

Determine the effective capacity development support services for enhancing the competitiveness of Egyptian Apparel Industry .

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Abstract:

Through surveying the opinions of Egyptian apparel manufacturers, this paper aimed at developing a concise yet detailed picture, to specify the various support services needed to improve the competitiveness and export performance of Egyptian's garment companies. The results has showed a lake of the recent support services offered to the apparel sector and suggested different programs that could be designed to enhance the apparel exporters/manufacturers in five selected main areas. This support services could include training, consulting, product development, marketing and information. The results showed that 94% of the companies interviewed expressed their interest in getting external Advices/consulting services in the field of Sewing Production optimization as a priority area, while 70 % of the companies have expressed their needs for a training programs specialized in enhancing their staff textile knowledge. Also 56% from the Sample interviewed have expressed their needs for tailored training program to enhance the managerial skills of their middle management. This paper would therefore help the external service providers (training center, educational units, and consulting companies) to discover the actual market needs and tailor their services accordingly to close the performance gap in export oriented apparel Companies.

Keywords:

- *Apparel Production,*
- *Capacity development,*
- *Technical services,*
- *Egyptian industry*

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Introduction

Background

Egypt is one of the developing countries which face numerous challenges in accessing the international exports' market. The Egyptian economy experienced an evident fall in its growth rate during 2009-2013 which made the government concerned with increasing Egypt's competitiveness in the international market through a series of reforms targeting exports from the manufacturing sector (ITC, 2014). The Egyptian Textile and Clothing industry has proved to have good potential to succeed in the international market; however, according to a number of studies (M. Abdel Ghany, N. Khalifa,2013) and (A. El-Haddad, 2008), there have been some issues which are said to negatively affect exports. The lack of strong relationships with large retailers as well as the ability to implement quick order replenishment and lead time reduction, lake of training and support services, presents major constraints that impact the volume of Egyptian clothing exports (American Chamber of Commerce in Egypt,2009). In 2013, total textile exports reached \$2.4 billion, and 2014 figures will be pretty much the same,

which is poor compared to other countries. In Bangladesh, for instance, textile exports reached \$18 billion in 2010, and the government is targeting \$25 billion in 2018. Vietnam, which wasn't an important producer until recently, reached \$10 billion in textile exports (International trade center, 2014).

In order to achieve continued growth, there has to be an improvement on all the elements of production, however, the quality of the offered capacity development support services are the keys to enabling Egyptian manufacturers to attain results (D. Magder, 2005). Thus, if the Egyptian manufacturers aim to continue growing in terms of market share, the before mentioned services are vital issues that must be given sufficient attention. The analysis in this paper is primarily based on the survey results conducted by the researcher. The survey aimed at developing a concise yet detailed picture of the expected capacity development technical support services needed by Apparel manufacturers to improve the competitiveness of Egyptian's Apparel industry.

The main obstacles that pose a barrier to productivity

In a survey done in 2014 to measure the

satisfaction level of the German apparel buyers from Egypt (Maged Kamal, 2014), it has been investigated that 32% from the sample surveyed were not satisfied with the performance of Egyptian apparel export enterprises. That indicates of the real need of these companies for external capacity development support to enable them to penetrate foreign markets and get more satisfaction from the apparel buyers. Many productivity challenges of high turnover, absenteeism, lack of training and Advisory services is costing Egypt in terms of productivity, quality, and foreign exports (A. Elhadad, 2008).

Comparisons in productivity are often made between countries in the Apparel industry; however, there are certain elements and productivity challenges that are apparent worldwide in this industry. For example, production is usually concentrated in lower wage countries and thus poor basic education is endemic and an issue in terms of addressing training needs is required (Rael, Maiyo C.; Susan, Abong'o A , David, 2012). To satisfy labor demand in Egypt, a reliable and quality based labor supply must be cultivated. Thus, in order to address the productivity challenges in the labor market and workforce development issues, skills, training and competitiveness must be addressed with a view to identifying how top management can better organize and run their factories (M. F. Sakr and L. Abdel-Latif, 2012). The focus should be at all levels, but particularly mid-level skills; mid-level management, industrial engineers, line supervisors, work-planners, as well as top management (M. Abdel Ghany, N. Khalifa , 2013). To achieve that in a professional way, Apparel factories need to find all the needed quality technical support services in the local market, to be able to enhance their competitiveness, and to close the performance gap in their apparel manufacturing units.

