Exploration of the survival and competitiveness of the textile, leather and clothing industries in the Eastern Cape, RSA

A. Mwamayi¹*, G. Wood², R. Haines¹, M. Brookes³ and V. Mmbengwa¹

¹Nelson Mandela Metropolitan University (NMMU), Department of Development Studies, Port Elizabeth (PE), Eastern Cape, Republic of South Africa.
²School of Management, Sheffield University, UK.
³Department of Economic and Statistics, Middlesex University, UK.

Accepted 4 January, 2013

In the Southern Africa Region, the textile, leather and clothing industry has undergone many structural pressures in the face of increased low cost competition from South-East Asian countries but many firms have closed. Despite wholesale firm closures, significant numbers of firms have survived. This article seeks to explore the sustainability and competitiveness of the textile, leather and clothing industry in the Eastern Cape Province. It explores and critically analyzes these survival firms and tries to understand what makes firms survive and what can be done to make things work better. The textile, leather and clothing industry is an important contributor to the increase of national economic development by playing a key role in gross domestic

Key words: Survival, competitiveness, industry, labor cost cutting, retrenchment, value added production paradigm.

INTRODUCTION

In the Southern Africa region, the textile, leather and clothing industry has undergone many structural pressures in the face of increased low cost competition from South-East Asian countries but many firms have closed. Despite wholesale firm closures, significant

*Corresponding author. E-mail: adam3fr@hotmail.com.
product (GDP) formation, investment, foreign exchange earnings, exports and employment creation.

The Eastern Cape Province is located on the south-eastern seaboard of South Africa and is the second largest and third populous province (Roberts, 2003). According to Roberts (2003), the auto and transport equipment sector is the biggest manufacturing grouping in the Eastern Cape in terms of both output and employment, followed by the chemicals and rubber, and the textile and clothing groupings. Food and beverages is also important. Furthermore, Roberts (2003) found that leather products in the Eastern Cape are well established and they accounts for more than a quarter of national production (although a smaller share of employment, due to the focus on auto leather in the Province). The textile, leather and clothing industry is an important economic sector in the Eastern Cape Province as compared to nationally, it’s the fourth, with 9% of gross geographic value added of textiles, clothing and leather goods originating from Eastern Cape, after Western Cape with 35%, followed by KwaZulu-Natal with 34% and then Gauteng with 14%. This paper tries to understand two important alternative strategies used in the production process on how to help firms’ survive and competitive. The first set refers to labour repression which comprises issues such as labour production cost, wage repression, repression of workers’ rights, reduction of worker benefit, forced labour, retrenchment and how these issues give the industry an unfair cost advantage. According to the National Bargaining Council (2011), they have proposed to phase-in the basic minimum wage by insisting that clothing factories pay their workers R324 a week. Companies will start implementing this wage change by paying 70% of the minimum wage from March 2011, 90% by January next year and 100% by April 2011. The international labour organization’s report (ILO, 2005) have repeatedly drawn attention to the persistent, high unemployment since the early 1990, growth of atypical employment or underemployment, (e.g. home-based work, ‘informal’ work) or precarious paid employment’, decline of standard full-time or permanent jobs, reduced job-security etc. Williams and Hanival (1999) argued that developed countries have seen the benefits of outsourcing the labour intensive parts of the production process to developing countries in an attempt to cut labour costs. They further argue that the source of competitive advantage then essentially becomes one of wage costs and labour flexibility. For clarity, Sinamela (2008) added that forced labour, forced contributions and forced removals are the major constituents of the regime of extra-economic coercion in Swaziland. His study reveals that a textile factory fully owned by Taiwanese has been a grim picture of labour repression characterized by extreme exploitation of workers, tendencies of aggression, inhumane treatment of workers, irregular working hours, unsafe working conditions, suspensions and arbitrary sacking are some of the issues (Sinamela, 2008), the latter attracted to Swaziland by low wages and access to Southern African markets, and aided and abetted by one of the world’s absolute monarchies. Similar studies in textile firms in Kwa-Zulu Natal (KZN), South Africa yielded interesting results regarding employment relations. In contrast, Hart (2002) revealed that factory owners attributed factory problems to laziness, illiteracy and ingratitude of the employees. Her study uncovered that the most violent confrontations took place between Taiwanese indu-strialists and leaders of the South African Clothing and Textile Workers Union (SACTWU). She further observed that the design of the work environment in those Taiwanese factories does not create hardworking and disciplined workers as desired by the Asians but only creates a “powerful and palpable resentment that hangs like a pall over the factory floor” (Hart, 2002). In view of the paradigm, the second set encompasses value added production strategies. Maree (1995) valued this strategy as important in South African textile production where the proportion of value-added to the total of a product is immensely important. He further pointed out that South African companies adopted these value-added strategies to contribute to their competitiveness. In addition, this author warned that value addition without designing and marketing; product specialization; consistent quality; making the fabric up into garments. On the contrary, Hall and Soskice (2001) reported that incremental innovation tends to be more important for maintaining competitiveness in the production of capital goods, such as machine tools and factory equipment, consumer durables, engines, and specialized transport equipment than value addition proposition. They further argued that innovation is there to maintain high quality of an established product line, to devise incremental improvements that attract consumer loyalty, and secure continuous improvements in the production process in order to improve quality control and hold down costs. In addition, Velia et al. (2006) found that the expansion of value added in KZN is noticeable in some sectors and more links between the current changes and the export performance are visible. They further indicate that there are also clear signs that the expansion of value added in KZN, which is outpacing that of the entire South African domestic market. According to Wood and Glaister (2008), effective and combative unions have deterred managers form labour repression, forcing firms onto a high-skills-productivity trajectory. Unable to solve their problems through cheap labour, firms have been forced to use labour more effectively.

