the AT programs, will most probably help the graduates acquire knowledge and skill necessary for the success in the AT industry.

In the future the findings of this study will be shared with Armenian small business owners and educators and students in the apparel and textiles programs in Armenia. The hope is that the results of this thesis will contribute to the success of the small apparel businesses, business owners, and employees in the apparel and textiles industry in Armenia, which in turn will contribute to the growth of Armenia's economy.

References

Armenian apparel and textile industry. Major characteristics. (2009). Retrieved from
http://www.armeniantextile.com/?tmpl=overview

Armenia - fast moving consumer goods sector. (2016, September 23). Retrieved from
https://www.export.gov/article?id=Armenia-fast-moving-consumer-goods-sector

Arkaden. (2015, June 12). Get fabulous med Arkaden. Retrieved from
https://www.dagensmedia.se/medier/utomhus/get-fabulous-med-arkaden-6217627

Atabekyan, H. (2013, December). *Armenian textile and knitwear sector*. Retrieved from
http://ev.am/sites/default/files/Textile_eng.pdf

A.T. Kearney News. (2015). *Global retail expansion: an unstoppable force.* Retrieved from
https://www.atkearney.com/consumer-products-retail/global-retail-development-
index/2015

Barney, J.B. (1991). Firm resources and sustained competitive advantage. *Journal of
Management, 17*(1), 99-120.

Barney and Hesterley's (2006). *Strategic management and competitive advantage.* Retrieved
from http://teaching.up.edu/BUS580/bps/Barney%20and%20Hesterly,%202008,
%20ch3_VRIO%20internal%20analysis.pdf

Babayan, N. (2015, August 29). "*Small business in Armenia is killed systematically*". Retrieved
from http://en.aravot.am/2015/08/29/171765/

Bailey, K. D. (1994). Methods of social research. New York: Free Press.

Becherer, R. C., Haynes, P. J., & Helms, M. M. (2008). An exploratory investigation of
entrepreneurial marketing in SMEs: The influence of the owner/operator. *Journal of
Business and Entrepreneurship, 20*(2), 44-63.

Bennet, P. D. (Ed.). (1988). *Dictionary of marketing terms*. Chicago, IL: American Marketing
Association.

Biki. (2018, October 26). 10 Best fashion social media campaigns. Retrieved from
https://keyhole.co/blog/10-best-fashion-social-media-campaigns/

Bjerke, B. and Hultman, C.M. (2002). *Entrepreneurial marketing: The growth of small firms in
the new economic era*. Gloucestershire, Edward Elgar Publishing Limited.

Cardon, M. S., & Stevens, C. E. (2004). Managing human resources in small organizations: what
do we know? *Human Resource Management Review*, 295 – 323.

Carpenter, J. M., Moore, M., & Fairhurst, A. E. (2005). Consumer shopping value for retail
brands. *Journal of Fashion Marketing and Management*, 9(1), 43-53.

Carson, D., Cromie, S., McGowan, P. and Hill, J. (1995) *Marketing and entrepreneurship in
SMEs*. London, Prentice Hall.

CIA. (2017, January 12). *The world factbook. Middle East: Armenia*. Retrieved from
https://www.cia.gov/library/publications/the-world-factbook/geos/am.html

Creswell, J. W. (2007). Qualitative inquiry & research design: Choosing among five approaches
(2nd ed.). Thousand Oaks, CA: Sage Publications.

Crossman, A. (2018). What you need to understand about purposive sampling. Retrieved
from https://www.thoughtco.com/purposive-sampling-3026727

Curtis, G. (Ed.). (1995). *Armenia, Azerbaijan, and Georgia: country studies*. Retrieved from
http://memory.loc.gov/master/frd/frdcstdy/ar/armeni

Dobele, A., Toleman, D. and Beverland, M. (2005) 'Controlled infection! Spreading the brand
message through viral marketing', *Business Horizons*, 48(2), 143-149.

Donnellan, J. (1996). Educational requirements for management level positions in major retail

      organizations. *Clothing and Textiles Research Journal*, 14(1), 16–21.

Dushpande, S.P. & Golhar, D.Y. (1994). HRM practices in large and small manufacturing firms:

      a comparative study. *Journal of Small Business Management*, April, 49-56

Dye, R. (2000) 'The buzz on buzz', *Harvard Business Review*, 78(6), 139-146.

East Invest. (2011). Armenia textiles. Retrieved from http://www.east-invest.eu/en/investment-

      promotion/armenia-2/RA-textiles

European commission. (2017). What is an SME? Retrieved from

      http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

Fiore, A. M. (2010). *Understanding aesthetics for the merchandising and design professional*.

      New York: Fairchild Publishing.

Fiore, A. M., Niehm, L. S., Hurst, J. L., Son, J., & Sadachar, A. (2013). Entrepreneurial

      marketing: Scale validation with small, independently-owned businesses. *Journal of*

      Marketing Development & Competitiveness, 7(4), 63-86.

Frederick, W. E., & Wind, Y. (1972, April). A General Model for Understanding Organizational

      Buying Behavior. *Journal of Marketing*, 12–19.

Fischer, R. J. (1993). Social desirability bias and the validity of indirect questioning. Journal of

      Consumer Research, 20(2), 303-315.

