



Analysis of the Primary and Support Activities in the Value Creation of Selected Garment Factories in Addis Ababa, Ethiopia

**By
Zebib Sultan**

**A Thesis Submitted to the Addis Ababa University, School Of
Commerce in Partial Fulfillment of the Requirements for the Degree of
Masters of Arts in Logistics and Supply Chain Management**

Advisor: Shiferaw Mitiku (Ph.D)

**June 2017
Addis Ababa, Ethiopia**

APPROVAL SHEET

ADDIS ABABA UNIVERSITY, COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT

**ANALYSIS OF THE PRIMARY AND SUPPORT ACTIVITIES IN THE VALUE CREATION OF
SELECTED GARMENT FACTORIES IN ADDIS ABABA, ETHIOPIA**

By Zebib Sultan

Approval by Board of Examiners

Shiferaw Mitiku (Ph.D)
Advisor

Signature

Date

Tadewos Mentaa (Ph.D)
External Examiner

Signature

Date

Tekelegiorgis A.
Internal Examiner

Signature

Date

Statement of Declaration

I hereby declare that this thesis entitled “**Analysis of the Primary and Support Activities in the Value Creation of Selected Garment Factories in Addis Ababa, Ethiopia**” is original work of my own and had not been presented for a partial fulfillment for any educational qualification at this university or any other and in any projects by any means, and all the resources materials used for this thesis had been accordingly acknowledged.

Zebib Sultan

Date

Statement of Certification

This is to certify that Zebib Sultan has carried out her research work on the topic entitled **'Analysis of the Primary and Support Activities in the Value Creation of Selected Garment Factories in Addis Ababa, Ethiopia'**. The work is original and is suitable for submission for the award of the Degree of Masters of Arts in Logistics and Supply Chain Management.

Certified by:

Dr. Shiferaw Mitiku (Ph.D)

Advisor's Name

Signature

Date

TABLE OF CONTENTS

Statement of Declaration	ii
Statement of Certification	iii
Table of contents	iv
List of Tables	vii
List of Figures	viii
Abbreviations/Acronyms	ix
Abstract	x
CHAPTER ONE:	1
1- Introduction.....	1
1.1 Background of the Study.....	1
1.2 Statement of the Problem.....	3
1.3 Research Objective.....	4
1.4 Research Questions	4
1.5 Scope of the Study.....	4
1.6 Limitation of the study:.....	5
1.7 Significance of the Study.....	5
1.8 Definition of terms.....	5
1.9 Organizations of the study	6
2- CHAPTER TWO: REVIEW OF RELATED LITERATURE.	7
2.1 Introduction	7
2.2 Theoretical Framework.....	7
2.2.1 What is Value?	7
2.2.2 Value Chain	7

2.2.3 Value Chain Analysis.	8
2.2.4 Why value chain analysis?	9
2.2.5 Porter’s (1985) Value Chain Framework.	10
2.2.6 Activity Types.	17
2.2.7 Competitive Strategy:	18
2.2.8 Garment Production process flow chart	20
2.2.9 Quality Dimensions of Garment	23
2.2.10 Characteristics of Garment Industry.	25
2.2.11 Economic upgrading in the value chain	25
2.2.12. Ethiopian Textile and Garment Industry.	26
2.3 Conceptual Framework	28
2.4 Empirical Framework	29
CHAPTER THREE: RESEARCH METHODOLOGY.	31
3.1 Introduction.	31
3.2 Research Approach.	31
3.3 Research Design.	31
3.4 Population and Sampling	32
3.5 Data Source and type.	33
3.6 Data Collection Procedure.	33
3.7 Ethical Considerations.	34
3.8 Method of data analysis.	34
3.9 Data validity and Reliability.	34
3.11 Pilot testing of the research instrument.	35

CHAPTER FOUR: DATA PRESENTATION, INTERPRETATION AND ANALYSIS. .	36
4.1 Introduction	36
4.2 Demographic Characteristics of Respondents.	36
4.3 Primary Activities.	38
4. 4 Support Activities.	43
4.5 Integration between the activities	50
4.6 Competitive Strategy	51
 CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION	 52
5.1 Introduction.	52
5.2 Summary of Findings	52
5.3 Conclusion	54
5.4 Recommendation.	55
REFERENCE	56
 APPENDIX	
i) Appendix 1: Questionnaires.	i
ii) Appendix 2: Interview Questions	vi
iii) Appendix 3: List of Garment Factories in Addis Ababa.	vii

LIST OF TABLES

Table 3.1 Reliability Statistics	35
Table 4.1 Width of Class Interval	36
Table 4.2 Educational Background of Respondents.....	37
Table 4.3 Management of inbound logistics.....	38
Table 4.4 The management of the operations.....	39
Table 4.5 Management of Outbound Logistics.....	40
Table 4.6- Target market of the garment factories	41
..	
Table 4.7 Analysis of Product Design and Branding.....	42
Table 4.8 The management of services in garment factories	43
Table 4.9 Respondent's opinion on the managements leadership skill and competency	43
Table 4.10 Management of the financial activities	44
Table 4.11 Management of the information technology	44
Table 4.12 The management of quality in the garment manufacturers.....	45
Table 4.13 Human resource management in the garment factories.....	47
Table 4.14 Respondents' opinion on the management of technology.....	49
Table 4.15 Integration between the activities.....	50
Table 4.16 Competitive strategy pursued.....	51

LIST OF FIGURES

Figure 2.1: Porter's Value Chain Framework	11
Figure 2.2. Linkages among Primary and support activities.	16
Figure 2.3. Representative sources of differentiation in the value chain	18
Figure2.4: Garment production process flow chart.	20
Figure 2.5: Garment Factories Value Chain Management Conceptual Framework	28
Figure 4.1: Gender Distribution of Respondents.	36
Figure 4.2: Respondent's work experience.	37
Figure 4.3: Departments or Positions of Respondents in the Company	38
Figure 4.4: Respondent's response on sourcing of inputs.	46

Abbreviations/Acronyms

AGOA:	African Growth and Opportunities Act
CMT:	Cutting, Making and Trimming
COMESA:	Common Market for Eastern and Southern Africa
ETGAMA:	Ethiopian Textile and Garment Manufacturers Association
ETIDI:	Ethiopian Textile Industry Development Institute
HRM:	Human Resource Management
SPSS:	Statistical Package for Social Sciences
VCA:	Value Chain Analysis

ABSTRACT

The garment industry of Ethiopia is reported to show a decline in its export performance according to the report of the Ethiopian Textile Industry Development Institute. Gaps in logistics, marketing, leadership capacity are also witnessed in the sector. Success in business depends on finding competitive advantage. With the objective of addressing the problem in the industry from the manufacturers' value chain management perspective, and the role each functional unit plays in delivering value and gaining competitive advantage, this research was carried out on fifteen garment factories what were considered representatives on the basis of long years of experience, productivity, introduction of new technology, marketability. Primary data was collected with the help of questionnaires and personal interviews. In addition, previous research works in the sector, journals and different documents were used as a secondary source of data. The collected data was analyzed using SPSS. The study was based on the value chain model of Michel E. Porter (1985) in which the management of five primary activities: Inbound logistic, operations, outbound logistics, marketing and sales, services, and four support activities as technology development, infrastructures, human resource management and procurements were analyzed. Accordingly, the study revealed that inbound logistics, outbound logistics and firm infrastructure are seen to be well managed. On the other hand; services, technology development, human resources and operations are seen to be moderately managed. However, marketing and sales of the primary activities are seen not to be well managed. In addition, the study also explored the challenges manufacturers face in delivering value. Accordingly, problems with respect to unavailability of locally produced fabrics, accessories, packing materials, and the resulting high cost of import are mentioned as the main challenge by most of the interviewees. Manufacturers should improve their marketing activities incorporating marketing research, product design, branding, beyond the traditional way of selling their products, and develop their human resource management. Considering the challenges they face in the industry, government should work on ways of having input materials manufactured locally.

Keywords: Porter's Value Chain Model, Primary Activities, Support Activities

CHAPTER ONE

INTRODUCTION

Garments have been with us ever since people started wearing skins of animals to those made of clothes. Considered as an important vehicle for nations' development, the textile and garment industry constitutes for the major portion of a country's economy. It is characterized by ever changing demands with high competition in which large and small actors are involved competing in national and international markets. In today's business climate, every company needs to maximize the value of every process in their business. This is where the "Value Chain Analysis" tool is useful. Value Chain Analysis helps companies identify the ways in which the companies create value for their customers, and then helps the companies think through how they can maximize this value (Michel E. Porter, 1986)

1.1. Background of the Study

The garment industry is a buyer driven commodity market whereby profitability comes from combinations of high-value research, design, sales, marketing and financial services that allow the retailers, designers and marketers to act as strategic brokers. Thus firms tend to perform the most valuable activities in the value chain—design, branding, and marketing of products — critically to win the strong competition in the industry. Analysis of the value chain practice plays a critical role in assessing the weakness and strength of parties involved and thereby strengthening their core competency.