1.3. Importance of training in enhancing the performance of RMG Factories

Training is considered one of the most important capacity development services that could be offered to support the apparel companies in order to achieve continued growth and to attain results (N. Agrawal , A. Chatterjii. 2014). Many other countries are already active in training, and competitors are already looking at improving training. Thus, if the Egyptian manufacturers aim to continue growing in terms of market share, then training is a vital issue that must be given sufficient attention. So far, it appears that there is a real shortage of competent human resources

management able to provide the kind of support that the Egyptian manufacturers need in the Apparel industry. However, the short term focus should be on technical training (operator skills and performance, engineering, production management - quality and control systems) since those are places where short term quick interventions are actually going to enhance productivity. However, it is also exceptionally important to focus on training in the industry as a whole. Success will not be achieved unless labor is trained to work properly on quality and production efficiency, regardless of whether it is in the local or export industries (Sripirabba, B., 2010) .this paper would contribute in finding the training priority areas from the apparel manufacturer's point of view.

Objectives

This study aims to investigate the various technical services needed by the apparel companies that are effective (from their 'point of view) in closing the performance gap in apparel export manufacturing enterprises.

The research reported in this paper is focused on answering the following question: **“What would be the most important capacity development support services that could be offered to the Apparel industry aiming to enhance its competitive position?”** To achieve the main objective, the following sub-objectives were derived:

1. What is the common area of interest regarding the needed technical services in export oriented apparel manufacturing companies?
2. What should be the specific capacity development programs under each common area?
3. What are the priority capacity development programs from apparel manufacturers prospective?

Delimitations

The study will be conducted at primary stage of sixteen Egyptian Apparel export manufacturing companies, which accepted to take part in the research. All the apparel manufacturing companies are export oriented.

Originality/Value

Finding the real capacity improvement needs in Egyptian export apparel enterprises is very important not only for Apparel companies that need support in overcoming the technical problems they face, but also for service providers (educational institutes, training centers, and consulting companies) to enable them to know the

real needs of the apparel industry .Furthermore, this will bridge the current vacuum in literature by an exploratory survey for discovering the entrepreneurial thinking regarding their conception of the required capacity development services.

Research Methodology:

Sample survey design and implementation

- The tool selected for surveying the capacity development needs of the Apparel companies was a structured questionnaire, which was adopted from self-assessment tools for export readiness. There are a number of export self-assessment tools available through a variety of organizations. As a basis for the development of the questionnaire, the questionnaire from the International Trade Center ITC (2010) has been selected. ITC is a joint agency of the World Trade Organization (WTO) and the United Nations; an internationally recognized tool, used by companies from different countries as well as in different industries. Adaptations were made to address the apparel sector as well as local industry.
- Since our findings rely entirely on the quality of the information collected, the following measures were taken to ensure validity of the data collected.
- In the design of the questionnaire there were various redundant questions placed
- In different areas of the questionnaire in order to compare answers. When answers to those questions were not consistent, such information was corrected.
- In several occasions, factories were contacted to correct information.
- One-by-one analysis of each questionnaire was undertaken by three consultants in order to detect areas of inconsistency.

