Assessing the Nature of Competition with Small Scale Textiles Industries in Bono Region, Ghana

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Abstract:  
In a challenging and ever-changing global textiles market, leaders in textiles business continually sought business practices to be competitive. Small Scale Enterprises (SSEs), as the engine of industrial growth should be protected to grow and develop into major production centres. However, SSEs in Ghana remained vulnerable to global competition challenges. This study sought to examine the competition and its impact on small scale enterprises (SSEs) of the textile industry in the Bono Region of Ghana. Using a mixed methods research approach involving questionnaires, interview and observation, the views of designers, producers and other textiles workers were sought. The study pointed out that SSEs in developmental stages fold up due to negative business practices. The study recommends amongst others; duty-free importation of raw materials, subsidy on utility tariffs and mass education as means of helping SSEs to grow.  

Keywords: Competition; Competitive Advantage; Small Scale Enterprise; Textiles Industry.

1. Introduction  
In most parts of the world and in Ghana, textile designers earn their living through the works they produce. Very few designers combine textile designing and production with other careers as a source of earning a living. The textile industry, as a key avenue for economic growth and development, creates jobs for designers, producers, distributors, retailer sand suppliers [1]. However, recent business practices had resulted in difficulties for infant textile designers, manufacturers and Small Scale Enterprises (SSEs) to compete in the local market [2-3]. As state and privately owned companies struggle for market share, SSEs fold up leading to stagnation in industrial growth and development [4-5].

Ghana Statistical Service [6-7] annual reports indicate that manufacturing and sales of local textiles slowed down by 3% in 2016 while’simportation of textiles rose from 538.7 million Ghana cedis in 2011 to 1, 071.50 million Ghana cedis in 2015. Within 2005 and 2018, the industry recorded a significant increase in importation of finished textiles, smuggling of textiles and mass lay-off of textiles workers [8 -10]. This resulted in series of public demonstrations over practices that lead to the folding up of local textiles companies [10-11]. In 2016 (Table 1), Akosombo Textiles Limited (ATL) products were not sold in Bono (B/A) and Ashanti (A/R) Regions of Ghana [12].

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Table 1. Consolidated monthly domestic market data [12].

<table>
<thead>
<tr>
<th>MONTH</th>
<th>ITEM</th>
<th>B/A</th>
<th>A/R</th>
<th>E/R</th>
<th>N/R</th>
<th>UW/R</th>
<th>UE/R</th>
<th>G/A</th>
<th>C/R</th>
</tr>
</thead>
<tbody>
<tr>
<td>January, 2016</td>
<td>GTP</td>
<td>71.67</td>
<td>73.33</td>
<td>77.67</td>
<td>75.00</td>
<td>86.67</td>
<td>66.67</td>
<td>77.50</td>
<td>76.00</td>
</tr>
<tr>
<td></td>
<td>ATL</td>
<td>-</td>
<td>-</td>
<td>120.00</td>
<td>95.00</td>
<td>80.00</td>
<td>70.00</td>
<td>115.0</td>
<td>95.00</td>
</tr>
<tr>
<td></td>
<td>HI</td>
<td>41.67</td>
<td>43.33</td>
<td>50.00</td>
<td>60.00</td>
<td>73.33</td>
<td>45.00</td>
<td>48.00</td>
<td>45.67</td>
</tr>
<tr>
<td>June, 2016</td>
<td>GTP</td>
<td>70.00</td>
<td>81.33</td>
<td>76.33</td>
<td>76.50</td>
<td>85.00</td>
<td>66.67</td>
<td>76.50</td>
<td>83.00</td>
</tr>
<tr>
<td></td>
<td>ATL</td>
<td>-</td>
<td>-</td>
<td>85.00</td>
<td>90.00</td>
<td>120.00</td>
<td>70.00</td>
<td>160.0</td>
<td>95.00</td>
</tr>
<tr>
<td></td>
<td>HI</td>
<td>38.00</td>
<td>50.00</td>
<td>58.33</td>
<td>56.67</td>
<td>76.67</td>
<td>45.00</td>
<td>47.50</td>
<td>45.67</td>
</tr>
<tr>
<td>August, 2016</td>
<td>GTP</td>
<td>70.00</td>
<td>81.33</td>
<td>79.67</td>
<td>67.00</td>
<td>77.50</td>
<td>118.3</td>
<td>76.67</td>
<td>78.33</td>
</tr>
<tr>
<td></td>
<td>ATL</td>
<td>-</td>
<td>-</td>
<td>70.00</td>
<td>90.00</td>
<td>70.00</td>
<td>78.33</td>
<td>145.0</td>
<td>95.00</td>
</tr>
<tr>
<td></td>
<td>HI</td>
<td>38.00</td>
<td>50.00</td>
<td>55.00</td>
<td>55.00</td>
<td>65.00</td>
<td>50.00</td>
<td>47.33</td>
<td>45.00</td>
</tr>
<tr>
<td>September, 2016</td>
<td>GTP</td>
<td>75.00</td>
<td>95.00</td>
<td>75.00</td>
<td>76.00</td>
<td>78.33</td>
<td>75.00</td>
<td>76.25</td>
<td>78.33</td>
</tr>
<tr>
<td></td>
<td>ATL</td>
<td>-</td>
<td>-</td>
<td>84.00</td>
<td>90.00</td>
<td>115.0</td>
<td>-</td>
<td>135.0</td>
<td>95.00</td>
</tr>
<tr>
<td></td>
<td>HI</td>
<td>45.00</td>
<td>50.00</td>
<td>55.00</td>
<td>55.00</td>
<td>63.33</td>
<td>50.00</td>
<td>48.75</td>
<td>45.00</td>
</tr>
</tbody>
</table>