The objective of the article tries to explore the survival and competitiveness of the textile, leather and clothing industry in the Eastern Cape Province by looking at what works in the industry, how it works and what can be done to ensure things work better in the future. Which firms exactly are surviving and how many? Are there any firms using labour repression to remain survival and competitive? How many firms are involved in labour
repression? It then tries to explore what makes firms' survival in the textile, leather and clothing industry in the Eastern Cape Province. The following paragraphs will discuss about value added production paradigm and labour repression as two important alternative strategies used in the production process on how to help firm's survival and become competitive.

Situation of the South African textile, leather and clothing sector

Historically, the SA Textile, Leather and Clothing Industries began with the manufacture of blankets in the 1920s and 1930s (Roberts and Thoburn, 2002). According to these author, after World War II the industry expanded into furnishings, industrial textiles and clothing, before moving into the production of synthetic fibres in the 1960s (Roberts and Thoburn, 2002). Textiles, leather and clothing industry are more labour intensive industries than manufacturing as a whole and therefore, they are particularly important to the South African economy. However, the industry was built up under isolation with the domestic market driving production and was thus never able to achieve economies of scale. Furthermore, the industry was protected by an import substitution strategy and now that the economy is exposed internationally it is comparatively inefficient, lacks capital, technology and innovation, and has high labour costs in relation to output (Wesgro, 2002). By 1994, the sector was virtually completely closed with import penetration and export levels as a share of production both well below 10% (Gibbon, 2002). Liberalization and the restructuring of the industry in the 1990s have resulted in large decreases in employment, while productivity has increased through cost-minimization and downsizing rather than production growth (Roberts and Thoburn 2002). According to Brink (2006), the Clothing, Textile and Footwear is one of the largest employers in South Africa and in Southern African Customs Union (SACU), employing an estimated 185 000 workers in South Africa alone. The industry has shed approximately 76 000 jobs (30% of the total workforce) since 1996 (Brink, 2006). Furthermore, the Statistics South Africa Survey showed that employment in SA fell 6.1% in the first quarter of 2010 compared to the same quarter in 2009 as South Africa shed 171 000 jobs in the quarter after losing around 870 000 jobs in 2009. This means that more than a million African family-members have lost the stable source of their livelihood. This affects not only their capacity to provide the necessities of life, such as food, shelter, health care and education, but also their dignity and thus Jauch and Traub-Merz (2006) declare that the African textile and clothing industry is really in a major crisis and affecting a vast majority of people and nations. Domestically it is hit by imports (in particular from Asian countries) with which it finds difficult to compete. Not much of the once impressive textile and clothing sector built during the phase of import substitution is left. It is hit on foreign markets, where it has made some inroads in recent years, and where fierce competition among suppliers is now threatening exports from Africa. Indeed, the industry has undergone serious economic challenges that were predominately the flooded by cheap textiles imports from the Far East. This situation has resulted on the textile and clothing industry declining and facing serious threats to compete effectively to local and global market. Vlok (2006) points out that the principal reasons for the decline in the industry are structural, but the current crisis was largely caused (and the long-term survival of the industry is seriously threatened) by a sharp surge in imports, especially from China. How can firms cope with this? This article will try to respond to the above pertinent questions by exploring what makes firms' survival in the textile, leather and clothing industry in the Eastern Cape Province, how it works and what can be done to ensure things work better in the future.