The structured questionnaires consisted of a number of questions designed to measure the company's ability to address the needed capacity development services and focused mainly on investigating the point of views of Apparel export companies regarding the best ways to enhance their competitiveness in international export market. It was filled in by the researcher during an interview with a key staff member from each company. the most suitable method for the collection of the required data, was by surveying each company through an interview with one or more key staff in the organization. Furthermore, a brief tour of the facilities was used to validate the data when possible. The following steps explain

the details survey steps:

1. Total of 35 Apparel factories were contacted, from which 16 Apparel factories were interviewed in three industrial areas, of which 12 were from greater Cairo, and 4 from the Port Said.
2. Senior executives via telephone first have been contacted and have been asked if they think that there is a shortage in capacity development services in the market. 85 % from the sample has showed their dissatisfaction and were interested in participation in the survey.
3. It was also communicated that the respondent would have to be a senior management or production level staff or an owner, who is involved in the day-to-day operations. The date and time of the interview were confirmed before the visit to the factory.
4. Structured questionnaire have been used to generate information. . Of the 16 respondents, 6 are Production Managers, 4 are Directors of the company while 6 are Owners.
5. The interviewees sought their views and opinions. The study has investigated five required important priority capacity development services that should get further support from various service providers. These five priority areas are: Consulting, Training, Product Development, Marketing and Information.
6. The survey results has tabulated and analyzed (Ex. Table.1) to know the exact priorities for apparel Enterprises regarding the required services needed to enhance their export performance.

Results & Discussion

The Analysis of the Survey results has explained the required services that could assist in enhancing the performance of Apparel factories, consequently enhance the competitiveness of the apparel industry. The required capacity development services are found as following:

3.1. Required Consulting Services:

The questionnaires have been focused to get accurate information from the apparel factories executives regarding main three areas:

- What are the concrete Consulting services required (priorities)?
- What the Type of Consulting services required?
- What would be the Preferred Nationality of the expert or the consultant?

The following table (Table.1) shows the type of questions and the results obtained through collecting the survey answers. By analyzing the

results (Fig.1) we could investigate that 94% of the companies that have been interviewed expressed their interest in getting external Advices/consulting services in the field of Sewing

Production optimization as a priority area, however 75% of them have chosen factory efficiency upgrade as a priority area.

Table 1: Required Consulting Services and preferred delivery methods (Survey Results)

No.	Symbol of the factory	Consulting priority areas											Type of Consulting					Nationality of preferred Expert						
		production optimisation	efficiency upgrade	Market Analysis	strategy development	Marketing	pre-production	re-structuring	HR	Energy saving	clean production	social Audit	technical	know how	planning	process	structure	EU	India	SA	Turkey	Tunis	USA	Local
1	F	1	1	0	0	0	0	0	0	0	0	1	1	1	1	1	1	1	0	0	1	1	0	0
2	GR	1	0	0	0	0	0	0	0	0	0	0	1	1	1	1	0	1	0	0	1	0	1	0
3	R	1	0	1	0	1	0	0	1	0	0	0	0	1	1	1	0	1	0	0	0	0	0	1
4	Cd	1	1	1	0	0	1	1	0	0	0	0	1	1	1	1	0	1	0	0	0	0	0	0
5	C	1	1	1	1	0	0	1	0	1	0	0	0	1	0	1	1	1	1	0	0	0	0	0
6	M	1	1	0	0	1	0	0	0	0	0	1	1	0	1	1	1	0	0	0	0	0	1	0
7	F	1	1	0	0	1	0	0	1	0	0	0	1	1	1	0	0	1	1	1	1	0	0	0
8	G	1	1	1	0	0	0	0	0	0	1	0	1	1	1	0	0	1	1	1	1	0	0	0
9	A	0	0	1	0	0	0	0	0	0	0	1	1	1	0	1	1	0	0	0	0	0	0	0
10	FA	1	1	1	0	1	0	0	0	0	0	0	1	1	1	1	0	1	0	0	0	0	0	0
11	EU	1	1	0	0	1	0	0	0	0	0	0	1	0	1	1	1	1	0	0	0	0	1	0
12	L	1	1	0	0	0	0	0	0	0	0	1	1	1	1	1	0	1	0	0	0	0	0	0
13	IE	1	1	0	0	0	0	0	0	0	0	0	1	0	1	1	0	1	0	0	0	0	0	0
14	Tr	1	0	0	0	0	0	0	0	0	0	0	1	1	1	0	1	1	1	1	0	0	0	1
15	T	1	1	1	0	0	0	0	0	0	0	1	0	1	0	0	1	0	0	0	0	0	0	0
16	D	1	1	1	1	0	0	0	1	0	0	0	1	1	0	1	0	1	0	0	0	0	0	0
sum		15	12	8	2	5	1	2	3	1	1	5	13	13	12	12	6	14	4	3	5	1	3	2
%		94%	75%	50%	25.00%	31%	6%	13%	19%	6%	6%	31%	81%	81%	75%	75%	38%	88%	25%	19%	31%	6%	19%	13%