According to Michael Porter (Michel E. Porter, 1986) value is "...what buyers are willing to pay for a product or service, and the cost of performing the activities involved in creating it, determines profits." Porter defines the value chain as "the basic tool for diagnosing competitive advantage and finding ways to enhance it..." In his model, Porter explained about the primary activities that comprise a set of activities that contribute to the creation of value in a direct manner and support activities as tasks that are intended to support primary activities towards improving the competitive advantage of a firm.

In garment industry, value chain management becomes critical as the needs of customer change very fast and production of customer value becomes more complex (Gini Stephens Frings, 2002). Buyer will expect from garment companies: a well maintained sample room and fabric/accessory library, a constant supply of new fabrics and accessories, fast and correct sampling, efficient order handling, competitive prices and good quality standard, punctual and quick deliveries (45 to 60 days), a reliable, partnership-like business relationship (Till Freyer, 2003)

The Ethiopian cotton, textile and garment sector is one of the key manufacturing industries prioritized by the government in transforming the country's traditional agricultural based economy to industrialization and expected to substantially boost performance in the second GTP. In addition, the industry is believed to contribute towards employment of skilled and unskilled labor in the country and a major source of foreign exchange. (Addis Ababa Chamber of Commerce and Sectoral Association, an Overview of Ethiopian Manufacturing Sector, October 2015)

The ecological potential or the abundant production of cotton, the availability of manpower, the cheapness of cost of production and investment coupled with export incentives provided by the Ethiopian government is creating conducive atmosphere to invest in the sector. In addition, the improved infrastructural networks, the establishment of support institutions are the tools that render the Ethiopian textile industry competitive in the global market. (Addis Ababa Chamber of Commerce and Sectoral Association, an Overview of Ethiopian Manufacturing Sector, October 2015)

Value addition in textiles is the key to success for transforming the sector's GDP share of the nation. As a result of integrated efforts by the government and the private sector, Ethiopian and foreign investors are recently moving aggressively in the direction of higher value addition through investing in the balancing, modernization, establishing and up-gradation of the textile manufacturing industry by acquiring new technologies and knowhow. (Addis Ababa Chamber of Commerce and Sectoral Association, an Overview of Ethiopian Manufacturing Sector, October 2015)

1.2. Statement of the Problem

Although opportunities in terms of manpower and incentives from government exist, the industry's performance is not as expected for it is registering a decline, where a disparity between the actual and expected performance is spotted. Accordingly, the Ethiopian Textile Development Industry Institute has reported that although an income of 27.8 million dollars in the three months of the year 2016 G.C is expected to be registered from the industry, the actual performance has not exceeded 75% of the planned performance. Further, it is indicated that the industry has shown a decrease of 1.4 million dollar comparing last year's similar three months period performance. Value Chain Analysis (VCA) provides significant opportunities to improve the competitiveness and profitability.

Success in business depends on finding competitive advantage, i.e. what makes a firm superior to competitors and is perceived as valuable by customers. One approach for figuring that out is through value chain analysis, as developed by Michael Porter. The value chain is a sequence of activities that exist in almost every business. Profit is determined by performing these activities efficiently and/or with suitable quality results such that customers are willing to pay more for the resulting product than it cost you to carry out these activities. And customers will buy from you rather than your competitors if you can tweak the value chain to lower costs or achieve superior differentiation. (Rolfe Larson, 2011)

The industry is facing challenges in terms of jointly working with the stakeholders to turn Ethiopia's cotton, textile and garment industry into one of the most important global market networks in the textile business. Due to the focus of manufacturers on domestic sales, the garment products are facing inferior qualities which do not comply with international testing. In addition, gaps that are witnessed in logistics, marketing, leadership capacity and partners support, among others, are some of the current challenges that hinder the sector from becoming competitive. (www.allafrica.com, 2016)

1.3 Research Questions

The following basic research questions are presented to find solution for the problems stated from the management of primary and support activities of the value chain:

- 1- How do manufacturers manage their primary and support activities?
- 2- What challenges manufacturers face in delivering value?
- 3- How are the activities integrated in the value addition process?

1.4 Research Objective

1.4.1 General Objective

Considering the problems stated, the objective of this research is to analyze how garment manufacturers manage their internal value chain and the roles each functional level play in delivering value and thereby gain competitive advantage.

1.4.2 Specific Objective

The study aims at

- assessing the practice of garment manufacturers in managing their value chain through their primary and support activities.
- examining the challenges garment factories face in performing their activities in the value creation process,
- analyzing the integrations between the functional levels of garment factories in the value addition process,

1.5 Scope of the Study

The study was conducted to analyze the management of the primary and support activities based on Michael Porter's Value Chain Model. Considering the location of factories and thereby proximity and easy accessibility to gather data, the study was carried out on garment manufacturers that are situated in Addis Ababa. It was carried out only on 15 garment factories which were selected on the parameters of long years of experience in the industry, production capacity, introduction of recent technology, market penetration, and others. Although the problem stated requires detail study of value chain actors, this research is undertaken to find solutions from the management of the internal value chain and the activities in the value creation process perspective.

1.6 Limitation of the Study

The limitations that are faced in this research: lack of comprehensive and systematic study on value chain and the management of primary and support activities and related issues at the national level; lack of books and other related reference materials on value chain management of the manufacturing industries, and time constraint. Detailed information with respect to profitability and other parameters of productivity in relation to value creation from the garment factories cannot be found. A longer time and enough resources would have helped to discover more findings especially with inclusion of other factories in the industry. As it was conducted on selected garment factories in Addis Ababa, the findings of this research thus cannot be generalized as it requires further studies encompassing other factories.

1.7 Significance of the Study

The Ethiopia Government is integrating its effort towards improving the industry, as it is considered to be very important towards boosting economic growth. It is believed that the research will have a benefit to overcome the stated problems in the value chain of garment industries. Further, it helps other researchers to conduct their studies on related issues.

1.8 Definition of terms

Garment Industry: the industry that consists of the companies which manufacture clothing product and accessories. In Ethiopia, textiles and garments are considered as parts of a single industry.

Garment Value Chain: This is the process through which a garment passes from the design to the consumption stages. The worth of the garment increases at each point of the process.

Value: Value in organization is defined as any activity that increases the market form or function of the product or service in garment companies.

Value Chain: The value chain describes the full range of activities which are required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final consumers, and final disposal after use.

1.9 Organization of the Study

This thesis consists of five chapters; the first chapter serving as an introduction describes the research problems, objective, significance and scope of the study, research questions, and operational definitions. Chapter two presents related literature to understand the value chain of garment companies, overview of the garment industry in Ethiopia, the theoretical and conceptual framework of the study.

The third chapter of the research shows description of the study area, research approach and design, population, sampling frame, data source and type, data collection procedure, ethical considerations, and method of data analysis. The data analysis and interpretation is dealt on the fourth chapter. The last chapter presents summary of the findings, conclusions, and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 INTRODUCTION

This chapter contains the theoretical framework, conceptual framework drawn from the theoretical perspective and empirical framework.

2.2 THEORETICAL FRAMEWORK

2.2.1 What is Value?

According to Philip Kotler and Kevin Lane Keller, value reflects the perceived tangible and intangible benefits and costs to customers. It can be seen as primarily a combination of quality, service and price (qsp) called the “customer value triad.” Value increases with quality and service. It is a capability provided to a customer of the highest quality, at the right time, at an appropriate price as defined by the customer.

Michael Porter, has described value is the amount buyers are willing to pay for what a firm provides them. Accordingly, the consumer is viewed as the source of value. The demand for products created by consumers drives product value. Value is measured by total revenue, a reflection of price a firm’s product commands and the unit it can sell. A firm is profitable if the value it commands exceeds the costs involved in creating the product. Creating value for buyers that exceeds the cost of doing so is the goal of any generic strategy. Value instead of cost, must be used in analyzing competitive position since firms often deliberately raise their cost in order to command premium price via differentiation.

2.2.2 Value Chain

A value chain can be defined as the full range of activities which are required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final customers, and final disposal after use. Value activities are the physically and technologically distinct activities a firm performs. The chain actors who actually transact a particular product as it moves through the value chain include input suppliers, traders, processors, transporters, wholesalers, retailers and final consumers.