Garbis, C. (2018, May 21). How Armenia's protest leader became its prime minister. Retrieved

      from https://explorepartsunknown.com/armenia/renaissance-man/

Gasparyan, T. (2017, October 14). Personal communication

Gentile, C., Spiller, N., & Noci, G. (2007). How to sustain the customer experience: An

    overview of experience components that co-create value with the customer. *European*

    Management Journal, 25(5), 395-410.

Gomtyan, K. (2017, October 20). Personal communication.

Guest, G., Bunce, A., & Johnson, L. (2006, February 1). How many interviews are enough?: An

    experiment with data saturation and variability. Retrieved from

    https://journals.sagepub.com/doi/10.1177/1525822x05279903

Hard skills. (n.d.). In Investopedia. Retrieved from http://www.investopedia.com/terms/h/hard-

    skills.asp

Heitmeyer, J. R., & Grise, K. S. (1992). Retail executives' perceptions of knowledge and skills

    needed by college graduates. *Perceptual and Motor Skills Journal*, 75, 231–237.

Hess, D.W. (1987). Relevance of small business courses to management needs. *Journal of Small*

    Business Management, 26-34.

Hoellerbauer, S. (2019, February 19). Armenia and the Velvet Revolution: The merits and flaws

    of a protest-based civil society. Retrieved from

    https://www.fpri.org/article/2019/02/armenia-and-the-velvet-revolution-the-merits-and-

    flaws-of-a-protest-based-civil-society/

Hornsby, J.S., Kuratko, D.F., (1990). Human resource management in small business: critical

    issues for the 1990s. J. *Small Bus. Manag.* 28 (3), 9–1

Hornsby, J.S., Kuratko, D.F. (2003). Human resource management in U.S. small business: a

    replication and extension. *J. Dev. Entrep.* 8 (1), 73–89

International Textile and Apparel Association. Retrieved from: http://itaaonline.org

Jeong, S. W., Fiore, A. M., Niehm, L. S., & Lorenz, F. O. (2009). The role of experiential value in online shopping: The impacts of products presentation on consumer responses towards an apparel web site. *Internet Research*, 19(1), 105-124.

Kagan, J. (2019, March 12). Hard skills. Retrieved from https://www.investopedia.com/terms/h/hard-skills.asp

Kappel, M. (2017, July 26). What kind of small business employees do you need to grow your company? Retrieved from https://www.forbes.com/sites/mikekappel/2017/07/26/what-kind-of-small-business-employees-do-you-need-to-grow-your-company/3/#4d4efa41102d

Kraus, S., Harms, R., & Fink, M. (2010). Entrepreneurial marketing: Moving beyond marketing in new ventures. *International Journal Entrepreneurship and Innovation Management*, 11(1), 19-34.

Kotler, P. (2001). A Framework for Marketing Management. Prentice-Hall, NJ.

Kurkjian, V (2014). *History of Armenia*. Retrieved from http://penelope.uchicago.edu/Thayer/e/gazetteer/places/asia/armenia/_texts/kurarm/home.html

Levinson, J.C. (1984) *Guerrilla marketing: Secrets for making big profits from your small business*, Boston, Houghton Mifflin.

Libaridian, G. (2007). *Modern Armenia: people, nation, state*. Routledge.

Lindstrom, M. (2005). Brand sense: Build powerful brands through touch, taste, smell, sight, and sound. New York: Free Press

Lincoln, Y., & Guba, E. (1999). Establishing trustworthiness. In A. Bryman & R. G. Burgess (Eds.), Qualitative research (Vol. 3, pp. 397-444). London: Sage Publications.

Little, B. L. (1986) 'The Performance of Personnel Duties in Small Louisiana Firms: A Research

     Note', Journal of Small Business Management 24(4): 66-69.

LLC, S. (2019). Armenia (Yerevan), SPYUR. Retrieved from

     https://www.spyur.am/en/yellow_pages/yp/432

Markman, G. D., & Baron, R. A. (2003). Individual differences and the pursuit of new ventures:

     A model of person-entrepreneurship fit. In T. M. Welbourne (Ed.), *Managing people in*

     entrepreneurial organizations, 23 – 54. Amsterdam: JAI Press.

Marlow, S. and Patton, D. (1993), "Managing the employee relationship in the smaller firm:

     possibilities for human resource management". *International Small Business*

     Journal, 11,57-64.

Martin, D.M. (2009). The entrepreneurial marketing mix. *Qualitative Market Research: An*

     International Journal, 12(4), 391-403.

Mason, M. (2010). Sample size and saturation in PhD studies using qualitative interviews.

     Forum Qualitative Sozialforschung / Forum: Qualitative Social Research, 11(3).

Michèle. (2019, February 27). 17 marketing techniques to launch your clothing label: The

     Essential Guide. Retrieved from https://www.merchandise-essentials.com/17-marketing-

     techniques-to-launch-your-clothing-label-the-essentials-guide/

Miles, M. B., & Huberman, A. M. (1994). *Qualitative data analysis*. Thousand Oaks, CA: Sage

     Publications.

Mohr, J. and Spekman, R. (1994). Characteristics of partnership success: Partnership attributes,

     communication behavior, and conflict resolution techniques. *Strategic Management*

     *Journal,*15(2),135-152.

Morris, M. H., Schindehutte, M., & LaForge, R. W. (2002). Entrepreneurial marketing: A construct for integrating emerging entrepreneurship and marketing perspectives. *Journal of Marketing Theory and Practice*, 10(4), 1-19.

Niehm, L. S., Hurst, J. L., Fiore, A. M., & Sadachar, A. (2014). Where the rubber meets the road: small business operators' innovative marketing strategies and their relationship to financial success. *United States Association for Small Business and Entrepreneurship*. Fort Worth, TX.