Research proposition

This paper tries to explore the following propositions. The first proposition helps to explore why the industry has become more stratified between low and high value added production paradigms since 1990. This proposition will help the researcher to investigate why firms are focusing on value-added production paradigm and if value added production paradigm can help firms survive in face of increased low cost competition. What makes a value added production paradigm and how many firms are using it? This paper will explore and critically analyze firms who have survived or new entrants in the textile, leather and clothing industry in the Eastern Cape Province from 2005 to 2010 by looking at what works in the industry, why and what can be done to make things work better? The second proposition is that firms are facing a stark choice between labour repression and value added production paradigms. This can be said to be the case for many industries. This proposition will help understand why to choose value added production and its effectiveness. This proposition also looks more closely as to what labour repression in the textiles, leather and clothing industry is really about, how many firms are involved in labour repression.

The central aim of this paper is to explore what makes firms' survival in the textile, leather and clothing industry in Eastern Cape Province by critically analyzing the significance of value added production paradigm and labour repression on how to keep firms' survival and competitive. In order to achieve the main objectives, the paper seeks to do the following:

1. To investigate whether firms were involved in labour repression and value added production paradigm to
survive and remain competitive. Also, this objective tries to explore the pertinence of firms’ involvement in labour cost cutting or retrenchment;

(2) To understand the impact of best labour practice and value added production paradigm contribution to the survival of the textile, leather and clothing industry in Eastern Cape Province. This objective tries to understand whether best labour practice has anything to do with firm’s performance;

(3) To explore the implications of key stakeholders contribution on how to promote the textile and clothing industry in Eastern Cape Province.

RESEARCH METHODOLOGY

Since this paper was an exploratory study, both qualitative and quantitative methods were used to adequately address the research problem, aims and objectives. Data were gathered directly from the textile, leather and clothing firms by describing the incidence, frequency and distribution of the different factors contributing to the textile, leather and clothing industry’s survival and competitiveness, and studying the interaction of factors. Existing secondary data were also analyzed. Thus, this paper involves a combination of quantitative methods such as a structured questionnaire and qualitative methods as semi-structured interviews. Using more than one method to obtain information is known as triangulation, whereby the strengths of one method compensate the weaknesses of another. However, the Eastern Cape Province was chosen due to a high concentration of the textile and clothing firms in Port Elizabeth area. But, East London and Zwelitsha areas helped to meet or obtain the required sample for the Eastern Cape province. The criteria surrounding the research design and methodology was influenced by the close proximity of the different areas on how to facilitate easy data collection in a short time. Another important criterion of selecting the Eastern Cape Province was the opportunity to learn. The survey was carried out over a period of fifteen months (March-November 2010) and from May to October 2012. To obtain an adequate sample frame for quantitative analysis, the researcher was advised to target all the 64 firms. To assure a meaningful response rate, the researcher proposed to contact the different participants on how to do an in-depth interview at work or by telephone at a mutually acceptable time. But most of the firms contacted refuse to participate in this research and other challenges were due to firms’ closure and relocation. This paper was conducted around in-depth interviews with managers, managing director or top management staff members and trade union representative. Both target and purposive sampling techniques were chosen due to the fact that the sampling was not representative. The researcher proposed to use a non-probability sampling technique. According to SACTWU and TEXFED South Africa, sixty four firms are operating in the textile, leather, footwear and clothing sector in the Eastern Cape Province. Only fifty two firms were available and willing after being contacted telephonically or via email to participate in this research. A questionnaire was immediately sent and distributed to these firms via emails, hand to hand or by post to solicit their responses and opinion. But the researcher received only thirty seven (37) completed questionnaires out of fifty two (52) questionnaires sent out which correspond to 70% of the response rate. These firms were selected randomly according to their size, location, product type, market and nationality (the majority of shareholders or owners) to ensure representativeness. Thus, in-depth interviews were conducted with the different directors or managing directors with 5 years and more working experience. The interviewer guided each interview session with the aid of an interview schedule. There was a degree of flexibility that the interviewer has to probe and ask additional questions and the degree of flexibility that the participant has to say what they want, in the way that they want (Johnson and Christensen, 2008). There was considerable flexibility in the timing of the interviews, as they had to fit into the respondents’ work schedules. The average time taken for each interview was approximately 35 min, although this tended to vary according to the respondents’ eagerness and willingness to participate. As part of the interview, closed-ended questions were also used in this paper because the respondents were asked to select answers from among a list provided by the researcher.