How each activity is performed will determine its contribution to buyer needs and hence differentiation. The primary focus for value chain management is the creation of value and not the cost of goods. A profitable value chain requires connections between what consumers demand and what a company produces. Value chains place a great amount of focus on things such as product testing, innovation, research and development, and marketing.

2.2.3 Value Chain Analysis

According to Porter: “Competitive advantage cannot be understood by looking at a firm as a whole. It stems from the many discrete activities a firm performs in designing, producing, marketing, delivering and supporting its product. Each of these activities can contribute to a firm’s relative cost position and create a basis for differentiation” (Porter, 1985)

Porter (1985) identify that a company’s profitability is a function not only of industry conditions, but also of the amount of value it creates relative to its competitors. A firm can achieve competitive advantage if it posses ‘capabilities’ that allow it to create not only positive value but as well additional total value than its competitors. Therefore, a firm must understand how its products serves customer needs better than potential substitutes; the technology of production, distribution and sales; and the business’s costs (Porter, 1985).

According to Hill & Jones (2001, 5th ed.) maintain that the term “value chain” refers to the concept that a company is in chain of activities for transforming inputs into outputs with purpose to deliver value to the customers. The value chain is therefore a logical way of looking the overall business activities with purpose to mobilize these various strategic impacts (Porter)

Porter (1985) introduced the concept of value chain as the basic tool for examining the activities a company performs and their interactions with a view to identifying the sources of sustainable competitive advantage. It separates the activities of a firm into a sequential stream of activities and is used to analyze and establish the importance of the different activities in delivering the final product/service, thereby facilitating the identification of core and non-core activities.

These activities in the value chain are core (primary) and supplementary (secondary or support) activities. Companies, primarily have to identify the core activities that would give them sustainable competitive advantage and then identify the assets and competencies needed to achieve this advantage. Value can be created in one of the following two ways.

a) Cost advantage: reducing the costs of activities wherever possible and use the cost benefit to reduce the price of their final products or services; or

b) Differentiation: focusing on activities closely associated with their competitive advantage. Businesses Investing in activities adapted as sources of competitive advantage that allows the business to increase the quality of their products and services and sell them for higher prices.

The basic principle is that activities should be isolated and separated that (1) have different economies, (2) have a high potential impact of differentiation, or (3) represent a significant or growing proportion of cost. (Porter: 1985)

Defining relevant value activities requires that activities with discrete technologies and economies be isolated. Broad functions such as manufacturing or marketing must be subdivided into activities. The product flow, order flow, or paper flow can be useful in doing so. Subdividing activities can proceed to the level of increasingly narrow activities that are to some degree discrete. (Porter, 1985)

2.2.4 Why Value Chain Analysis?

Production is not the only way of creating value. A product is brought to market through a combination of different activities, all of which contribute to its final value. The type and amount of value added differ at different stages of activities. This has a huge implication in analyzing which values are considered the most valuable in terms of cost or differentiation. Although, complexity of business operations is time consuming in analyzing firms value chain, application of value chain analysis offers the following advantages: (Dorothy McCormick and Hubert Schmitz, 2001);

- It helps to show where the firm's competitive advantage lies. The tool assists businesses to appreciate potential sources of competitive advantage. If a firm competes through differentiation advantage, it will try to perform its activities better than competitors would do. If it competes through cost advantage, it will try to perform internal activities at

lower costs than competitors would do. When a company is capable of producing goods at lower costs than the market price or to provide superior products, it earns profits.

- The value chain analysis helps to understand challenges in the value addition process and ways of improving the situation of the “weaker” links in the chain, i.e., those with low returns and little bargaining power.
- Value chain analysis can play an instrumental role in terms of detecting organizational, tactical and strategic issues related to the business.
- The analysis of the value chain also helps to understand problems of market access. By identifying the type of network a firm operates, it will gain access to the lead firms in the chain and thereby enjoy the different tariff reductions and trade barrier eliminations the lead firm’s country provides.
- Value Chain Analysis is a useful tool for working out how you can create the greatest possible value for your customers. Raw inputs are taken then and “value is added” on them turning them into something of worth to other people. This is easy to see in manufacturing, where the manufacturer “adds value” by taking a raw material of little use to the end user (for example, wood pulp) and converting it into something that people are prepared to pay money for (e.g. paper).
- The more value created, the more people will be prepared to pay a good price for a product or service, and the more they will keep on buying.
- Value Chain Analysis helps you identify the ways in which a firm creates value for its customers, and then helps to think through how its value can be maximized: whether through superb products, great services, or jobs well done.

2.2.5 Porter’s (1985) Value Chain Framework

A) Primary Activities

These are the activities that are involved with a product’s physical creation; its sale and distribution to buyers, and its service after the sale. These activities are termed ‘primary’ because are the most important ones as they add value to the product or those involved in either producing or selling the product.

i) Inbound Logistics- It involves supplier relationships and refers to all the processes/ activities involved in receiving, storing and disseminating raw materials, inputs, components, and parts used in the production process. (Porter, 1985)

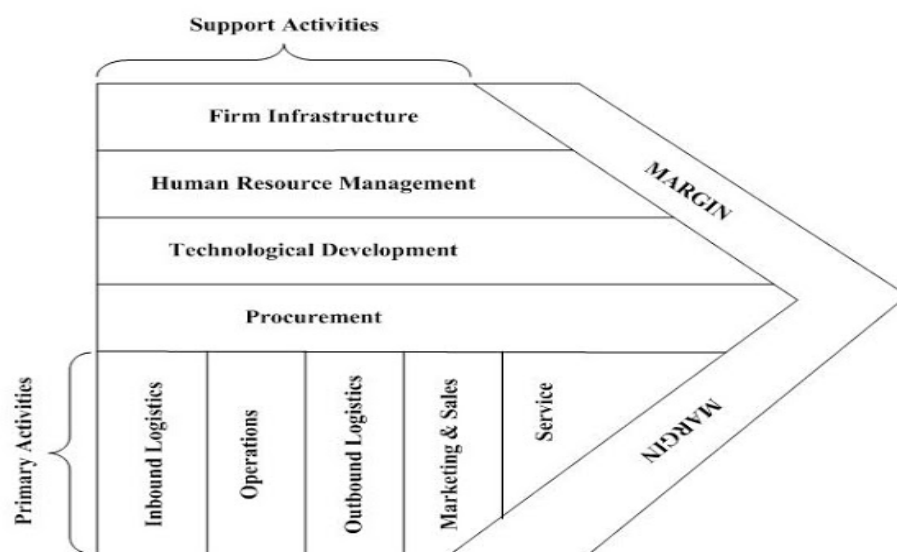
Raw Material Inspection- Raw materials used for garment should be of good quality; they must be stored and handled properly. This is because the quality of raw materials going into the production has a direct effect on how the final product will turn out.

Storage - The storage and handling of raw materials will play an important role in determining a plant's layout and equipment needs.

Materials handling is the movement and storage of materials at the lowest possible cost through the use of proper methods and equipment. The handling could be done manually or automatically. After receipt from suppliers, raw materials or inputs, like fabric, trims, accessories, buttons should be stored and handled carefully with the appropriate handling systems as their efficient handling is an important part of logistics and production.

Inventory control is the supervision of the storage, supply and accessibility of items to ensure an adequate supply without excessive oversupply (Miller, 2010). It relates to policies and operating procedures designed to optimize the organization's use of inventory. The decision making factors in inventory control are cost of holding stock, cost of placing an order and cost of shortage. With adequate data on these three variables available, businesses can know to what extent they can hold inventory to avoid mark downs and losses.

Figure 2.1- Porter's Value Chain Framework



Source: Porter, M.E (1985) "competitive advantage

ii) Operations

These are the value-adding activities that are used to turn a company's raw materials into a final product. These includes processes or activities of manufacturing, assembly, packaging, maintenance of the equipment, testing, printing, and facilities operation in transforming inputs to final products. Operation management may be defined as the design, operation, and improvement of the production systems that create the firm's primary products or services.

Production

Production is characterized by the transformation of input goods into output goods using resources such as machineries or assets as well as human resources.

Production scheduling of resources and detailed production orders as well as changeovers and throughputs is one of the most challenging problems specifically when multi-purpose resources and production changes have to be considered. Production scheduling can be decoupled from orders using inventories and make-to-stock production.

Capacity Planning and Production Control Production planning decides on production volumes and values by site and production resource. Production planning normally considers total volumes only, while production scheduling in operations decides on the respective schedule. However, cases exist where production lead times and change-over constraints may require also considering the sequence of products in production master planning.

Quality Control – Quality control to ensure that each element of the production is completed as intended. Errors must be found as early as possible to minimize rework and waste. While quality control involves inspecting units produced, quality assurance refers to the process of ensuring that adequate processes are in place.

iii) Outbound Logistics

It relates to associated with collecting, storing, processing orders, transporting, and physically distributing of the product to the final consumers; such as finished good warehousing, material handling, delivery vehicle operation, order processing and scheduling.