Oh, H., Fiore, A. M., & Jeong, M. (2007). Measuring the tourist experience using experience economy concepts. *Journal of Travel Research*, 46(2), 119-132

Patton, M. Q. (2015). *Qualitative research & evaluation methods: integrating theory and practice*. SAGE publications.

Pinchot, G. (2000), *Intrapreneuring.* New York: Harper and Row.

Pine, J. B., & Gilmore, J. H. (1998, July). Welcome to the experience economy. *Harvard Business Review*, 97–105.

Pine, B. J., & Gilmore, J. H. (1999). *The experience economy: Work is theatre & every business a stage.* Boston, MA: Harvard Business School Press.

Renwick, D. (2018, May 21). This is what you need to know about Armenia's Velvet Revolution. Retrieved from https://explorepartsunknown.com/armenia/what-you-need-to-know-about-armenias-velvet-revolution/

Richter, W. (2018, May 19). Here's which brick-and-mortar retailers are getting hit the hardest. Retrieved from https://www.businessinsider.com/brick-and-mortar-retailers-getting-hit-the-hardest-2018-5

Robles, M. M. (2012). Executive perceptions of the top 10 soft skills needed in today's workplace. *Business Communication Quarterly, 75*(4), 453–465.

Rosenbloom, R.S. (2000). Leadership, capabilities, and technological change: The transformation of NCR in the electronic era. *Strategic Management Journal,*1083-1103.

Rubin, H. J. & Rubin, I. S., (1995). Qualitative interviewing: The art of hearing data. Thousand Oaks, London, and New Delhi: SAGE Publications Inc.

Schmitt, B. (2012). The consumer psychology of brands. *Journal of Consumer Psychology*. 22(1), 7 – 17.

Sectorial Brochure Textile & Apparel Industry of Armenia/BA | Joomag Newsstand. (2018, September 11). Retrieved from https://newsstand.joomag.com/en/sectorial-brochure-textile-apparel-industry-of-armenia-ba/0364251001536674803?ref=ib

Sharma, P. (2004). An overview of the field of family business studies: Current status and future directions. *Family Business Review*, 17(1), 1-36.

Smallbone, D., North, D. and Leigh, R. (1993). The use of external assistance by mature SMEs in the UK: some policy implications. *Entrepreneurship and Regional Development*, Vol. 5(3), 279.

Snedeker, B. (2016). *Cost-effective Guerilla Marketing Strategies for Small Businesses.* Retrieved from https://learn.infusionsoft.com/marketing/advertising/guerrilla-marketing-strategies-for-small-businesses

Spence, M., & Essoussi, L. H. (2010). SME brand building and management: An exploratory study. European Journal of Marketing, 44, (7/8), 1037-1054.

Stinchcombe, A. L. (1965). Social structure and organizations. In J. G. March (Ed.), *Handbook of organizations*, 142 – 193.

Style.am (2009). *Armenian apparel and textile industry*. Retrieved from

    http://www.armeniantextile.com/?tmpl=overview

Tachiiri, H. (2014, September 5). *Good business and bad business in Armenia?* Retrieved from

    http://armania.co/good-business-and-bad-business-in-armenia/

Temtime, Z.T., Pansiri, J. (2006). Proactive Marketing and Financial Management for Small and

    Medium Enterprises*. Botswana: Botswana Institute of Administration and Commerce*.

The US small business administration. (2017). Table of small business size standards. Retrieved

    from https://www.sba.gov/contracting/getting-started-contractor/make-sure-you-meet-

    sba-size-standards/table-small-business-size-standards

UNIDO. (2016, March 14). *Ion show breathing new life into Armenia's garment industry*.

    Retrieved from https://www.unido.org/news/press/breathing-new-life-i.html

[Untitled photograph of a dentist's advertisement]. Retrieved Nov. 24, 2017, from:

    https://learn.infusionsoft.com/marketing/advertising/guerrilla-marketing-strategies-for-

    small-businesses

US Census Bureau. (2015). Retrieved from

    https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_

    15_1YR_B04006&prodType=table

Williamson, I. O., Cable, D. M., & Aldrich, H. E. (2002). Smaller but not necessarily weaker:

    How small businesses can overcome barriers to recruitment. In J. Katz, & T. M.

    Welbourne (Eds.), *Managing people in entrepreneurial organizations: Learning from the*

    merger of entrepreneurship and human resource management, 83 – 106.

World Bank. (2015). *Armenia,* Retrieved from *http://www.worldbank.org/en/country/armenia*

UNECE. (2016). Retrieved from http://w3.unece.org/PXWeb/en/

Yoo, B., Donthu, N., & Lee, S. (2000). An examination of selected marketing mix elements and

brand equity. *Journal of the American Marketing Society,* 28, (2), 195-211

Zontanos, G., & Anderson, A. R., (2004). Relationships, marketing and small business: An

exploration of links in theory and practice. *Qualitative Market Research: An*

International Journal, 7(3), 228-236.

Appendix A - Interview Guide

Opening Questions

1. Tell me a little bit about yourself.

2. Please tell me the story of how you got involved in apparel retail business.

3. Please tell me about your business.

   How many employees do you have? What products do you sell? Who are your customers?

4. Please tell me about your education.

   Where did you go to school? What was your program? What types of courses did you take?

   What impact did your education have on your business?