Comparatively, imported textiles (HI) were sold almost half the price of local textiles (GTP, ATL). Although countries such as Nigeria and China focused on development initiatives for SSEs by granting 10% duty incentives, 30% export expansion grants, 0% VAT and 0% NHIL, the Ghana Government initiative for the textile industry was a 0% duty incentives, 0% export expansion grants, 12.5% VAT and 2.5% NHIL [13]. Objectively, just as it would be unrealistic to match up the industrial growth progress of Ghana to Nigeria and China, smaller and weaker companies trying to match the increased spending of well-funded competitors will likely fail.

However, for Ghana to attain full industrialisation, SSEs must be protected to grow and develop into major production centres [14]. Like in other parts of Ghana, SSEs are there as the engine of growth, that grow and develop into major factories. Unfortunately, SSEs in the Bono Region usually spring up but die-off easily. This study therefore investigates the nature of competition and its impact on small-scale textile companies. In doing so, the factors that hinder the growth and development in the performance of SSEs in the textiles industry and the possible interventions will be highlighted.

2. Literature Review

2.1 Competition in the textile industry

Competition and competitiveness are terms often used in business discussions regarding a company’s ability to accomplish strategic policy goals embedded in the objectives of the company [15]. The word competition simply implies rivalry actions among individuals, groups or nations intended to secure the patronage of consumers [15-16]. Mayo [16] asserting that competition usually incites enterprises to take favourable actions that are detrimental to other enterprises, sees competition as what can result in improved efficiency, low products pricing, increased product quality, innovation and product development. Healthy competition is the main promoter of competitive designing and innovation [17]. However, unhealthy competition promotes negative business practices [18].

According to Bright cited in Gregorio [19], competitive designers strive by designing to devalue and outshine rival designs. When top designers show a new look, innovatively competitive designers decide the appropriate timing for inclusion of such new designs [20]. Hence, industrial
players who lurk behind in creativity and innovation may not function well in striving for competitive advantage [5]. Chidawanyika [21] proposed that to survive in the 21st century market, designers must be ready to study market trends and respond with new styles and niche designs. Howard [3] perceived the competition as complex, requiring the understanding of the design, management and technology processes. Nonetheless, the ultimate test of a business’ competitiveness rest in the market place [22]. Competitive textiles companies are those that are able to survive market struggles with good profit [23]. Sometimes, long-term strategies are well blended with short term tactics to outshine rivals. In all cases, the success is based on survival strategy rather than making a year’s profit [22].