Warehousing and distributions of finished products

Outbound logistic is also considered as physical distribution. Physical distribution is defined as all activities concerned with the management of the flow of finished goods to consumers (Chandra, 1997). Physical distribution has been expanded into broader concept of Supply chain management (SCM). It involves procuring the right inputs (Raw materials, components, and capital equipment), converting them effectively into finished products and dispatching them to the final destinations (Poirier, C.C, 1998). Physical distribution starts at the factory. Managers choose a set of warehouses (stocking points) and transportation carriers that will deliver the goods to final destinations in the desired time or at the lowest total cost (Arthur St. Onge, 1997).

Transportation of finished products

Physical distribution also includes transportation, but this time outbound from the plant or storage facility to customers (Alan Rushton, 2000). The management of the finished goods inventory is included here, along with the protective packaging of goods to reduce damage in transit (marketing handles the type of packaging designed to attract purchasers and sell products), and storage and materials handling (Carl M. Guelzo, 1986).

iv) Marketing and Sales

Marketing is typically seen as the task of creating, promoting, and delivering goods and service to consumers and businesses (Phillip Kotler, 2003).

Conducting Market Research

Marketing research is defined as a systematic design, collection, analysis, and reporting of data and financings relevant to a specific marketing situation facing the company. (Philip Kotler, 2007). Conducting market research to understand consumer behavior and market trends; these includes all forms of intelligence gathering and analysis in order to determine items most likely to sell. This research is used to predict and understand the next fashions, fashion trends, colors, styles, price points, retail requirement, competitive forces and other sources of innovation. Information gathered at this stage adds to the design direction and inspiration.

Developing Effective Marketing Strategy with the Marketing Mix

Product - Marketing must make sure that the product is targeted towards the correct customer group. It refers to the product variety, quality, design, features, brand name, and packaging.

Price- It is very important that the correct price is charged for a product based on the pricing strategy.

Place- decides where the product is to be sold. It relates to the channels, coverage, assortment, and locations.

Promotion- refers to the different promotional mixes a company uses as sales promotion, advertising, sales force, public relations, direct marketing. (Philip Kotler)

Developing programs to keep brands fresh

Assisting the design team to understand market trends, end customers profile, changing market needs, and new opportunities,

v) Service

All those activities associated with maintaining product performance after the product has been sold. It involves processes/activities that enhance the value of the product in terms of installation, training, maintenance, repair, warranty, and after sales services.

B) Support Activities

These are activities that provide the assistance required (Porter, 1980; White, 2004) for the primary activities to take place.

i) Procurement

Refers to the function of purchasing inputs used in the firm's value chain. This concerns how resources are acquired for a business (e.g. sourcing and negotiating with materials suppliers). It occurs in many parts of the organisation with purpose to support the main functions to carry out their activities (John et al., 1997); even though Porter's model is criticized for considering procurement as support activity. Procurement tends to spread through the firm. Improved purchasing practices can strongly affect the cost and quality of purchased inputs as well as of other of other activities associated with receiving and using the inputs, and interacting with suppliers.

Key objectives in procurement are to procure specified objects at a defined quality from suppliers, achieve cost savings and minimum prices for these objects and ensure continuous supply and foster joined innovations with suppliers based on contracts and a supplier relationship management.

ii) Technology Development

Activities concerned with managing information processing and the development and protection of "knowledge" in a business. In addition, it involves technology development to support R&D, process automation, and product design.

The array of technologies employed in most firms is very broad, ranging from those technologies in preparing documents and transporting goods to those technologies embodied in the product itself.

iii) Human Resource Management (HRM)

It involves activities in relation to recruitment, training, development, promotion, incentives, and payment of people working for an organization. Human resource management affects competitive advantage in any firm through its role in determining the skills and motivation of employees and the cost of hiring and training.

iv) Firm Infrastructure

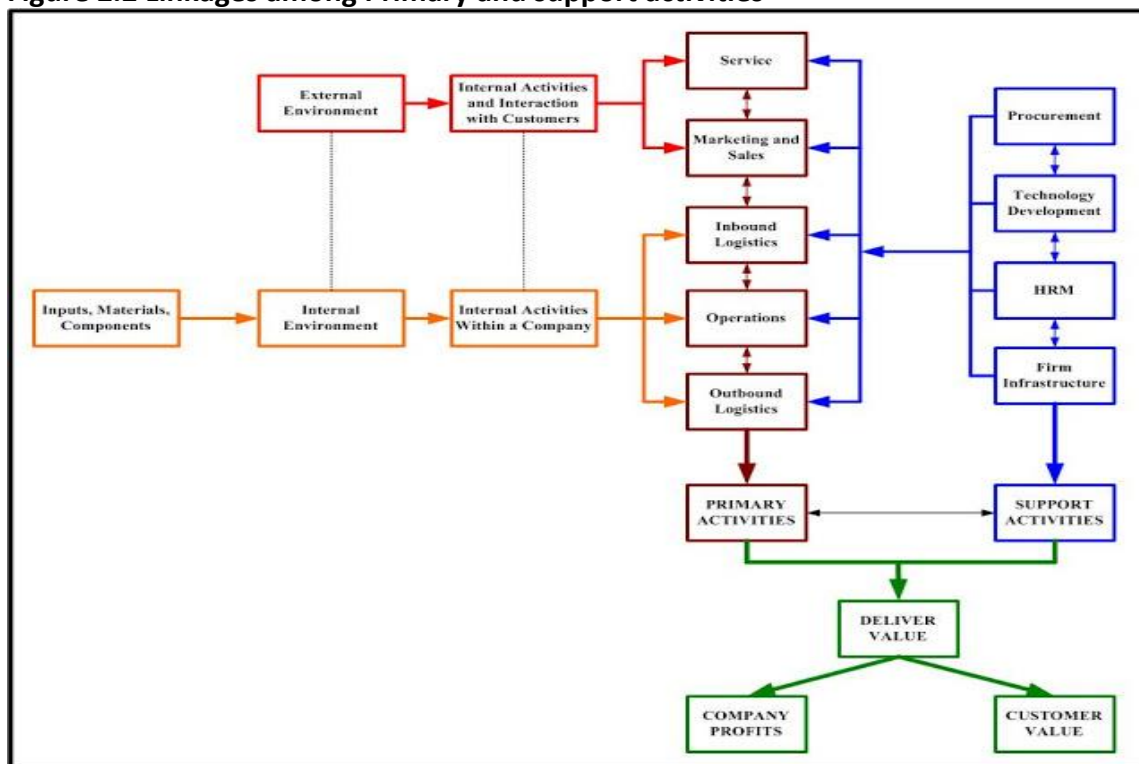
Firm infrastructure involves the structures and routines of the organization and its management, planning, accounting, finance, and quality control mechanisms. Depending on whether a firm is diversified or not, firm infrastructure may be self-contained or divided between a business unit and the parent corporation. In diversified firms, infrastructure activities are typically split between the business unit and corporate levels (e.g., financing is often done at the corporate level while quality management is done at the business unit level). Many infrastructure activities occur at both the business unit and corporate levels, however. Firm infrastructure is sometimes viewed only as "overhead" but can be a powerful source of competitive advantage (E. Porter, 1985)

2.2.5.3 Relationships and Linkages between Primary & Secondary Activities

Dess et al (1995) and Reid et al (1993) state that companies can use the value chain framework to understand their cost position and to identify the multiple means that might be used to facilitate implementation of a chosen business-level strategy. According to Hitt et al (2007), the value chain shows how a product moves from a raw material state to an output that will be delivered to the final customer. Hence, the essential idea of the value chain is to create additional value without incurring significant costs while doing so and to capture the value that has been created. Moreover, value adding activities are not independent but interrelated and interdependent within the value chain (Morden, 1999; Porter, 1985).

Porter states: “value activities are related by linkages within the value chain. Linkages are relationships between the way one value activity is performed and the cost or performance of another” (Porter, 1985: 48)

Figure 2.2 Linkages among Primary and support activities



(Source: Business Models & Strategy, Dr. Antony Michail, 2011)

Porter (1985) notes that value analysis cannot be sufficient to guide strategic decision making; the linkages between the different activities are also essential. The following figure explains the relationships between primary and secondary activities and separates the primary activities into internal and external environment. The starting point is the purchase of inputs, raw materials and components. Those are delivered into a company's internal environment. Activities such as inbound logistics facilitate the processes where all the inputs are stored and distributed internally. Operations in turn are responsible to develop an output where it will be delivered to the customer by various activities carried out by the outbound logistics. The remaining primary activities, Sales, Marketing, and Service consist of numerous activities that facilitate interaction with the external environment which is the customers (on the hand to convince them to purchase the product and on the other hand, to support them in using it). Support Activities interact with the primary ones with purpose to deliver value for the organisation but as well as for the end user.