Research Question 1: What factors lead to the success of small apparel businesses in Armenia?

1. Describe the first time when you felt that your business was going to succeed.

   What were the objective/subjective reasons for such feelings?

   How has your business grown over time, in terms of profit, number of employees, number of customers, etc.?

2. Describe some examples of marketing strategies which helped the success of your business. Have there been marketing strategies that you have tried that haven't worked?

3. How important are good customer relations for the success of your business? What do you believe makes good customer service?

   How important is customer feedback for you when deciding the product lineup?

Describe a specific instance when a customer's opinion affected your decision about offering a certain product.

4. How important has the effective management of human resources been for the success of your business?

   What skills and knowledge are you looking for in your potential employees?

   Describe a typical example of a hiring interview in your company.

5. How important has the role of government been for the success of your business?

   Can you give an example of an incentive offered by the government which helped you in establishing your business? What about at a later stage?

6. What other factors have contributed to the success of your business?

Research Question 2: What obstacles hinder the success of small apparel businesses in Armenia?

1. Describe the challenges you faced when you were starting your business.

2. What obstacles are there preventing the success of your retail business now?

3. Describe a situation when you felt that the absence of qualified employees prevented the success/growth of your business?

4. How difficult is it to retain the current customers and to attract new ones?

5. What is the impact of your competitors on your business?

   Describe some situations when competition from international brands had a significant impact on your business?

6. What bureaucratic/governmental obstacles have you faced since starting your business?

7. What economic/cultural obstacles have you faced since starting your business?

Research Question 3: How do the owners of small apparel businesses in Armenia address the needs and wants of their customers?

1. Who is your target market?

2. Please tell me how important has it been for you to satisfy the needs and wants of your customers?

3. Describe some of the techniques and actions you used to learn about the needs and wants of your customers. What about addressing these wants and needs?

4. Describe a situation when a decision you made about the product lineup addressed the needs and wants of the target market.

5. Describe some specific situations when meeting the needs and wants of your customers had a positive/negative impact on the profits/sales/growth of your business.

Research Question 4: What types of professional development would be valuable for small apparel business owners?

1. Describe how you usually select new employees.

   What skills and knowledge are you looking for in your potential employees?

   How do you assess the skills and knowledge of potential employees?

2. What type of professional development opportunities (for you or your employees) would help your business succeed? Describe some such examples, if there were any.

3. How helpful would your interactions and consultations with successful business owners/managers from abroad be for your business?

Closing Question

1. What is your advice for entrepreneurs who are planning to establish a new business?

Appendix B - Coding Guides

Coding: Stage One

RQ1. What factors lead to the success of small apparel businesses in Armenia?	
Making catalogs, photo sessions	Marketing strategies/ *entrepreneurship (innovativeness)*
Being creative	
Advertising	
Gifts	
Promotions	
Advertising (popular blogger, social media)	
Listening to the feedback	Customer feedback/ *in-tune with customer wants and needs*
Know customer preferences	
Ask people what they want	
Social studies	
Customer suggestions	
New opportunities	Guerilla marketing
Create demand	
Satisfied workers	
High risk	
Being fast	
One step ahead on what people need	Competitive advantage
Practice	
Research	
Education	
Possessing necessary knowledge	
Trying to find new things	
Specialized education	
Practicum for employees	
Being practical, realistic	
Hard- working (3)	
Motivation	
Do something new	
Not to copy	
Novelty	
Never disappointed	
Common sense	
Belief in future	
Provide what sells better	
Demanded product	
Affordable price of the products	
How you tread a customer	Customer service
Good service	
Honesty	

Working with love	
Pleasant service	
Motivated employees	
Customer relations (2)	
Qualified workers (skills, personality)	
Customer satisfaction	Customer satisfaction
To be attentive toward customer desires	
Loyal customer	

RQ2. What obstacles hinder the success of small apparel business in Armenia?	
Finding new customers	
Finding customer (2)	
Retain customers (2)	
Fewer clients	Lack of customers
Less population	
Declining numbers of customers	
Clients got old	
Finding good employees	
Lack of qualifies employees	
Lack of professionalism	Education
Education quality	
Employee mistakes	
Establishing brand	
Cultural challenges	Brand distinctiveness
People didn't know us	
Competition (2)	
China (competitor)	
Malls (2)	
Education (2)	
Big businesses	Competition
Small business is disappearing	
Ordering online	
Receiving clothing from relatives living abroad	
Taxes are terrible	
Illegal or high taxes	
Bureaucratical obstacles	
Bribes (corruption)	Bureaucracy
Monopoly	
Equal taxes for big and small businesses	

Corruption	
Taxes (3)	
Tax raise	
Heavy taxes	
Bureaucracy	
Paperwork changes all the time	
Trust	
Government	
Governmental structure	
Laws are badly written	
Minimal funds for starting	
High price for the area rental	
Price per square meter became high	
Customer don't pay for the product on time	
Taking things on credit not using bank)	

RQ3. How do the owners of small apparel businesses in Armenia address the needs and wants of their customers?	
Customer feedback	
Listening to the feedback	
Customer tell me what they want	Consumer-centric relationship marketing
Should look at the customers and see what they are wearing	
Listen to the customers	

Know who is your customer	
Research	
Market research	Market research
Look up things in internet	
Social polls	
Have a hunch and feel what is popular	

Meet clients with smile	
Welcoming /positive atmosphere	
Employees	
Sales people	Customer service
Find /make the product the customer wants no matter what	
Understanding culture	

RQ4. What type of professional development would be valuable for small apparel business owners?