Some companies achieve competitiveness on cost grounds by undercutting rivals prices through cost efficiency strategy [20]. Such companies are often operationally efficient, achieving low costing of products through production cost minimization [15]. Typical cost competitive adjustment strategies rest mainly on labour management, location of business, outsourcing policy, technological advancements, product quality, consumer satisfaction and clients’ relation policy of the company [23]. Other companies opt for high value differentiation through branding and imagery [15]. They create niche brands through research and design development activities to command high prices in a complex market environment [20]. Hence, most exceptionally strong image branded companies release high operational profit in difficult economic situations. With this strategy, companies mostly make huge profit through acts of smuggling, pirating, evading taxes and false labelling of products [3].

Bruce-Amartey et al. [24] identified under-declared imports (declaring lower quantities or lower values than what was actually brought into the country) and misrepresentation of fabrics imported (e.g. describing fancy print which attracts higher duty as wax print) as unhealthy ways of undercutting prices of imported fabrics. Segbefia [25] is optimistic some unhealthy competitive practices involve importing textiles with the same motifs, designs and quality. In Ghana, the indigenous designs and logo of GTP, Printex or ATL are common on Chinese textiles [24, 26]. A number of reasons have been assigned for these prevalent unhealthy competitive practices. Industrial analysts believed the business environment have been unpredictable, narrowing trade routes whiles technology expands creating huge production excesses. So, developed countries ease excess build ups through trade with developing countries [27]. Meanwhile, most developing countries were adopting protectionist theories to industrialise and protect their infant industries.

To avoid trade sanctions, developing countries tend to adopt liberal trade policies which often reduces the domestic market space of local companies or caused some companies to fold up due to non-profitability [5, 28]. For instance, Ghana adopted the Import Substitution Industrialisation (ISI) and the African Growth and Opportunity Act (AGOA) trade policies to help industrialised the country [3]. However, the two policies rather opened the market gates for increased importation that led to the performance difficulties of local textile companies [14]. Retailing and importing activities created global connections which assisted manufacturers built global brands to offshore mass produced textiles thereby promoting external competition and a shift of taste [27]. The shift of taste from culturally embedded textiles design-use to a more modernise and globalise design-use resulted in a downgraded and worsen value system in dress norm [13].

Aside the influx of cheap imports promoted by trade liberalisation, the domestic manufacturing industries suffered from internal constraints (lack of raw materials, high utility cost, high duty on import of raw materials for printing, and poor access to credit) that escalates production cost and
impedes competitive pricing [29]. In the opinion of Bruce-Amartey et al. [24] and Lee [28], these internal constraints impede domestic textile development and pose huge consequences on the profit margins of the infant producers. Ghana Statistical Service [14] report indicated that rise in cheap imports, slowdown consumer spending, difficulty in accessing capital, lack of innovation, relatively high pricing of local products, poor distribution channels and inability to promote local sales are the factors that push people to engage in unhealthy competition. Boakye [27] identified energy shortages, high utility costs and high transport cost as major disadvantages that raise business costs and impede industrialization.

2.2 Small scale textile industries

Small scale enterprises are generally privately owned and sole proprietorship or partnership companies that employ small number of workers and do not have a high volume of sales [29]. According to Aboagyeewaa-Ntiri and Mintah [30], small scale textile enterprises produce the smock clothes, tie-dye and batik, screen printed fabrics, kente and adinkra fabrics [27]. They process, produce and finish indigenous and contemporary textiles [31]. Small scale enterprises (SSEs) use less sophisticated machines in their operations demanding abysmal power supply from the state. Notwithstanding piracy and imitation or branding challenges, their unique and exquisite textile designs had been the scrap books for many large scale producers. At times, they undertake design innovations for factories to mass produce.

Akugri et al. [1] opined that SSEs are the driving force behind innovative textile design and job creation that empower rapid industrial growth; hinging largely on private sector development. In Ghana, SSEs contributes 59.9% of workforce employment with 85.6% of establishments being privately owned [14]. Apart from loss of jobs to individuals, their exit from the textiles sub-sector affects the gross domestic product of Ghana [1]. In Indonesia, Thailand, Philippines, Hong Kong, Japan, India and Korea, SSEs form 90% of the industries. In China, SSEs are responsible for 60% of industrial output and 75% of workforce employment [32]. In Africa, SSEs account for 90% of rural and urban sector enterprises making SSEs the major employment avenue, stimulating the development of countries by promoting entrepreneurial and business skills development in communities [1].