Figure 1: Results Analysis of the required consulting Services

The types of consulting services required by the garment companies surveyed ranged between technical services (81%), know-how (81%), planning (75%), and process improvement (75%).

Most of companies ‘owners, have expressed that their trust in the European Consultants (88%) to execute the needed improvement consulting’ assignments, while only 13 % of the respondents

have shown their interest to get consulting services through local consultants.

3.2. Required training services:

Training is the process of imparting knowledge to people so that they become capable of performing their assigned duties in an acceptable manner (Srivastava,N., and Chatterjii, A.,2014). Training is also used to qualify people to perform in positions of greater difficulty and responsibility.

The training of personnel in the Apparel industry is one of the most important challenges we face as in this industry. We can only expect top performance from personnel when their knowledge and skills are up to the requirements of their jobs. The better trained the employees and workers are, the more productive they will be.

Comparing the training in Egypt to that in other countries that are leading exports of textiles, indicates that the majority of the positions in Egypt receive almost no training with the exception of the engineers who might receive training once a year, while countries such as China, Tunisia, and Turkey train machine operators and management relatively frequently (Quiz Report, 2009).

This research has specified the main supposed training services required for developing the garment factories.

The questionnaires have been focused to get accurate information from the apparel factories executives regarding main three areas:

- What is the Concrete priority area of the required training?
- For which staff level this training is mostly needed?
- What is the Preferred Nationality of the trainer/trainers.?

Skills required

The answers of the executives indicated that 70 % of the companies have expressed their needs for a training programs specialized in enhancing their staff textile knowledge; however 56% from the Sample have expressed their needs for tailored training program to enhance the managerial skills of their middle management.

32% of the companied interviewed have recommended to focus the potential training programs in raising the capabilities of their supervisors.

Training delivery method

When the companies have been asked about their preference regarding the trainers’ nationality, 74% of the sample have preferred to execute any potential training by Foreign Expert, however 50% have no objection to receive the training by local experts (Fig.2).



Figure 2: Required Capacity development services, focus Training

2.3. Required Product development Services

The questionnaires have been focused to get accurate information from the apparel factories executives regarding main three areas:

- Are their companies in need for fashion Designers?
- Are their clients (The buyers) are expected from them to participate in product development process?
- Are they are involved in developing collections and participate in external exhibitions?

50% of the sample surveyed believe that fashion design is important for their companies and need to hire full time fashion designer, however 25% of the sample surveyed believe that fashion design is optional and they might be in need to hire a part time fashion designer for some models modifications.

57 % of the samples surveyed think that fashion design is important and expected by the buyers, so they are used to participate in international trade fairs. Please see (Fig.3).