Interact with more established people	
Asking for advice	
Make new connections	
Suggestion from other successful businesses	
Interaction with successful business owners from abroad	Professional development
Improvement of professional qualities	
Interact/consult with successful business owners abroad	
Attending annual exhibitions	
Practice	
Work ethic	
Employee exchange	
Practicum	
Class where I would get a real order	
Marketing education	
Merchandising education	
Fashion business	Education
Technical design education	
Sewing schools	
Knowledge about new technology	
New ideas	

Coding: Stage Two

RQ1. What factors lead to the success of small apparel businesses in Armenia?	
Theme: Marketing	
Subthemes	**Attributes**
Marketing Strategies	Making catalogs, photo sessions
	Advertising, gifts, promotions
	Research of the market (target market, etc.)
Marketing Characteristics	Being creative
Innovativeness	Finding new opportunities
	Creating demand
Theme: Customer Feedback	
Subthemes	**Attributes**
Utilizing Customer Feedback	Listening to feedback
	Learning about customer preferences
	Customer suggestions
	Ask customers what they want
Theme: CEO/owner	
Sub-themes	**Attributes**
Personal characteristics	Honesty
	Hard-working
	Motivated
	Risk-taker
	Fast thinker / quickly adaptable
	Practical and realistic
	Optimistic, belief in future, never disappointed
	Good common sense
Innovativeness / entrepreneurship	Original/non-standard way of thinking
	novelty
	creativity
	Trying to find new / unique products
	Have a highly developed intuition / hunch / gut feeling
Theme: Employee Knowledge and Education	
Sub-theme	**Attributes**
Education	Specialized education
	Possessing necessary specialized knowledge and skills (sewing, technical designer, apparel marketer, etc.)
	Ability to do marketing research (identifying the target market, etc.)
Specialized Knowledge Education	Sewing / technical designer
	Designer

	Apparel Marketing
	Specialized practice during school
Experience	Practicum
	Classes with "real life" orders

Theme: Employees	
Sub-themes	**Attributes**
Motivated employees	
Qualified employees	Skills, personality, educational attainment
Satisfied employees	Working with love (positive attitude, enthusiasm)

Theme: Customer Service	
Sub-theme	**Attributes**
	Provide what sells better
Satisfying demand	Provide demanded product
	Provide products at affordable prices
	Being attentive towards customer needs and desires
	Provide quality service
Customer satisfaction	One step ahead of what people need
	Anticipating customer needs
	Create a loyal customer base
	Treating customers well: with respect, politeness, not being "pushy",
Customer relations	Provide pleasant service

RQ2. What obstacles hinder the success of small apparel businesses in Armenia?

Theme: Socio-economic obstacles	
Sub-theme	**Attributes**
	Customer acquisition
	Small population
	Declining number of clients (due to emigration and to worsening economic situation)
Shortage of customers	Clients stop shopping and/or are shopping less frequently due to changing needs, tastes, preferences (e.g. the kids/babies in clothes stores)
	Customer retention
	Many customers are in a bad economic situation and it's getting worse
	Customers don't pay for the product on time
Poor economic situation of the population	Taking things from the store and agreeing to pay the accumulated debt in the future (often such people cannot get a credit card)

Theme: Employee qualifications

Sub-theme	Attributes
Lack of qualified employees	Lack of professionalism
	Quality of education
	Employee mistakes
	It's hard finding good employees
	Employee qualifications
	No good work ethic
Theme: Brand distinctiveness	
Sub-theme	**Attributes**
Establishing brand	People don't know us
	Cultural challenges
Theme: Competition	
Sub-theme	**Attributes**
Competition from abroad and online	China
	Ordering online
	Receiving clothes from relatives living outside of Armenia
	Asking relatives/friends travelling outside of Armenia to bring clothes
Competition inside Armenia (internal)	Malls (Dalma mall, Yerevan mall) (low cost products)
	Big department stores (Yerevan City, malls, etc.) / Big businesses
	Small business is disappearing
Theme: Governmental obstacles	
Sub-theme	**Attributes**
Taxation/fees	Sales and Customs Taxes are terribly high
	Taxes are rising (unreasonably fast)
	Taxes are illegal (unfair)
	Large businesses have a tax advantages over small businesses
	High prices for renting retail spaces
	Prices of retail spaces (per square meter) grow quite fast
	Corruption and bribes
Bureaucracy	Paperwork changes very often
	Laws are badly written
	Paperwork takes a long time to process
	Corruption and bribes
	No trust in the government and governmental structures
Monopoly	Bribes/corruption/advantages for large companies

RQ3. How do the owners of small apparel businesses in Armenia address the needs and wants of their customers?	
Theme: Owner – consumer relationship	
Sub-theme:	**Attributes**
Customer Feedback	Listening to any feedback
	Customers tell me what they want
	Listen to the customers
Customer service	Meet clients with a smile
	Be welcoming
	Create a positive atmosphere (environment)
	Sales people
	Employees
	Observe what the customers are wearing
	Develop a hunch/feel for what is in demand
Theme: Market research	
Sub-theme:	**Attributes**
	Know who is your customer
	Do research
	Look up things on the internet
	Utilize social polls
	Have a hunch and feel what is popular
RQ4. What type of professional development would be valuable for small apparel business owners?	
Theme: Professional development	
Sub-theme:	**Attributes**
Professional development in college	Practicums - Classes with real world/industry/retail experience
	Classes where I would get a real order
Professional Development after college (on job)	Interaction with more established businesses owners (people)
	Making new connections (networking)
	Interaction with successful business owners from abroad
	Improvement of professional qualifications (via workshops, etc.)
	Asking for advice
	Suggestions from other successful businesses
	Attending annual exhibitions/shows
	Employee exchanges
Theme: Education - Curriculum development / modernization	
Sub-theme:	
Marketing/business curriculum	Marketing education (classes)
	Merchandising education (classes)