Porter maintains that a company's competitive advantage derives as much from the nature of the linkages among activities as it does from the activities themselves. Thus, competitive advantage may derive from:

- the optimization of the use of resources/capabilities required to accomplish linkages by seeking more efficient and effective ways for doing so (Morden, 1999; Mohamed , 1998; Hergert & Morris, 1989; Day & Wensley, 1988);
- coordination between the discrete activities that are inter-related by the linkages (Morden, 1999);

2.2.6 Activity Types

Porter identified three activity types that play a different role in competitive advantage

Direct: Activities directly involved in creating value for the buyer such as assembly, parts machining, sales force operation, advertising, product designing, recruiting etc.

Indirect: Activities that make it possible to perform direct activities on a continuing basis, such as maintenance, scheduling, operation of facilities, sales force administration, research administration

Quality Assurance: Activities that insure the quality of other activities, such as monitoring, inspecting, testing, reviewing, checking, adjusting, and reworking. (Porter: 1985).

2.2.7 Competitive Strategy

2.2.7.1 Differentiation

A firm differentiates itself from competitors if it can be unique at something that is valuable to buyers allowing them to command a premium price. A firm's differentiation may appeal to broad group of buyers in an industry or only to a subset of buyers with particular needs. Differentiation grows out of a firm's value chain from specific activities a firm performs instead of aggregate activities.

Figure 2.3- Representative sources of differentiation in the value chain

Infra-structu	Top management support in selling Facilities that enhance the firm's image Superior management information system				
HRM	Superior training of personnel	Stable workforce policies, Quality of work life programs, programs to attract the best scientist and engineers		Sales incentive to retain best salesperson, recruiting better qualified sales and service personnel	Extensive training of service technician
Technology Dev't	Superior material handling & sorting technology Proprietary quality Assurance equipment	Unique product features, rapid model introduction, unique production processor, automated inspection procedure	Unique vehicle scheduling Software, special purpose vehicles or containers	Application engineering support, superior media research, most rapid quotations for tailored models	Advanced servicing technique
Procurement	Most reliable transportation for inbound deliveries	Highest quality raw material, highest quality components	Best located warehouses, transportation suppliers that minimize damages	Most desirable media placement, product positioning and image	High placement quality part
	Handling of inputs raw materials that minimize damage or degradation Timeliness of supply to the manufacturing process	Tight conformance to specification, attractive product appearance, responsiveness to specifications changes, low defect rates, short time to manufacture	Rapid and timely delivery, accurate and responsive order processing, handling that minimizes damage	High advertising level and quality, high sales force coverage and quality, personal relationship with channels or buyers, superior technical literature, and other sales aids, extensive promotion,	Rapid installation, high service quality, wide service coverage, extensive buyer training ..
Inbound logistics		Operations	Outbound logistics	Marketing and sales	Service

Source: Michael Porter Competitive Advantage, 1985

Sources of Uniqueness

According to Porter, the following are considered sources of uniqueness:

- **Policy Choices**- what activities to perform and how to perform them are perhaps the single most uniqueness driver. Product features and performance offered, content of an activity, services provided (credit, delivery or repair), intensity of an activity adopted, technology and information employed, skill & experience level of employees are some typical choices that lead to uniqueness-
- **Linkages** –uniqueness also stems from linkages within the value chain with suppliers or channels through linkages within the value chain, supplier linkages or channel linkages.

2.2.7.2 Cost Advantage

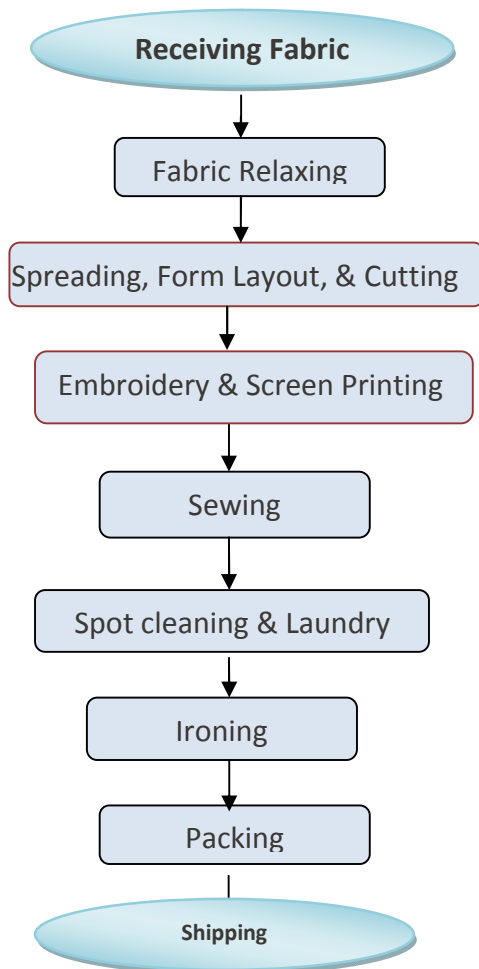
Cost is a vital importance to differentiation and managers recognize the importance of cost, and set many strategic plans to establish “cost leadership” or “cost reduction” as goals. The value chain can provide the basic tool for analyzing cost. Each value has its own cost structure and behavior of its cost structure may be affected by linkages and interrelationship with other activities both within and outside the firm.

The analysis should thus examine the costs within the activities and not the cost of the firm as a whole. Each activity in the value chain involves both operating cost and assets in the form of fixed and working capital. In doing so, it is import to consider the cost drivers which could stem from economies of scale, location, interrelationship with suppliers and other factors.

In addition, a firm should analyze the costs of product lines, buyer types or other portions of activities that have significantly different value chains appear to have different cost drivers, and employ questionable procedure for allocating costs.

2.2.8 Garment Production Process Flow Chart

Figure 2.4 Garment production process flow chart



Source:: www.textileschool.com, Apparel manufacturing Processes

Receiving Fabrics

Garment factories receive fabric from textile manufacturers. Garment factories often have a warehouse or dedicated area to store fabric between arrival and manufacturing. (www.textileschool.com, Apparel Manufacturing Processes)

Fabric Relaxing

“Relaxing” refers to the process that allows material to relax and contract prior to being manufactured. This step is necessary because the material is continually under tension throughout the various stages of the textile manufacturing process, including weaving, dyeing, and other finishing processes. The relaxing process allows fabrics to shrink so that further shrinkage during customer use is minimized. Garment manufacturers perform the relaxing process either manually or mechanically. Many garment manufacturers will also integrate quality assurance into this process to ensure that the quality of the fabric meets customer standards. Fabrics that fail to meet customer standards are returned to the textile manufacturer. (www.textileschool.com, Apparel Manufacturing Processes)

Spreading, Form Layout, and Cutting

After fabric has been relaxed, it is transferred to the spreading and cutting area of the garment manufacturing facility. The fabric is first cut into uniform plies and then spread either manually or using a computer-controlled system in preparation for the cutting process. Fabric is spread to allow operators to identify fabric defects, control the tension and slack of the fabric during cutting, and ensure each ply is accurately aligned on top of the others. The number of plies in each spread is dependent on the fabric type, spreading method, cutting equipment, and size of the garment order. Next, garment forms—or patterns—are laid out on top of the spread, either manually or programmed into an automated cutting system.

Lastly, the fabric is cut to the shape of the garment forms using either manually operated cutting equipment or a computerized cutting system. (www.textileschool.com, Apparel Manufacturing Processes)

Embroidery and Screen Printing

Embroidery and screen printing are two processes that occur only if directly specified by the customer; therefore, these processes are commonly subcontracted to off-site facilities. Embroidery is performed using automated equipment, often with many machines concurrently embroidering the same pattern on multiple garments. Each production line may include between 10 and 20 embroidery stations.