Questionnaires are a common way of obtaining information from participants. Questionnaires are a versatile and cost effective research tool (Walliman, 2001) and are used for collecting primarily quantitative data. It is a ‘written list of questions, the answers to which are recorded by respondents’ (Kumar, 2005). A semi-structured interview was conducted with Managing Director, Managers, top management staff members and Trade Union Representatives. Using more than one method to obtain information is known as triangulation, whereby the strengths of one method compensate the weaknesses of another. However, the Eastern Cape Province was chosen due to a high concentration of the textile and clothing industry in the Eastern Cape Province. The data obtained were analyzed to explore the survival areas (firms who have survived or new entrants) in the textile, leather and clothing industry in the Eastern Cape Province by looking at what works in the industry, why and what can be done to make things work better? This was done by using descriptive statistics in the form of frequency tables, graphs and Chi-square test. All data collected and received was analyzed by using STATISTICA software due to its flexibility, excellent capacities for labeling variables.

RESULTS

This section provides the presentation and discussion of the empirical research findings. The aim of this paper was to explore the survival areas of the textile, leather and clothing industry in Eastern Cape Province and help the industry to become competitive. Tables 1 to 5 illustrate the respondent’s answers. Firstly, basic details of the firms are discussed. Secondly, the different trends regarding the performance of the firms are presented. This was followed by exploration of the issues related to labour force and value-added production paradigm. The survival area and the reasons for survival and what can be done to make things work better are critically analyzed.

Basic details of the textile, leather and clothing industry in Eastern Cape

Table 1 describe the origin of the ownership (A3) which shows that thirty one out of thirty seven firms were owned by South Africans, while four out of thirty seven firms were owned by foreigners and only two out of thirty seven firms were owned by South African/Foreigner’s partnership as joint venture privately owned firms. This means that the majority of the firms in this paper were
domestic firms. Concerning the turnover (B1), ten out of thirty seven firms had a turnover over 15 million US$, while fifteen out of thirty seven firms had a turnover between 1 to 3 million US $ and only two out of thirty seven firm had a turnover between 4 to 7 million US $. Furthermore, Table 1 revealed that six out of thirty seven firms had a turnover under 500 000 US$ while four out of thirty seven firms had a turnover between 500 000 US$ to 900 000 US$. This means that the majority of the firms had a turnover between 1 to 3 million US$. Table 1 shows that the domestic firms (A3 1) represented 100% of firms with turnover between 1 to 3 million US$, 4 to 7
Table 3. Findings related to labour cost cutting or retrenchment (I1) and value added production paradigm (J1).

Summary frequency table (Eastern Cape/SA)
Marked cells have counts > 10
(Marginal summaries are not marked)

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<tr>
<th></th>
<th>J1</th>
<th>Row total</th>
</tr>
</thead>
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<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Count</td>
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<td>2</td>
</tr>
<tr>
<td>Row percent (%)</td>
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<td>10.53</td>
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<tr>
<td>Count</td>
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<td>3</td>
</tr>
<tr>
<td>Row percent (%)</td>
<td>83.33</td>
<td>16.67</td>
</tr>
</tbody>
</table>

Count All Grps 32 5 37

Keys: Labour cost cutting involvement (I1) and value-added production paradigm (J1).

Tables 4. Chi-square test between profit level (G2) and retrenchment or labour cost cutting (I1).

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Statistics: G2(3) x I1(2) (PE 11111)</th>
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<tr>
<td></td>
<td>Chi-square</td>
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<tr>
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</tr>
<tr>
<td>M-L Chi-square</td>
<td>3.329238</td>
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<tr>
<td>Phi</td>
<td>0.2976665</td>
</tr>
<tr>
<td>Contingency coefficient</td>
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</tr>
<tr>
<td>Cramér's V</td>
<td>0.2976665</td>
</tr>
</tbody>
</table>

Keys: Chi-square test between profit level (G2) and retrenchment (I1).

Tables 5. Chi-square test between export level (E2) and retrenchment or labour cost cutting (I1).