	Fashion business (class)
Specialized/technical education	Specialized classes (sewing schools, etc.)
	Knowledge about new technology
	New ideas?
	Technical design education (classes)

Coding: Stage Three

RQ1. What factors lead to the success of small apparel businesses in Armenia?	
Theme: Marketing	
Subthemes	**Attributes**
Marketing Strategies	Making catalogs, photo sessions
	Advertising, gifts, promotions
Marketing Characteristics	Being creative
Innovativeness	Finding new opportunities
	Creating demand
Target Market Research	
Theme: Effectively Utilizing Customer Feedback	
Subthemes	**Attributes**
	Listening to feedback
	Learning about customer preferences
	Customer suggestions
	Ask customers what they want
Theme: Business Owner	
Sub-themes	**Attributes**
Personal characteristics	Honest
	Hard-working
	Motivated
	Risk-taker
	Fast thinker / quickly adaptable
	Practical and realistic
	Optimistic, belief in future, never disappointed
	Good common sense / practical
Innovativeness / entrepreneurship	Original/non-standard way of thinking
	novelty
	creativity
	Trying to find new / unique products
	Have a highly developed intuition / hunch / gut feeling
Theme: Quality Employees	
Sub-themes	**Attributes**
Education	Specialized education
	Having classes with "real world" experiences
Specialized Knowledge and Skills	Possessing necessary specialized knowledge and skills (sewing, technical designer, apparel marketer, etc.)
	Ability to do marketing research (identifying the target market, etc.)

Experience	Specialized practice during school
	Practicum
Personality	Working with love (positive attitude, enthusiasm)
	Motivation

Theme: Customer Service	
Sub-theme	**Attributes**
Satisfying demand	Provide what sells better
	Provide demanded product
	Provide products at affordable prices
Customer satisfaction	Being attentive towards customer needs and desires
	Provide quality service
	One step ahead of what people need
	Anticipating customer needs
	Create a loyal customer base
Customer relations	Treating customers well: with respect, politeness, not being "pushy",
	Provide pleasant service

RQ2. What obstacles hinder the success of small apparel businesses in Armenia?	
Theme: Socio-economic obstacles	
Sub-theme	**Attributes**
Shortage of customers	Customer acquisition
	Small population
	Declining number of clients (due to emigration and to worsening economic situation)
	Clients stop shopping and/or are shopping less frequently due to changing needs, tastes, preferences (e.g. the kids/babies in clothes stores)
	Customer retention
Poor economic situation of the population	Many customers are in a bad economic situation and it's getting worse
	Customers don't pay for the product on time
	Taking things from the store and agreeing to pay the accumulated debt in the future (often such people cannot get a credit card)
Cultural challenges	
Overhead expenses	High prices for renting retail spaces
	Prices of retail spaces (per square meter) grow quite fast
Theme: Employee qualifications	
Sub-theme	**Attributes**

	Lack of professionalism
	Quality of education
	Employee mistakes
	It's hard finding good employees
	Employee qualifications
	No good work ethic

Theme: Brand distinctiveness	
Sub-theme	**Attributes**
	People don't know us

Theme: Competition	
Sub-theme	**Attributes**
Competition from abroad and online	China
	Ordering online
	Receiving clothes from relatives living outside of Armenia
	Asking relatives/friends travelling outside of Armenia to bring clothes
Competition inside Armenia (internal)	Malls (Dalma mall, Yerevan mall) (low cost products)
	Big department stores (Yerevan City, malls, etc.) / Big businesses
	Small business is disappearing

Theme: Governmental obstacles	
Sub-theme	**Attributes**
Taxation/fees	Sales and Customs Taxes are terribly high
	Taxes are rising (unreasonably fast)
	Taxes are illegal (unfair)
	Large businesses have a tax advantages over small businesses
Bureaucracy	Paperwork changes very often
	Laws are badly written
	Paperwork takes a long time to process
Government Corruption	No trust in the government and governmental structures
	Bribes/corruption/advantages for large companies

RQ3. How do the owners of small apparel businesses in Armenia address the needs and wants of their customers?	

Theme: Owner – Customer relationships	
Sub-theme:	**Attributes**
Customer Feedback	Listening to any feedback
	Customers tell me what they want
	Listen to the customers
Customer service	Meet clients with a smile
	Be welcoming

	Create a positive atmosphere (environment)
	Sales people
	Employees
	Observe what the customers are wearing
	Develop a hunch/feel for what is in demand

Theme: Market research	
Sub-theme	**Attributes**
	Know who is your customer
	Do research
	Look up things on the internet
	Utilize social polls
	Have a hunch and feel what is popular

RQ4. What type of professional development would be valuable for small apparel business owners?	