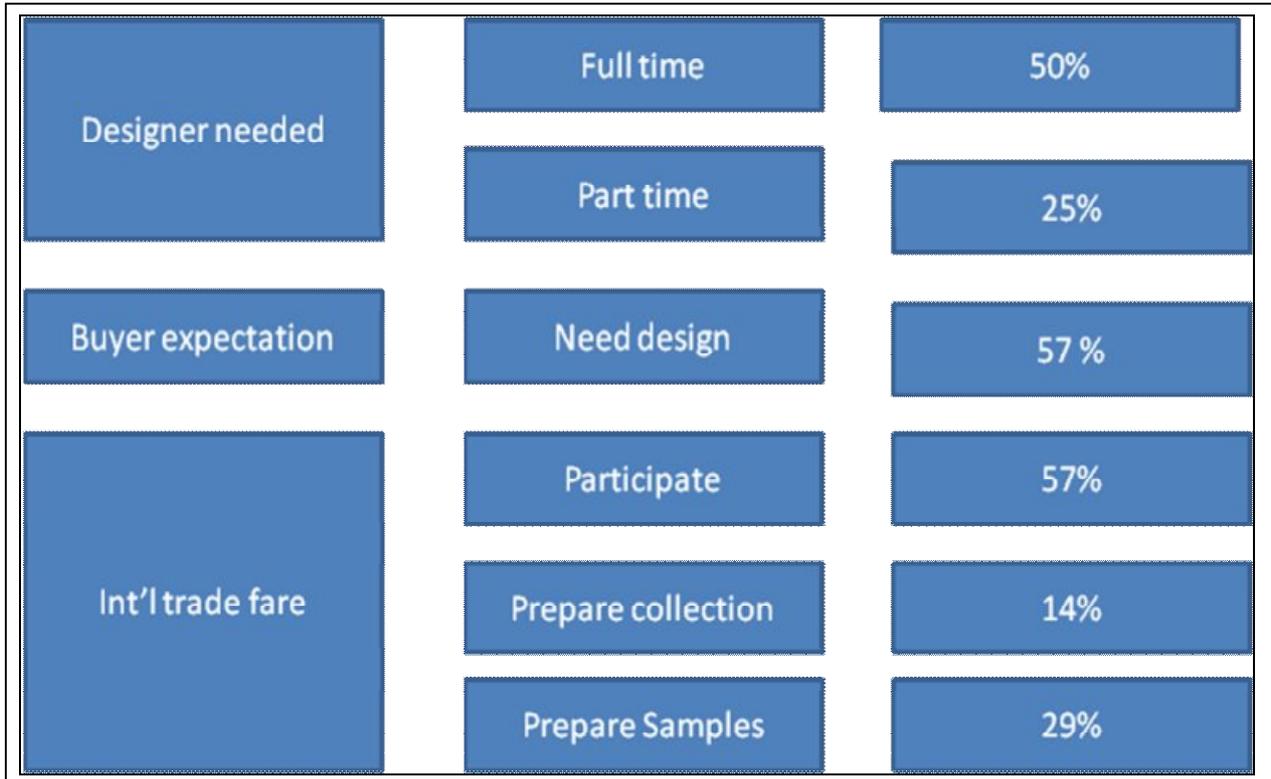


Figure 3: Required Capacity development services, focus on Product development

2.4. Required marketing services:

The questionnaires have been focused to get accurate information from the apparel factories executives regarding main two areas:

- What type of market research services needed?
- What Type of marketing information services required?

The survey results showed that the companies are in need for more information about the technology development market of the textile materials (64%), the situation of the local competition (64%). They are also in need for additional international marketing information such as market trends (73%), market leaders (57%), market size for certain products (14%), and international competition (29%). Please see (Fig.4).