Hence, Ntiamoah et al. [32] and Mensah [33] argued that small scale entrepreneurship is an avenue through which low and middle income countries can move to a high income status. Bruce-Amartey et al. [24] noted that with adequate bailouts, SSEs can help in the expansion of the textile manufacturing sector both qualitatively and quantitatively to curb labour unrest and public agitations. However, though new entrants are sprouting up, only a few of them are doing well in production Appiah [34]. Small scale enterprises (SSEs) by law should develop into large-scale enterprises to ensure expansion in the industrial sector. However, unhealthy competitive practices do not permit growth and expansion of SSEs. Kharybin [35] noted that one factor driving entrepreneurial profit and survival was the actions of competitors which pin enterprises to price product lower, higher or same as competitor. Consequently, SSEs in developmental stages competing with a relatively high number of companies struggle to set prices to gain market share and stay in the market [35]. Again, it emerged that since these SSEs set prices of items to cover production cost, overhead cost and profit; any increase in production cost or concomitant overhead cost would likely cause a decrease in profit [20]. So, well-funded businesses tend to set prices that will stop competitors from entering the market, increase market share and stay in the market. Ghana Statistical Service [14] noted that in a high import-driven
market with uncontrolled pricing SSEs trying to match up the increased spending of their large scale competitors easily die-off.

According to Guarino [36] and Ministry of Trade and industry [12], in attempting to diversify national economy, government intervention for infant industries must come in the form of tariffs, subsidies, administrative trade policies and quotas. Unlike China, Pakistan, Nigeria and Egypt, the full cost of electricity and water is paid by local companies in Ghana [11, 24]. This coupled with the scarce costly raw materials tend to make locally produced textiles cost higher than imported textiles. For example, the price of 12 yards of imported wax prints ‘High Target’ after going through import duties and freights costs is GH¢ 60.00 as against locally manufactured ‘GTP Wax’ which costs between GH¢ 120.00 and GH¢180.00 in 2012 [12].

Bruce-Amartey et al. [24] and Shandor [10] added that importers who invade duty through smuggling, under invoicing or corruption are able to reduce prices far below imagination. Though competition was a vital, the liberalization of external trade had exposed many vulnerable domestic manufacturers to unhealthy competition [28, 37-38]. Using well-thought-out trade restrictions that would create balance in pricing strategy can in no small way help reduce unhealthy practices in the textiles sector. In the opinion of Bruce-Amartey et al. [24], policy interventions such as strict punishment for tax invaders, smugglers and copyright offenders can reduce unhealthy competition.

Small scale enterprises that continue to gain popularity amid cheap imports and online sales have specialised product portfolios and offer personalised service to consumers [16]. Simpson [23] and Listra [15] indicated that conventional textile producers must be more responsive to customers’ changing needs. Acts of making shopping as a leisure activity should be enjoyable experience to customers than online shopping, which can also be a move towards overcoming unhealthy competition [16].

3. Methodology and Sampling Procedure

The population of the study consist of designers, producers, importers and other textiles workers who contributed to this research by sharing their views and ideas on the competition in the textile industry. The respondents were selected from five (5) key commercial districts: Dormaa municipal, Jaman south district, Wenchi municipal, Berekum district and Sunyani municipal in Ghana (Table 2). The study adopted the quota and convenience sampling techniques.