Theme: Professional development	
Sub-theme:	**Attributes**
Professional development in college	Practicums - Classes with real world/industry/retail experience
	Classes where I would get a real order
Professional Development after college (on job)	Interaction with more established businesses owners (people)
	Making new connections (networking)
	Interaction with successful business owners from abroad
	Improvement of professional qualifications (via workshops, etc.)
	Asking for advice
	Suggestions from other successful businesses
	Attending annual exhibitions/shows
	Employee exchanges

Theme: Education - Curriculum development / modernization	
Sub-theme:	**Attributes**
Marketing/business curriculum	Marketing education (classes)
	Merchandising education (classes)
	Fashion business (class)
Specialized/technical education	Specialized classes (sewing schools, etc.)
	Knowledge about new technology
	New ideas?
	Technical design education (classes)

Coding: Final Stage

<table>
<tr><td colspan="3" align="center">RQ1. What factors lead to success of small apparel businesses in Armenia?</td></tr>
<tr><td colspan="3">Theme: Marketing</td></tr>
<tr><td>Subthemes</td><td>Definition</td><td>Examples of when to apply</td></tr>
<tr>
<td>Marketing Strategies</td>
<td>An organization's strategy that combines all its marketing goals into one comprehensive plan</td>
<td>Apply this code when participants refer to strategies such as…
• making catalogs
• photo sessions
• advertising
• gifts
• promotions
• target market research</td>
</tr>
<tr>
<td>Niche Marketing</td>
<td>Marketing that targets a small and well-defined segment of population.</td>
<td>Apply this code when participants refer to strategies which are directed …
• at the needs and wants of the customers that are being addressed poorly or not at all by other firms.</td>
</tr>
<tr><td colspan="3">Theme: Customer feedback</td></tr>
<tr><td>Definition</td><td></td><td>Examples of when to apply</td></tr>
<tr>
<td colspan="2">Information coming directly from customers about the satisfaction or dissatisfaction they feel with a product or a service.</td>
<td>Apply this code when participants refer to behaviors such as…
• listening to feedback
• learning about customer preferences
• customer suggestions
• asking customers what they want</td>
</tr>
<tr><td colspan="3">Theme: Business owner</td></tr>
<tr><td>Sub-theme</td><td>Definition</td><td>Examples of when to apply</td></tr>
</table>

Personal characteristics	Personal characteristics are distinguishing qualities or traits that are the embodiment of an individual. To be successful in business, you need to have following personal characteristics listed in examples columns	Apply this code when participants refer to characteristics such as… • *honest* • *hard working* • *motivated* • *risk-taker* • *fast thinking* • *adaptable* • *practical/realistic* • *optimistic/belief in the future* • *common sense/practice*
Innovativeness	Tending to innovate or introduce something new or different.	Apply this code when participants refer to abilities such as… • *original/non-standard way of thinking* • *novelty* • *finding new opportunities* • *creating demand* • *creativity* • *trying to find new/unique products* • *have a highly developed intuition/hunch/gut feeling*
Education	The process of receiving or giving systematic instruction, especially at a school or university.	Apply this code when participant refers to his/her own experiences such as… • *specialized education* • *having classes with "real world" experiences*
Theme: Quality Employees		
Sub-themes	**Definition**	**Examples of when to apply**
Education	The process of receiving or giving systematic instruction, especially at a school or university.	Apply this code when participants refer to terms such as…

		• *specialized education* • *having classes with "real world" experiences*
Specialized Knowledge and Skills	Special knowledge possesed by an individual about a product, service, equipment, techniques, management, and markets, or an advanced level of knowledge or expertise in an organization's processes and procedures.	Apply this code when participants refer to terms such as… • *possessing necessary specialized knowledge and skills (sewing, technical designer, apparel marketer, etc.)*
Experience	Practical contact with and observation of facts or events.	Apply this code when participants refer to experiences such as… • *ability to do marketing research (identifying the target market, etc.)* • *specialized practice and/or internship during school* • *practicum*
Personality	The combination of characteristics or qualities that form an individual's distinctive character.	Apply this code when participants refer to characteristics such as… • *working with love (positive attitude, enthusiasm)* • *motivated*
Theme: Customer Service		
Sub-theme	**Definition**	**Examples of when to apply**
Satisfying demand	To fulfill the needs, desires or expectations of customers.	Apply this code when participants refer to service such as… • *Provide what sells better* • *Provide demanded product* • *Provide products at affordable prices*

Customer satisfaction	A measure of how products and services supplied by a company meet or surpass customer expectations.	Apply this code when participants refer to service such as… • *Being attentive towards customer needs and desires* • *Provide quality service* • *One step ahead of what people need* • *Anticipating customer needs* • *Create a loyal customer base*
Customer relations	The process and manner by which a business develops, establishes, and maintains relationships with its **customers**	Apply this code when participants refer to customer relations such as… • *Treating customers well: with respect, politeness, not being "pushy"* • *Provide pleasant service*

RQ2. What obstacles hinder the success of small apparel businesses in Armenia?		
Theme: Socio-economic obstacles		
Subthemes	**Definition**	**Examples of when to apply**

Customer acquisition	**Customer acquisition** management refers to the set of methodologies and systems for managing customer prospects and inquiries that are generated by a variety of marketing techniques.	Apply this code when participants refer to terms such as…
		 • *customer acquisition*
		 • *small population*
		 • *customer retention*
		 • *declining number of customers due to:*
		   • *emigration*
		   • *economics*
		   • *changing needs and preferences*

Poor economic conditions	**Economic conditions** refer to the present state of the	Apply this code when participants refer to