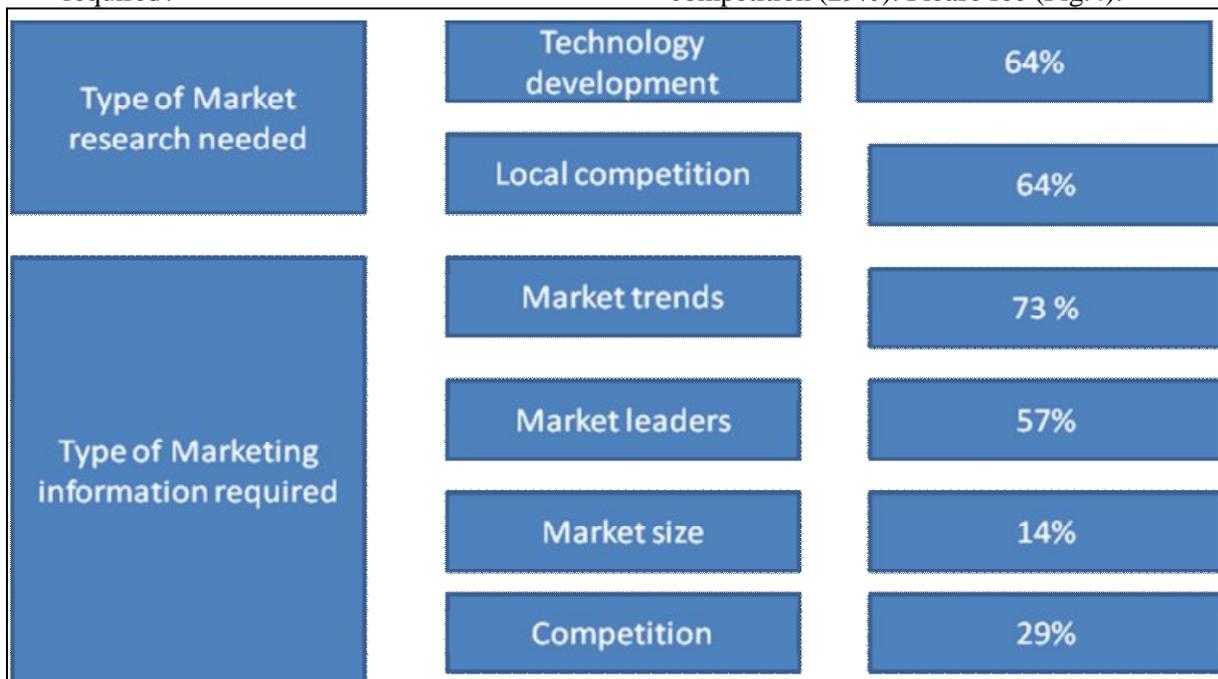


Figure 4: Required Capacity development services, focus on marketing services

2.5. Required additional Information Services

The questionnaires have been focused to get accurate information from the apparel factories executives regarding main one area:

- What sort of additional information is needed?

The answers of the executives indicated that, there are Other Special additional information services are also required by the surveyed Apparel

enterprises, such as raw material prices (70%), New machines’ technologies (70%), Fashion trends (50%), Suppliers database (50%), source of finance (40%), and buyers information (70%).the availability of these information services would enhance the competitiveness of garment companies in international Market (please see Fig.5)