Screen printing is the process of applying paint-based graphics to fabric using presses and textile dryers. Specifically, screen printing involves sweeping a rubber blade across a porous screen, transferring ink through a stencil and onto the fabric. The screen printed pieces of fabric are then dried to set the ink. This process may have varying levels of automation or may largely be completed at manually operated stations. Like embroidery, screen printing is wholly determined by the customer and may be requested to put logos or other graphics on garments or to print brand and size information in place of affixing tags. (www.textileschool.com, Apparel Manufacturing Processes)

Sewing

Garments are sewn in an assembly line, with the garment becoming more complete as it progresses down the sewing line. Sewing machine operators receive a bundle of cut fabric and repeatedly sew the same portion of the garment, passing that completed portion to the next operator. For example, the first operator may sew the collar to the body of the garment and the next operator may sew a sleeve to the body. Quality assurance is performed at the end of the sewing line to ensure that the garment has been properly assembled and that no manufacturing defects exist. When needed, the garment will be reworked or mended at designated sewing stations. This labor-intensive process progressively transforms pieces of fabric into designer garments. (www.textileschool.com, Apparel Manufacturing Processes)

Spot Cleaning and Laundry

In addition to identifying manufacturing defects, employees tasked with performing quality assurance are also looking for cosmetic flaws, stains, or other spots on the garment that may have occurred during the cutting and sewing processes. Spots are often marked with a sticker and taken to a spot- cleaning area where the garment is cleaned using steam, hot water, or chemical stain removers. Some customers request that a garment be fully laundered after it is sewn and assembled; therefore, garment factories often have an on- site laundry or have subcontract agreements with off-site laundry operations. Commercial laundry facilities are equipped with at least three types of machines: washers, spinners, and dryers. Some facilities also have the capability to perform special treatments, such as stone- or acid-washing. (www.textileschool.com, Apparel Manufacturing Processes)

Ironing

After a garment is fully sewn and assembled, it is transferred to the ironing section of the facility for final pressing. Each ironing station consists of an iron and an ironing platform. The irons are similar looking to residential models, but have steam supplied by an on-site boiler. Workers control the steam with foot pedals and the steam is delivered via overhead hoses directly to the iron. In most facilities, the ironing platforms are equipped with a ventilation system that draws steam through the ironing table and exhausts it outside the factory. (www.textileschool.com, Apparel Manufacturing Processes)

Packaging and Shipping

In the last steps of making a product retail-ready, garments are folded, tagged, sized, and packaged according to customer specifications. Also, garments may be placed in protective plastic bags, either manually or using an automated system, to ensure that the material stays clean and pressed during shipping. Lastly, garments are placed in cardboard boxes and shipped to client distribution centers to eventually be sold in retail stores. (www.textileschool.com, Apparel Manufacturing Processes)

2.2.9 Quality Dimensions of Garment

Apparel quality has two dimensions:

- Physical aspects or what the garment is; and
- Performance aspects or what the garment does.

The physical aspects of a garment determine its performance. Therefore, consumers purchase garments with specific physical aspects that they believe will fulfill their performance expectations.

A) Physical aspects

Garment physical aspects provide a tangible form and composition. Physical aspects include the ***garment's design, materials, construction*** and ***finish***. Design provides the plan for the garment style. For example, is the shirt loose or fitted. Materials include the fabric and other components that are used to produce the garment. For instance, is the shirt made of cotton or blended fabric. Construction refers to the methods used to assemble the garment. For example, which type of stitches is mostly used. Finishes involve any garment wet processing, for instance, does the shirt have a wrinkle free or a durable press finish. Garment physical aspects are intrinsic attributes; they cannot be altered without changing the product itself.

B) Performance aspects

A garment performance aspects determine the standards it meets and how the consumer benefits through it. Performance aspects include the ***garment aesthetic and functional*** performance.

Aesthetic performance of fabric: Aesthetic performance refers to **attractiveness**. Do the design, material, and construction of the garment fulfill the appearance expectations? Do the elements of the garment reflect good design principles? Does the garment possess classic or current fashion trends desired by consumers? And does its appearance fulfill the wearer's emotional needs, such as wanting to impress or be accepted by others? These questions are important to ask while evaluating ready to wear garments because design impacts the visual appeal of clothing and therefore consumer's acceptance of it.

The aesthetic performance or attractiveness of fabric refers to the appearance of the fabric as it complements the appearance of the garment. However, fabric must be considered in concert with the design.

Material and construction interact to produce the total aesthetic effect of the garment. Fabric aesthetics include color, pattern, color consistency, luster, opacity, and hand (Hand refers not to the comfort but to the emotional sensations resulting from touching, moving, or squeezing the fabric with the human hand.)

The aesthetic evaluation of color and pattern depends on fashion trends, personal preferences, and an awareness of design elements and principles. All these elements of the aesthetic performance of the raw material are difficult to describe because of their subjective nature; they do not lend themselves to objective measurement.

Functional performance includes performance aspects other than appearance, namely the garments utility and durability. Utility refers to the usefulness. For example, does the shirt fit? Does it function properly for intended use?

Utility includes the influence of the fabric on these garment characteristics (1) shape retention, (2) appearance retention, (3) comfort, (4) ease of care, and (5) safety.

Durability or serviceability refers to how well the garment retains its structure and appearance after wear and care. Does it resist shrinkage? Does the seam remain intact?

Durability refers to the serviceability of the fabric regarding these characteristics of the garment; (1) strength, (2) abrasion resistance, and (3) resistance to degradation by chemicals and other elements of the environment. As for aesthetic performance, the functional performance of the garment is not determined fully by the fabric. The design, materials, construction, and the finish of a garment interact to determine utility and durability. (Source: www.fiber2fashion.com)

C) Fabric: a quality indicator

According to Das, 2008, the demand on the properties, appearance and durability of the materials and component in the apparel sector has increased significantly to meet the changing requirements of the consumers. A common concern in apparel performance characterization is dimensional stability, colorfastness, durability, pilling and fabric composition. Fabric is the textile material from which apparel manufacturers produces ready-to-wear garments. The performance of the fabric does not necessarily predict the performance of the finished garment, but the two are strongly related. The right fabric is required for the garment to meet

aesthetic and functional performance expectations. Manufacturers establish the required aesthetic and functional performance standards for fabric based on many factors. These factors include the design of the garment, fashion trends, consumer preferences, cost limitations, and the target market profile chosen by the company.

(www.fiber2fashion.com)

2.2.10 Characteristics of Garment Industry

Globally, garment industry is considered as one of the labor intensive and buyer or consumer oriented venture. By its nature and structure, the industry is transnational in operation and scope, pursuing geographical shift of production zones mainly based on lower labor cost advantage on one side and the location of knowhow in design, innovation and marketing on the other side. That means, the industry is highly export oriented and global in scope mainly due to the difference in geographic production zones (developing regions) and design and marketing zones (developed regions). Currently, the primary reasons for the geographic delocalization of the industry are competitive labour cost, trade liberalization and organizational flexibility or division of labor that give comparative advantage for the new production zone (Kumar S. 1997; Roukova P. 2008; Krishnamurthy V. 2009).

2.2.10 Economic Upgrading in Garment Value Chain

The main stages of upgrading in the apparel value chain are

- 1- Assembly/Cut, Make, and Trim (CMT): Apparel manufacturers cut and sew woven or knitted fabric or knit apparel directly from yarn.
- 2- Original Equipment Manufacturing (OEM)/Full Package/Free on Board (FOB): The apparel manufacturer is responsible for all production activities, including the CMT activities, as well as finishing. The firm must have upstream logistics capabilities, including procuring (sourcing and financing) the necessary raw materials, piece goods, and trim needed for production.
- 3- Original Design Manufacturing (ODM)/Full Package with Design: This is a business model that focuses on adding design capabilities to the production of garments.
- 4- Original Brand Manufacturing (OBM): This is a business model that focuses on branding and the sale of own-brand products. (Karina Fernandez-Stark *et al*, , The Apparel Global Value Chain, 2011)

Developing countries enter into the lowest segments of the value chain due favorable trade agreements, low-cost labor, and proximity to end markets. To upgrade into higher segments of the value chain, factors like the presence of a domestic or regional textile industry; the presence of large textile and apparel manufacturers in the country; and, in the cases of upgrading into design and branding, a strong commitment to industry growth by both the public and private sectors to develop the necessary talent and establish a national brand should be considered. Gereffi G. *et al* (2003)

2.2.12 Ethiopian Textile and Garment Industry

Textile and apparel subsector is among the priority subsector identified by the Ethiopian government in transforming the country's traditional agricultural based economy to industrialization. It has been one of Ethiopia's traditional domestic business mainly relied on traditional based and home grown old age spinning drop wheel and handloom up to the modern textile and garment integrated mill was established in 1939 in Dire-Dawa by the name of Dire-Dawa Textile Factory, which marked the beginning of textile industrialization by foreign capital. Currently, Ethiopian textiles and apparel industry encompasses spinning, weaving, finishing of textiles, manufacture of cordage, rope, twine, netting, knitting mills, and manufacturing of wearing apparel. The firms in the industry produce products such as cotton and woolen fabrics, nylon fabrics, acrylic and cotton yarn, blanket, bed sheet, shirts, carpets, gunny bags, wearing apparels, and sewing thread.