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Statistics: E2(2) x I1(2) (PE 11111)</th>
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</thead>
<tbody>
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<td></td>
<td>Chi-square</td>
</tr>
<tr>
<td>Pearson Chi-square</td>
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<td>M-L Chi-square</td>
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<td>Phi for 2 x 2 tables</td>
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<tr>
<td>Tetrachoric correlation</td>
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</tr>
<tr>
<td>Contingency coefficient</td>
<td>0.2266169</td>
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</tbody>
</table>

Keys: Chi-square test between export level (E2) and retrenchment (I1).

million US$, 500 000 US$ to 900 000 US$ and under 500 000 US$. The same domestic firms represented 40% of the firm’s turnover of over 15 million US$. Also, Table 1 showed that foreign-owned firms (A3 2) represented 40% of the firms with the turnover over 15 million US$ and Joint Venture Privately Owned firms (A3 3) represented each 20% of the firm with turnover over 15 million US$. In addition to these, the researcher found that thirty three out of thirty seven firms were privately owned, while two firms were a holding and another two firms were a joint venture privately owned. It was also found that thirty one out of thirty seven firms did not experience any change in the ownership structure, except two firms which experienced an ownership transfer and lastly four out of thirty seven experienced other types of ownership change. Concerning the size of the labour force, the findings revealed that fifteen out of thirty seven firms had the labour force between 100 to 499 workers, while twelve out of thirty seven firms had the labour force under 100 workers and six out of thirty seven firms had the labour force between 1000 to 1999 workers. Lastly, four out of thirty seven firms had the labour force between 500 to 999 workers. The strengths of these firms competitiveness rely on price, quality, delivery services, reliability, quick response and flexibility. And lastly, five out of seven firms revealed that demand...
factors, competition and illegal goods constitute their principal constraints.

**Trend regarding the performance of the firm**

Table 2 showed that eleven out of thirty seven firms increased their output level, while nine stabilized their output level and lastly seventeen out of thirty seven decreased their output level. This means that the majority of the firms did not perform well as most of these firms have experienced a decrease in their output level. In the other side, six out of thirty seven firms improved their profit level, while nine out of thirty seven stabilized their profit level and lastly twenty two out of thirty seven (37) decreased their profit level. This confirmed the aforementioned findings as the majority of the firms decreased their profit level. It is important to note that profit level is an important indicator of firms’ survival and competitiveness. Table 2 also indicates that the decreased profit level (G2 2) represented 88.24% of the decreased output (G1 2) and 77.78% of the stable output (G1). Other findings concerning firms’ performance showed that the export level (G5) improved in only two firms, while four stabilized their export level and ten firms decreased their export level. It is important to note that twenty one out of thirty seven firms did not respond to this question. Furthermore, these firms unanimously produce for their local market, only eight firms investigated export to different markets destinations such as the EU, the US, SADC, and New Zealand. Export level is an important indicator of firms’ performance and competitiveness but the firms under investigation did not perform well.

In addition to these findings, one of the research questions was to understand which textile, leather and clothing firms in Eastern Cape/SA were really surviving during 2005 to 2010? The question provides crucial and sensitive details about the textile, leather and clothing firms’ survival and competitiveness in this paper. Firm’s survival in this paper refers to a firm that continues to operate no matter the risk of being viable in future, financial instability and bankruptcy due to the decreased profit level for a very long period. Firms experiencing lowest profits level are not the same as those fighting for survival. Thus, the researcher proposes to measure survival of the firms by using the profit level because a firm success can only be measured by the profit level. A firm experiencing serious competitiveness problems cannot continue to operate for a very long time without collapsing. The idea behind this question is that during the period 2005 to 2010 only some firms in this paper did not have a profit and they continue to experience serious problems of competitiveness. This is the reason that the researcher suggested calling those firms ‘survival’. As shown in Table 2, twenty two out of thirty seven firms decreased their profit level during the period under investigation and experienced serious problem of competitiveness. For these reasons, these twenty two firms can be called ‘survival firms’. The implication of these findings is that the best labour practice helped somehow these surviving firms to remain competitive. In brief, HR practices play a good role in the firms’ survival which means HR practices have been an important factor directly or indirectly to the firms’ survival.