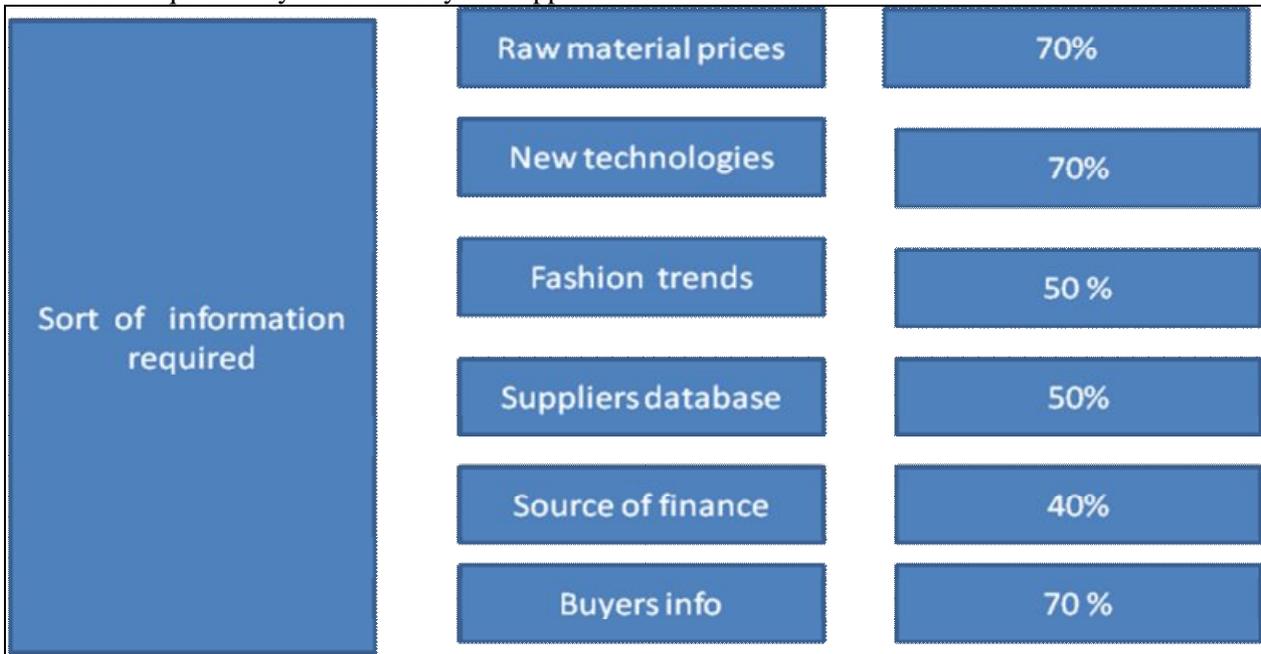


Figure 5: Required Capacity building services, focus Information

Limitations and directions for future researches

Although this study has explained the requirements of some major apparel export companies in Egypt. But because lake of time and resources, the study is conducted at primary stage of sixteen Apparel manufacturing companies that export their products abroad. This number of companies has accepted to take part in the research. So the results cannot be generalized. Other Apparel manufacturing companies might act differently if the sample is increased to include them. So it is recommended in future researches to include different categories in the survey such as Local Apparel manufacturers, and other Apparel exporters in other industrial areas within Egypt

Conclusions and discussions

A growing emphasis on establishing long term relationships, driven by competitive pressures and business complexity, has encouraged many Egyptian Apparel export manufacturers to become highly competitive to satisfy their buyers. In order to achieve continued growth, these companies often need an external support there has to be an improvement on all the elements of production,

however, the quality of the offered capacity development support services are the keys to enabling Egyptian manufacturers to attain results. Thus, if the Egyptian manufacturers aim to continue growing in terms of market share, the before mentioned services are vital issues that must be given sufficient attention.

Capacity development services for Egyptian apparel industry should emphasize not only on cost reduction methods, but also on finding different ways to improve efficiency in production, quality control, planning, and information systems. Most apparel companies do not have the in-house expertise or the resources to implement these recommendations.

This paper investigated that the most important capacity development support services that could be offered to the Apparel industry aiming to enhance its competitive position should include five types of services (Technical consulting services, Training services, Product development services, Marketing services, other information services).

The paper also contributed in finding the common area of interest regarding the needed technical

services in export oriented apparel manufacturing companies and found that production optimization, efficiency upgrade are the most required consulting services. While textile knowledge and Management skills are the most required training services.

The paper also explained the importance of design and product development for 50% of the sample and their desire for finding support services toward developing innovative products, to be exhibited in the international fashion exhibition, which consequently increases their opportunities in approaching new buyers.

The priority marketing capacity development services required by the apparel exporting companies are Market researches and market trends. While additional information are also needed regarding Buyers information, new material prices and new technologies.

This paper would therefore help the external service providers (training center, educational units, and consulting companies) to develop human resource capacity in this area. The paper has investigated that the current capacity improvement programs offered to the apparel industry by certain service providers, who are funded by industrial training center (governmental body) are not enough. So it is highly recommended to initiate high quality capacity development programs to fill the gap in the before-mentioned priority areas.

-The study also proved that there is a lack of the skills needed by apparel companies between the local consultants, so 80% from the sample surveyed prefer to get technical services from international European consultants. This should lead us to pay attention of developing new programs to enhance the skills and capacity of local consultants. That would consequently enhance the trust level of apparel export companies in the local consultants and enhance the competitiveness of the apparel industry.

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