Ethiopia's economy is primarily based on agriculture (46% of GDP) but over the last 5 years the government has been determined to diversify the exports with a priority set for strategic sectors like light manufacturing, textile- and garment manufacturing. The business opportunities in the Ethiopian textile- and apparel sector are huge. With a large set of incentive schemes to attract FDI, the Ethiopian government is determined to make the industry sector flourish. The Ethiopian textile – and apparel industry has grown an average of 51% over the last 5-6 years and some 65 international textile investment projects have been licensed for foreign investors. Retailers like H&M, Primark and Tesco have established offices in 2012 and are buying clothing- finished products- from Ethiopian manufacturers. (Business Opportunity Report Textile & Apparel)

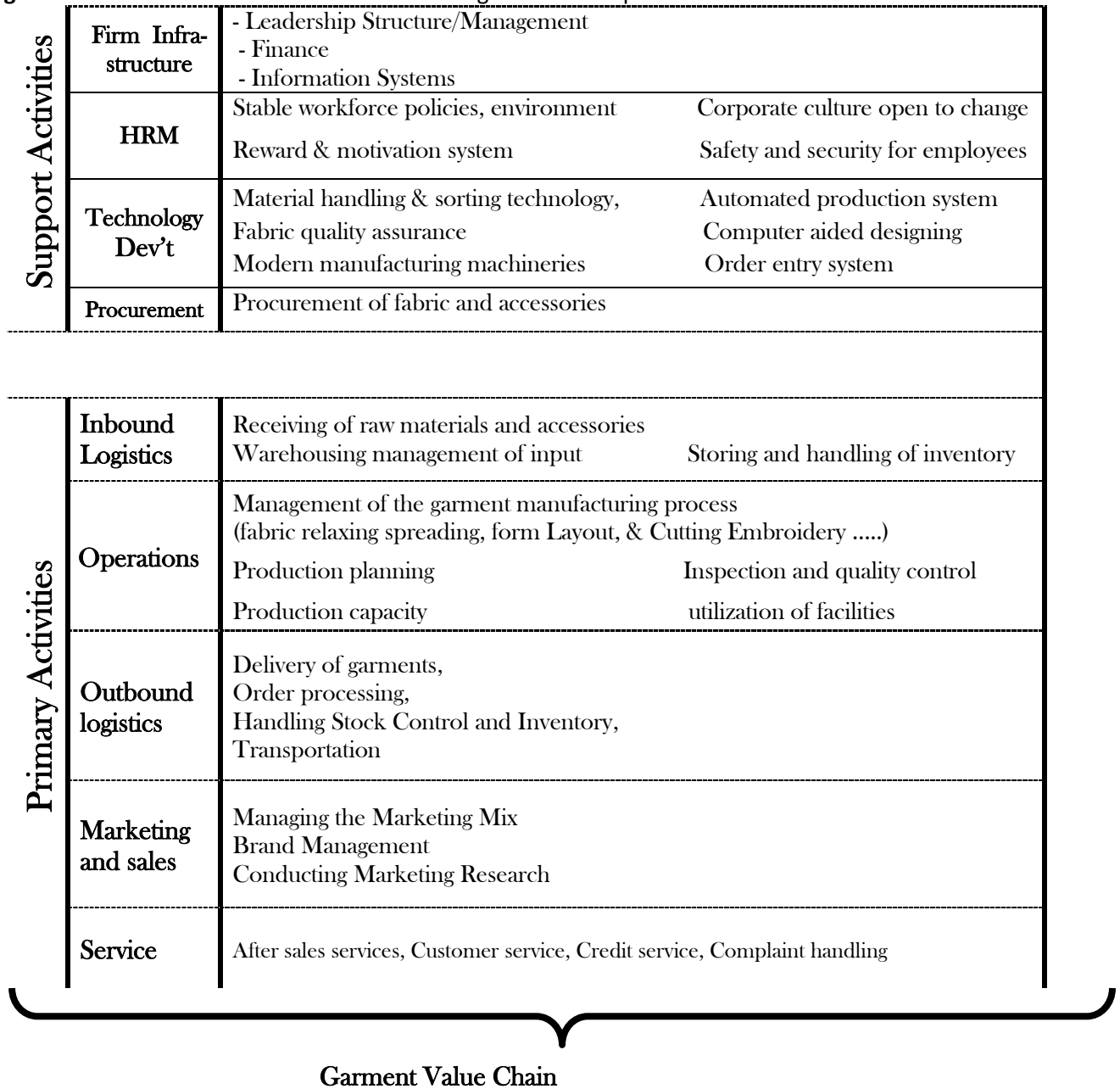
According to the same report, the following were mentioned as major challenges in the sector

- Low production of local cotton. Ethiopia cultivated cotton on 75,000ha of land in 2010/2011. It planned to cultivate 265,000 ha by the end of 2014/2015 but it managed 125,000 ha.
- Matching supply and demand has been a grant challenge for the industry - local production of cotton in 2010 was 2,500 ton which was equal to the demand of textile factories and even had a surplus. The year after the production surged to 79,500 ton while the demand stood at 39,000 ton.
- Lack of diversification in products, relative low quality of the products as well as limited productivity affected export performance as well
- The inability to compete on the international market due to price pressure caused many textile-and garment manufacturers to renew their interest for the domestic and local market.

It is further motioned that, despite constraints the sector faces the potential for the Ethiopian textile-and apparel industry is huge thanks to good demographics, low costs of commodities, utilities like water and electricity and the fact the sector is still considered “infant” and can only mature from this point. Aligning cotton production with demand, constructing strong forward- and backward linkages and attracting new prospects to the nation enforced by increased FDI efforts give way to the supposition of a bright future and large employment possibilities.

2.3 Conceptual Framework

Figure 2.5: Garment Factories Value Chain Management Conceptual Framework



Source: Adopted from the value chain model of E. Porter (1985) and garment production process by the researcher

2.3 Empirical Framework

The Addis Ababa Chamber of Commerce and Sectoral Association (AACCSA) in October 2015 under “an Overview of Ethiopian Manufacturing Sector”, it has stated the Value addition in textiles to be the key to success for transforming the sector’s GDP share of the nation. Further, mentioned that that as a result of integrated efforts by the government and the private sector, Ethiopian and foreign investors are recently moving aggressively in the direction of higher value addition through investing in the balancing, modernization, establishing and up-gradation of the textile manufacturing industry by acquiring new technologies and knowhow

Comparative Value Chain and Economic Analysis of the Apparel Sector (in Ethiopia, Tanzania, Zambia, China and Vietnam conducted under Polo Shirts showed that the Ethiopian textile- and apparel industry with its small number of factories, but to have the potential to grow significantly.

However, the study conducted by CBI, center for the promotion of imports from developing countries, part of the Netherlands Enterprise Agency the comparison on the current status of the industry to the regional market or to the African continent as a whole showed the competitiveness of Ethiopia to be fairly limited still with little export variety in the “product mix” and of a limited level of sophistication. According to the same research; related to the potential international exports Ethiopia is now on 1/3 of the use of its capacity and on 1/10 of potential export value. Given the forecasted growth of the population, double to 180 million inhabitants in 2025-2030, it is imperative the industry sector needs to grow rapidly and mature a lot faster than other developing nations.

The African Development Bank Group under Ethiopia Country Report of 2014 regarding East Africa Manufacturing Sector, has indicated the availability of easy trainable workforce with a demographic structure which provides not only cheap labour but also creates a huge potential domestic demand for the output of the sector. Improvements and investments in infrastructure particularly power, investment in industrial zones and clusters, improvement in regional integration, through free trade like COMESA, AGOA are reported as further opportunities in the sector.

However, the report also indicated the key weakness in the textile sector to be technology. Existing textile mills in Ethiopia are relatively weak and the sector is not in a position to produce world class competitive fabric due to a low level of technology and obsolete machinery, lack of skilled human resources, financial constraints to acquire adequate technology, and suboptimal capacity utilization.

Limited innovation and design input in production, limited awareness of international market trends, designs and product development, lack of information about needs of buyers in export market, limited awareness of costing and pricing strategies, lack of market skill, customer service, customer acquisition, finance management, high cost of logistics and trade infrastructure, business planning, lack of supply of domestic inputs are considered as weakness and threats of the garment industry.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology that was used in the study: the research approach and design, selection of the target population, sources of data, data collection procedures, method of data analysis, reliability and validity tests.

3.2 Research Approach

According to Creswell (2009), research designs are plans or procedures for research and the selection of a research design is based on the nature of the research problem or issue being addressed. He has explained qualitative research to be a means for exploring the meaning individuals or groups ascribe to a social or human problem and a quantitative research as a means of testing objective theories by examining the relationship among variables. Mixed method research is an approach to an inquiry that combines or associates both qualitative and quantitative forms. (Creswell and Plano 2007).