<table>
<thead>
<tr>
<th>Trade group</th>
<th>Sunyani municipal</th>
<th>Dormaa municipal</th>
<th>Wenchi municipal</th>
<th>Jaman district</th>
<th>Berekum district</th>
<th>sample %</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designers</td>
<td>9</td>
<td>9</td>
<td>8</td>
<td>9</td>
<td>7</td>
<td>28</td>
<td>42</td>
</tr>
<tr>
<td>Producers</td>
<td>10</td>
<td>10</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>29.3</td>
<td>44</td>
</tr>
<tr>
<td>Importers</td>
<td>8</td>
<td>8</td>
<td>7</td>
<td>9</td>
<td>8</td>
<td>26.7</td>
<td>40</td>
</tr>
<tr>
<td>Others</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>4</td>
<td>16</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>32</td>
<td>27</td>
<td>31</td>
<td>27</td>
<td>100</td>
<td>150</td>
</tr>
</tbody>
</table>


A total of 150 questionnaires were distributed to respondents from the five (5) districts in the Bono Region. The questions included bio data like sex, age and educational background of respondents, among others. Structured interview was administered to officials of the Ghana
Revenue Authority, Custom Exercise and Preventive Services and owners of enterprises who were ready to answer the questionnaires. The Statistical Package for Social Science version sixteen (SPSS 16) was used to process the data into frequency tables and percentages that were generated and interpreted. Descriptive statistics was the main medium used for the analysis.

The Bono (Region, with a land size of 11,481 km², have 12 districts with 1,082,520 in population. The region is noted for cultural and wildlife attractions which brings tourists from far and near into the region (Ghana Statistical Service, 2018). However, the region lacks a textile manufacturing factory.

4. Results and Discussion

The study explores the competition in the textile industry in the Bono Region of Ghana. The gender composition of the population of 59.3% women and 40.7% men reflects the larger position of women in the textile industry. On the average, most persons engaged in the textile industry had acquired some level of education. However, it was observed that the level of exposure, acquired knowledge and experience of individual textile workers also help determine their business performance, competitiveness and contribution towards consumer satisfaction. In the view of 7.3% of respondents, the competition was helping in improving the level of product efficiency, lowering prices, increasing product quality, innovative heights and product designs development. This notwithstanding, individuals and companies deployed varied diabolic strategies to maximise sales and make unusual profit.

Subject to Listra [15] and Mayo [16], definitions of competition supported by 77.3% of the data responses, the study perceived the competition in the textile industry in the Bono and Bono East Regions of Ghana as stiff and unhealthy. Besides, local textiles competing with imports faces a number of challenges that inhibited their growth and key factors aggravating the situation included the inflow of un-costumed goods through unfair trading practices, infringement on intellectual property rights and the importation of imitated textiles whose lower prices significantly affect the developments and production of the local textiles [13].
Against Quartey and Abor’s comparative analysis [13] of the quality of imported textiles vis-à-vis local textiles, 63.3% of the respondents agreed that imported textiles were cheaper. On the other hand, defence for preference for local textiles had always being on the issue of quality and satisfactory performance. Yet, it is difficulty to convince some consumers of imported textiles that quality comes with cost and hence the higher the price, the best the quality. Unlike the report of Quartey and Abor [13], most respondents (71.3%) affirmed that both textiles were of the same quality. Yet, for respondents who preferred imported textiles, only 21% claimed imported textiles were of good quality. On the contrary, the field data revealed that the quality of textiles is not best judged by its price tag. Statistically, 71.3% of respondents agreed that the market price of a textile product do not always determine the comparative quality of the textile in most cases. The fact that the price of a textile was higher does not mean that the textile was of better quality. Therefore, most Ghanaians not only preferred imported textiles because of quality and durability but affordability too (table 1).

Competitive pricing advantage in the area is achieved through pirating of registered designs, imitating the original stickers of local textile companies, copying brands and selvedge markings of locally printed textiles, copying tickets and labels of the Ghana Standards Board logo, and providing inadequate labelling information on the origin of the product [24]. In doing so (Table 2), they are able to evade taxes and avoid the payment of high charges on design development which enable them to sell these products at very low prices [5].

Table 3. Some unhealthy competitive practices.