146

	economy in a country or region. Among other things, economic conditions are influenced by the state of the global economy, unemployment levels, income levels of the population, productivity, and inflation.	economic conditions such as… • *difficult economic times* • *customers not paying for product on time* • *accumulating line of credit at the store*
Overhead expenses	The **costs** or fixed expenses of operating a business that range from rent to administrative costs to marketing costs.	Apply this code when participants refer to expenses such as… • *high prices for renting retail spaces* • *Rapid rent inflation*

Theme: *Employee qualifications*

Definition	Examples of when to apply
Education, knowledge, work experience, and skills that match or suit an occasion, or make someone eligible for a position. Qualification denotes fitness for purpose through fulfillment of necessary conditions such as attainment of a skill, completion of required schooling or training, or acquisition of a degree or diploma.	Apply this code when participants refer to qualifications such as… • *lack of professionalism* • *quality of education* • *difficulty finding qualified employees* • *lack of work ethic* • *lack of employees with appropriate qualifications, knowledge, and skills*

Theme: Brand distinctiveness

Definition	Examples of when to apply
The ability of a brand to be recognized as unique and different from other brands.	Apply this code when participants refer to terms such as… • *lack of brand awareness and recognition*

Theme: Competition

Subthemes	Definition	Examples of when to apply
Competition due to new (digital) technologies and globalization	**Globalization** is the process by which organizations develop international influence or start operating on an international scale. **Technology** is the purposeful application of information in the design, production, and utilization of goods and	Apply this code when participants refer to terms such as… • *China* • *e-commerce* • *receiving clothes from relatives living outside of Armenia* • *asking relatives/friends*

147

	services, and in the organization of human activities.	*travelling outside of Armenia to bring clothes back with them*
Competition inside Armenia (internal). **Direct/indirect competitors.**	A **direct competitor** offers the same products and services aimed at the same target market and customer base, with the same goal of profit and market share growth. An **indirect competitor** is another company that offers the same products and services. However, the end goals are different and they are seeking to grow revenue with different strategies.	Apply this code when participants refer to terms such as… • *malls (Dalma Mall, Yerevan Mall)* • *big department stores* • *big businesses*

Theme: Governmental obstacles		
Sub-theme	**Definition**	**Examples of when to apply**
Taxation/fees	A means by which governments finance their expenditures by imposing charges on citizens and organizations.	Apply this code when participants refer to obstacles such as… • *sales and customs taxes* • *changes in tax rates* • *legality of taxes* • *fairness and equality of taxes*
Bureaucracy	A system of government in which most of the important decisions are made through excessively complicated administrative procedures.	Apply this code when participants refer to obstacles such as… • *changes in paperwork requirements* • *laws governing small businesses* • *amount of paperwork*
Government Corruption	Wrongdoing on the part of government through means that are illegitimate, immoral, or incompatible with ethical standards.	Apply this code when participants refer to terms such as… • *government trust* • *bribes and advantages for large businesses*

148

RQ3. How do the owners of small apparel businesses in Armenia address the needs and wants of their customers?		
Theme: Owner – customer relationships		
Subthemes	**Definition**	**Examples of when to apply**
Customer feedback	Information coming directly from customers about the satisfaction or dissatisfaction they feel with a product or a service.	Apply this code when participants refer to practices such as… • *listening to feedback and customers* • *customers communicating needs and wants*
Customer service	The assistance and advice provided by a company to those people who buy or use its products or services.	Apply this code when participants refer to practices such as… • *being welcoming* • *creating a positive store environment* • *smiling*
Theme: *Market research*		
Definition		**Examples of when to apply**
The action or activity of gathering information about consumers' needs and preferences.		Apply this code when participants refer to terms such as… • *know who your customer is* • *target market research* • *utilizing the Internet* • *utilizing social polls*
RQ4. What types of professional development would be valuable for small apparel business owners?		
Theme: Professional development		
Subthemes	**Definition**	**Examples of when to apply**
Professional development in college	Learning to earn or maintain professional credentials such as academic degrees to formal coursework, attending conferences, and informal learning opportunities situated in practice.	Apply this code when participants refer to experiences such as… • *practicums and classes with real*

		world/industry/retail experiences • *having classes with real world experiences*
Professional development after college (on job)	Process of improving and increasing capabilities of staff through access to education and training opportunities in the workplace, through outside organization, or through watching others perform the job.	Apply this code when participants refer to experiences such as… • *interaction with more established businesses owners (people)* • *making new connections (networking)* • *interaction with successful business owners from abroad* • *improvement of professional qualifications (via workshops, etc.)* • *asking for advice* • *suggestions from other successful businesses* • *attending annual exhibitions/shows* • *employee exchanges*
Theme: Education – curriculum development/modernization		
Subthemes	**Definition**	**Examples of when to apply**
Marketing/business curriculum Marketing education	The activities of businesses that are primarily responsible for developing the sales revenue firms. The activities and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.	Apply this code when participants refer to terms such as… • *marketing education* • *merchandising education* • *fashion business classes*
Specialized/technical education Vocational/professional education	**Professional education** is a specialized training in a professional school through which participants acquire content knowledge and learn to apply techniques. Some goals of professional education are incorporating the knowledge basic to a professional	Apply this code when participants refer to educational experiences such as… • *Specialized classes* • *Knowledge about new technologies*

	discipline; understanding the central concepts, principles, and techniques applied in practice; attaining a level of competence necessary for responsible entry into professional practice.	• *Technical design education*