**Issues related to labour force and value-added production paradigm**

Table 3 showed that nineteen out of thirty seven firms were involved in the labour cost cutting (I1) and eighteen were not. This finding describes well the pertinence of workforce reduction or retrenchment as a strategic for survival. The trend of labour force has shown a sharp decline from 2005 to 2010. In the other side, thirty two out of thirty seven firms were involved in value-added production paradigm (J1) and five were not. Table 3 showed that firms’ involvement in value-added production paradigm (J1) represented 89.47% of the firms which were involved in the labour cost cutting (I1 1) and 10.53% of the firms which were not involved in the labour cost cutting (I1 2). In addition to the above information, the researcher found that the majority of these firms under investigation were unionized, engaged in collective bargaining, involved in training and developmental activities; had a work council; and lastly the majority of these firms did not experienced any kind of strikes, lockout or other form of violent protest. Also, the findings showed that all these firms made use of the following quality circles: team working, team briefings, general workforce meeting, staff notice boards, use of surveys and lastly use of suggestions boxes. The reason of focusing on value-added production paradigm is to understand how these firms have continuously done to survive in face of increased low cost competition.

Important details about possible links between the different sets of HR practices and performance are presented in Tables 4 and 5. Also, Tables 4 and 5 helped to understand how these firms under investigation can explain their relative performance. The researcher proposes to measure the possible links by using the different HR practices and the indicators of performance such as export level, profit level and output level. This paper proposes to use only one single test, namely the Chi-square test.

**Chi-square test between profit level (G2) and retrenchment or labour cost cutting (I1) and between export level (E2) and retrenchment or labour cost cutting (I1)**

Tables 4 and 5 explore the links between the HR practices
practices and performance. Table 4 showed that there was no link or relationship between profit level (G2) and retrenchment or labour cost cutting (I1) which means that these two variables did not contribute proportionately to the firms’ survival and competitiveness. The researcher then proposed to interpret the Chi-square test to see whether there was any relationship. The Pearson Chi-square test helps determine if, in general, there is any relationship between two variables. The Chi-square test p= .19414 or p= .19 on Table 4 was superior to p= .050. This means that retrenchment or labour cutting cost strategy (I1) and profit level (G2) as shown on Table 4 were not statistically significant. The Chi-square test also showed that there was no relationship between the profit level and labour cutting cost strategy or retrenchment for firms to be profitable or to perform well. Furthermore, Table 5 showed that there was no link or relationship between export level (E2) and retrenchment or labour cost cutting (I1) which means that these two variables did not contribute proportionately to the firms’ survival and competitiveness. The Pearson Chi-square test p= .15699 or p= .16 was superior to p= .050. This means that retrenchment or labour cutting cost strategy (I1) and export level (E2) were not statistically significant and they also showed that there was no relationship between the export level (E2) and labour cutting cost strategy (I1) or retrenchment for firms to perform well. The findings revealed that there was no link between profit level or export level and HR practices on how to boost firms’ performance. Additionally, these findings did not show whether HR practices are related to the firms’ performance or whether HR practices are part of the performance process. The researcher proposes that more tests and investigations need to be done to demonstrate whether there is any causal relationship between HR practices and firm performance as this paper was based on a single test, namely, the Chi-square test.

**DISCUSSION AND SUMMARY OF INTERVIEWS FINDINGS**

Importantly in this paper, labour repression refers to any unfair cost advantage used in a firm to remain competitive. It comprises issues such as wage repression; abusive reduction of labour production cost; exploitative wage; deprivation; inhumane treatment; arbitrary sacking; repression of workers’ rights; code of conduct violation; reduction of worker benefit; forced labour; unfair retrenchment; abusive retrenchment; and very bad working conditions. Furthermore, retrenchment is viewed in this paper as a preventive or curative strategy that helps firms remain survival and competitive. One of the research questions was to understand if there was any sign or indication of labour repression in the textile, leather and clothing firms under investigation.

How many firms in this paper were involved in labour repression? The researcher proposes to look at the overall labour issue on how these textile, leather and clothing firms in Eastern Cape/SA could be related to labour repression. The listed findings did not show any involvement in labour repression as the two variables (strike involvement, retrenchment) that could have provided that information unfortunately reveal no information. The paper shows that only some firms were involved in strikes and retrenchment but it reveals no further details about labour repression. In brief, none of the firms in this study were involved in labour repression which results on most of the firms practically complying to best labour practice to some extent. The researcher found that the majority of these firms under investigation were unionized, engaged in collective bargaining, involved in training and developmental activities; had a work council; and lastly the majority of these firms did not experienced any kind of strikes, lockout or other form of violent protest. Also, the findings showed that all these firms made use of the following quality circles: team working, team briefings, general workforce meeting, staff notice boards, use of surveys and lastly use of suggestions boxes. In brief, there was no report of abusive retrenchment and most of strike manifestations or protests were due to wage increases and workers’ demand to be placed on the government’s new training layoff scheme (Herald, 2010:8).