<table>
<thead>
<tr>
<th>To what extent do you agree that these unhealthy practices exist in the textile industry?</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some textiles are smuggled into the country.</td>
<td>68.6%</td>
<td>20.7%</td>
<td>10.6%</td>
<td>100%</td>
</tr>
<tr>
<td>Local textile designs are pirated by foreigners companies.</td>
<td>70.0%</td>
<td>20%</td>
<td>10%</td>
<td>100%</td>
</tr>
<tr>
<td>Some imported textiles are under-invoiced.</td>
<td>68.6%</td>
<td>22.7%</td>
<td>8.7%</td>
<td>100%</td>
</tr>
<tr>
<td>Some imported textiles bear false labelling information.</td>
<td>75.3%</td>
<td>20%</td>
<td>4.7%</td>
<td>100%</td>
</tr>
<tr>
<td>Importers bribe customs officials to avoid paying taxes.</td>
<td>71.3%</td>
<td>23.3%</td>
<td>5.4%</td>
<td>100%</td>
</tr>
<tr>
<td>Some imported textiles have under-declared invoice.</td>
<td>72.7%</td>
<td>20.7%</td>
<td>6.6%</td>
<td>100%</td>
</tr>
</tbody>
</table>


The underlying consideration for the impact of unhealthy practices in competition is the pricing of finished textiles. Intelligence Node [20] noted that in order to ensure profitable sustenance of business, managers have to set the price of items to cover the production cost, company overheads costs and suitable profits.

Over the years, Ghanaian domestic utility agencies had recorded high increase in utility tariff promulgating high cost of production of local textiles. As 82.0% of respondents sought for duty-free importation of raw materials for printing, 80.7% advocated for free energy and water supply to the local industry. Hence, 74.7% of respondents agreed that high production cost often leads to decreased profit margins and competitive disadvantages which in many cases result in the poor performance of SSEs. Again, 67.3% of the respondents believed pirating of indigenous designs as a result of high production cost is one factor that causes the poor performance of the SSEs in the study area. Implicitly, as the low priced pirated textiles are comparatively good substitutes for the local textiles, consumer preference for imported textiles rise resulting in the loss of market shares and sales stagnation for local textiles.
Another emerging consumer’s view point [66% of respondents] was that high import duties imposed on imported textiles results in smuggling, under invoicing and inadequate labelling information. The study revealed that when textiles are smuggled into the country, they are often sold cheaper because of the tax evasion and other charges eliminated. In the view of Mensah [33], low demands for locally produced textiles due to pricing difference have been the over-riding factor that constrained SSEs’ growth and sustainability in Ghana.

Table 4. Factors that lead to unhealthy competition.

<table>
<thead>
<tr>
<th></th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>To what extend do you agree that these factors leads to unhealthy competition?</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Low patronage for products.</td>
<td>90.6</td>
<td>4.7</td>
<td>4.7</td>
<td>100</td>
</tr>
<tr>
<td>Love for increased profit margin.</td>
<td>85.3</td>
<td>5.3</td>
<td>9.4</td>
<td>100</td>
</tr>
<tr>
<td>Unprofitability of genuine business process.</td>
<td>82.7</td>
<td>11.3</td>
<td>6.0</td>
<td>100</td>
</tr>
<tr>
<td>High import duty on products.</td>
<td>92.0</td>
<td>3.3</td>
<td>4.7</td>
<td>100</td>
</tr>
<tr>
<td>Inadequate raw materials for textiles printing.</td>
<td>80.0</td>
<td>12.7</td>
<td>7.3</td>
<td>100</td>
</tr>
<tr>
<td>High transport cost.</td>
<td>88.0</td>
<td>6.7</td>
<td>5.3</td>
<td>100</td>
</tr>
<tr>
<td>High utility cost.</td>
<td>89.4</td>
<td>5.3</td>
<td>5.3</td>
<td>100</td>
</tr>
<tr>
<td>Difficulty in clearing goods at ports and borders.</td>
<td>86.7</td>
<td>10.0</td>
<td>3.3</td>
<td>100</td>
</tr>
<tr>
<td>Unnecessary demands from custom officials.</td>
<td>80.7</td>
<td>15.3</td>
<td>4.0</td>
<td>100</td>
</tr>
<tr>
<td>Poor government policy for textile industry.</td>
<td>85.3</td>
<td>10.7</td>
<td>4.0</td>
<td>100</td>
</tr>
</tbody>
</table>


A survey report conducted in the Bono and Bono East Regions of Ghana (Table 4) identified the following factors that lead to unhealthy practices; low patronage for products, love for increased profit margin, unprofitability of genuine business process, high import duty on products, inadequate raw materials for textiles printing, high transportation cost, high utility cost, difficulty in clearing goods at the ports and borders, unnecessary demands from custom officials at port and borders and poor government trade policy for textiles development. The findings together with field observations pointed out that most Ghanaian entrepreneur have strong desire for increased profit.

5. Conclusion and Recommendations

The research findings highlighted on strategies used by textile industrial players to implicitly secure the patronage of consumers of textiles and maximise profit. Hence the competition is perceived in two emerging themes: cost and quality. Apparently, businesses as appearance in the study area, either compete on cost grounds by undercutting rivals prices or on grounds of quality by branding and imagery through research and design development. These notwithstanding, most businesses in the Bono Region set prices to cover production cost, overhead cost and suitable profit. On the contrary, as the production cost or overhead cost increased, the profit decreased unless the commodity price is adjusted upward.

The quality of textiles however is not best judged by its price tag, but consumer preference, needs and wants are the driving force behind a large number of innovations and designing trends that contribute to the growth of the industry. The market price of a textile does not always determine the comparative quality of the textile in most cases. Most Ghanaians (especially in the study area) prefer affordable textiles irrespective of the quality and durability.
The study described the competition in the textiles industry as unhealthy since individuals and companies deploy dubious strategies to maximize sales and make profit thereby creating serious performance challenges for infant SSEs in the sector. Globally, an ideal competition should aim at improving product efficiency levels, price control, quality assurance and innovative product designing geared towards consumer satisfaction. The study unfolded that sometimes the competing strategy of well-founded companies makes the market environs so unfriendly that infant SSEs become non-profitable and unproductive.

Again the study recommends four strategic ways of reducing the impact of unhealthy competition on SSEs in the textiles industry. To recant unhealthy practices and the associated piracy with its negative impact on SSEs performance and growth within the study area, duty-free importation of raw materials for printing with a good subsidy on utility tariffs is recommended. This could be boosted up with grants, low interest loans and tax breaks to domestic producers of textiles to level up the pricing difference between imports and local textiles.

Another recommendation is that Government policy on textiles must include direct restrictions on imports of finished textiles in the form of tax as well as administrative trade policies designed to create serious difficulties for the sales of imported textiles below their local production costs at the local market. Well-thought-out trade restrictions that would create balance in pricing strategy will help reduce unhealthy practices in the textiles sector. The government must also be up to the task of fighting escalating high smuggling, pirating of local textile designs, under-invoicing, false labelling, and bribing of custom officials. The study believed if imported textiles from low cost production countries were lawfully imported, the duty and other taxes cannot afford them to be sold cheaper than the local textiles. Empirically, most local producers are unable to set competitive prices to beat competitors, gain market share and stay in the market because of the comparative difference in production cost or overheads cost.

One other recommendation is investing in technology, fabric design and finishes. SSEs must consider investing in improvement to equipment used in designing and creating textiles at a much faster rate. Government must assist SSEs with loans and grants to invest in advanced technology for designing, mass production and quality finishing of local textiles to reduce folding up of SSEs. Local textiles producers must also be more responsive to customers’ changing needs by constantly developing specialised product portfolios and offering personalised services to consumers.

The fourth recommendation is educating producers, designers and management leaders of SSEs on the need to invest in Ghanaian-made textiles products to aid in creating a brand that would be recognized for quality using domestic workers. This education should also be extended to retailers, buyers and importers on the need to lawfully import textiles that consumers will appreciate and use. SSEs management need to explore different approaches to being competitive in the textiles industry. In addition to the above, the need for formulation of better national education policy with emphasis on acquisition of entrepreneurship skills development supported by public education on the identification of locally produced textiles to help customers patronise the local prints may also be a potent means of encouraging healthy competition. In brief the use of trade shows and conferences can educate consumers to buy Ghana-made textiles which can create jobs for people and support the advancements in the textiles industry in Ghana.
References


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