The findings revealed that the survival of these firms were relying on the following characteristics such as design, marketing, consistent quality, product specialization, and research and development. The force of these firms’ sustainability and competitiveness remain their price and quality and other firms combine the following: shorter lead time and innovation production. Lastly, another interesting finding is that all the firms agreed that they don’t have any governmental support to improve wealth. The main findings of the interviews related to the sustainability and competitiveness of the textile, leather and clothing industry in the Eastern Cape Province are very pertinent and complex. The researcher observed that these firms retrench people to save money in the production process and discovered a strong labour union with wage negotiations being conducted in bargain council. Both the Textile Federation (TEXFED) and Clothing Federation (CLOFED) indicate that local manufacturers need to build capacity in all areas of the value chain in South Africa to effectively supply to the major retails and to remind globally competitive. Such competitiveness encompasses cost, quality, flexibility, reliability, adaptability and the capability to innovate. These interventions must include activities on manpower, machines, materials and methods (also called the three “P’s”: People, Products and Processes). Also, government intervention is needed to promote or protect the local industry and ask South Africa Revenue Services (SARS) to clean up the illegal imports and to put an end to
“under-invoicing”. In order to become globally competitive, local producers must look at various aspects such as best labour practices, state of the art equipment and machinery, raw materials at low (but fair) prices and focus on niche products.

Conclusion

This article explored the competitiveness of the textile, leather and clothing industry in the Eastern Cape Province, South Africa by looking at what works in the industry, why and what can be done to make things work better? From the literature as well as the result it is clear that best labour practices and value-added production paradigms play a crucial role for the competitiveness and survival of the local industry in face of increased low cost competition. Thus, there is an urgent need to spread these best labour practices and value added production in the textile, leather and clothing industry for its survival and competitiveness. The results indicated that thirty one out of thirty seven firms were using value added production paradigms while nineteen out of thirty seven firms were using labour cost cutting to survive and remain competitive. The majority of the firms were using value added production paradigm and were complying to best labour practices just to remain competitive as a response to these new low cost competition challenges. Furthermore, the findings revealed that there was no indication of labour repression and twenty two out of thirty seven firms can be called ‘survival firms’ as their profit level decreased during the period 2005 to 2010. Further results showed that only some firms in the Eastern Cape Province were doing quite well even though these firms were retrenching continuously their labour force; trying to improve and stabilize their output level; experienced a decrease of their profit level; did not experienced any kind of strikes; make use of quality circles, have no governmental support to improve wealth. In addition to the above, all these firms produced first of all for the local market before thinking to export. There is an urgent need between managers and workers to help improved efficiency in the different firms. Importantly, high value added products for niche market helps but it is usually smaller quantities. And as soon as it is successful, it is being copied by countries like China at much lower prices. This paper suggests that government intervene to promote or protect the local industry by giving more export incentives and favorable duty rate for import of raw material, access technology, market knowledge, skills training and investing in both infrastructures and human capital, imposition of quota restriction, provide a stimulus investment grant to help upgrading production capacity, stable policy concerning exchange rate, interest rate, inflation and wage. It appears that Government should also put in place strict policies to control and curb the current high level of illegal import or ask SARS (Customs) to clean up the illegal imports and to put an end to “under-invoicing”. However, South African firms are successful in technical and industrial type products. Also, firm flexibility is needed as it helps to get into a range of niches in the local market where foreign firms can’t compete due to logistical constraints. In order to remain globally competitive, local producers need to look at the following aspects such as best labour practices, state of the art equipment and machinery, improving customer responsiveness, raw materials at low (but fair) prices and focus on niche products. Also, more attention is needed for productivity challenges affecting the firms’ prosperity by improving technology and upskilling the workforce. According to Morris and Barnes (2008: 43), this places a major policy onus on governments and international agencies to provide production capability upgrading assistance to firms (such as firm-level innovation, skills training and investments in human capital, continuous improvement networks and benchmarking programmes) as well as finance to access technological innovation. More research will be needed in the future to thoroughly investigate whether labour repression did take place in certain firms as no such signs of labour repression was found.

REFERENCES