Quantitative method was used for data's collected through close ended questionnaire. Qualitative method was employed to collect datum that can describe and support the information obtained through quantitative methods.

In this study, the mixed approach is used to strengthen the findings of both the quantitative and qualitative approaches and provide better understandings.

3.3 Research Design

According to Cooper and Schindler (2006) descriptive research design enables the researcher to narrate how various behaviors and events occur. It describes a phenomena occurring in a population without influencing the subjects been studied. Descriptive research is mainly done when a researcher wants to gain a better understanding of a topic.

Considering the objective of analyzing the management of the primary and support activities in the value creation process, as illustrated in chapter two under conceptual framework, this study used descriptive research design.

Variables

Considering Porter's Value Chain Framework, the study analyzed the management of the primary activities: Inbound Logistics, Operations, Outbound Logistics, Sales & Marketing and service and support activities: as Procurement, Technology Development, Infrastructure, Human Resource Management. Accordingly, the five primary and the four support activities under Michael Porter Value Chain Framework and the underlining parameters within each variables in the value chain of the garment factories were analyzed.

3.4 Population and Sampling Procedure

Among the garment industries in Ethiopia, the study was focused on those located in Addis Ababa. According to the data obtained from the Ethiopian Textile Industry Development Institute (ETIDI), Planning and Information Management Department on February 2017; there are **sixty nine** garment factories in Addis Ababa.

Purposive sampling is used when the sample is made to be representative, depending on the researcher's opinion or purpose. Purposeful sampling is used so that individuals are selected because they have experienced the central phenomenon. (Creswel, 2009)

Thus, from the total of sixty nine garment factories that exist in Addis Ababa, using purposive sampling fifteen (15) factories which are considered representatives in different capabilities as; the years of experience in the sector, production capacity, source of origin, adoption to new technology and marketability of products were selected.

Accordingly, based on long experience in the industry, Addis Garment S.C (established 1965), Akaki Garment S.C (1971), Gullele Garment Factory P.L.C (1982), EMD Garment (1996), and Edget Garment PLC (1996) were selected. (ETGAMA, Bulletin 2016)

While TGS Textile and Garment PLC and Yonis Garment, were selected on the basis of introduction of recent technology; Ambassador Garment and Garment Evolution, were selected on the basis of market penetration. Considering production capacity of the garment factories, Yabets textile factory (7200 pcs/day), Toto garment (5000 pcs/day), and Concept International (9000 pcs/day) were selected. (ETGAMA, Bulletin 2016)

On the basis of investment from foreign source, BM Ethiopia Garment and Textile S.C. (Korea), Village Industry P.L.C. (Italy), and (Vestes Garment) Karl International PLC (India) were selected. (ETGAMA, Bulletin 2016)

A census is the procedure of systematically acquiring and recording information about the members of a given population. (Baffour, 2013). Accordingly, considering the presence/absence of the functional units/departments/ listed below in the selected fifteen garment factories, ninety questionnaires were collected using census method by incorporating all concerned department managers.

- | | |
|-------------------------------------|--------------------------------------|
| <i>1- Production Department</i> | <i>6- Quality Control Department</i> |
| <i>2- Marketing and sales</i> | <i>7- Export Department</i> |
| <i>3- Procurement Management</i> | <i>8- Research and Development</i> |
| <i>4- Human Resource Management</i> | <i>9- Information Technology</i> |
| <i>5- Finance and Accounting</i> | <i>10- General Manager</i> |

3.5 Data Source and type

To assess the management of the value chain in garment factory, both primary data and secondary data is employed.

3.6 Data Collection Procedure

3.6.1 Primary Data

Questionnaires: were distributed to functional managers of different garment factories in Addis Ababa based on the sampling frame. The questionnaire was designed to meet the objectives of the study. The researcher first did a pre-test of the questionnaire to ensure that the objectives were being met. A five point likert-type scale was used in order to provide the extent of the respondents feelings or opinions on the management of the primary and support activities where by a scale of one implying strong agreement with an issue or statement while a scale of five implies a strong disagreement in that order.

Observation: was made by the researcher to understand on the manufacturing process and related other processes.

Interviews: interviews for key informants at Ethiopian Textile Industry Development Institute and selected garment factories were conducted.

3.6.2 Secondary Sources of Data

The researcher has used different documents, as previous studies, trend analysis and statistical reports. The use of books, journals and newspapers for more information were also considered.

3.7 Ethical Considerations

Protecting the rights of participants by safeguarding their privacy is the most important concern in guiding the relationship between the researcher and respondents. Accordingly, the researcher have taken responsibility in protecting respondents' confidentiality, and respecting the codes of ethics developed. To avoid ambiguity, the interview questions and questionnaires are prepared to include explanation about the study purpose, briefing on respondents' rights and protection, and consent to obtain information.

3.8. Method of data analysis

The collected data are analyzed and interpreted both in terms of quantitative and qualitative ways. For ease of analysis, procedures within Statistical Package for Social Sciences (SPSS) version 20 were used to quantitatively analyze the data collected through questionnaires. The analysis was carried out depending on the variables within each primary and support activities. Hence, the statistical tool frequency distribution and mean have been employed to see the response distributions on the 5 point likert items. To check whether there is a significance difference among the distribution of preferences in terms of given items, the Cronbach's Alpha test has been applied.

3.9 Data validity and reliability

3.9.1 Validity

According to Golafshani (2003), validity determines whether the research truly measures that what it was intended to measure or how truthful the research results are.

Construct validity: the content domain is assumed to be detailed with regards to assessing value. Accordingly, the research questionnaires include the important contents in specifying, measuring and analyzing the management of the primary and secondary activities in the value creation process.

Content validity was further ensured by formulating the questions in simple language for clarity and ease of understanding. Rephrasing of some questions was done to clarify the questions.

3.10.2 Reliability

Reliability Procedures

Yin (2003) suggests that qualitative researchers need to document the procedures of their case studies and to document as many of steps of the procedure as possible. Gibbs (2007) suggests several reliability procedures: as, checking transcripts to make sure that they do not contain obvious mistakes during transcription, making sure that there is not a drift in the definition of codes, a shift in the meaning of codes during a process of coding. Thus, these procedures were conducted to keep the data reliable while coding and transcriptions.

Cronbach's alpha

The researcher conducted preliminary analysis to test for reliability using Cronbach's alpha after the data was coded. Cronbach's alpha is known as a good measure of reliability (Monette, *et al.*, 2002). Nunnally (1978) offered a rule of thumb of 0.7 which is the cut off value of Cronbach alpha for being acceptable. Its values ranges from 0 to 1 with Cronbach's alpha values between 0.8 and 1.00 indicating a considerable reliability, values between 0.70 and 0.80 indicate an acceptable reliability while values below 0.70 are considered less reliable and unacceptable.

Cronbach's Alpha	No of Items
.733	53

Table 3.1 Reliability Statistics

Accordingly, the Cronbach's alpha value of 0.733 indicates the research to have acceptable reliability.

3.11 Pilot testing of the research instrument

A pre-test activity was carried out to ensure that the questionnaires are meaningful, easily understood and appropriate for the main fieldwork. Accordingly, the researcher has made a pilot testing on three randomly selected respondents.

4. CHAPTER FOUR

DATA PRESENTATION, INTERPRETATION AND ANALYSIS

4.1 Introduction

This thesis makes an analysis of the primary and support activities of garment factories in Addis Ababa based on Michael Porter's Value Chain Framework. Functional unit managers and supervisors were addressed on the selected factories. The findings on the management of the activities with respect to value creation are presented in this chapter. The data gathered were analyzed descriptively by SPSS program in term of frequency, mean, standard deviation (descriptive statistic).

The perceived management of the primary and support activities are measured on a five-point Likert type scale (1 = Strongly agree; 5 = Strongly disagree).

Accordingly, the interval for breaking the range in measuring each variable is calculated as $5-1/5=8$. Thus, items with scores fall between the ranges according to the table below:

Table 4-1: Width of Class Interval

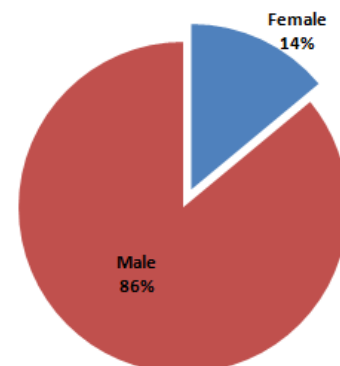
Very well managed (1)	Well managed (2)	Moderately managed (3)	Not well managed (4)	Poorly managed (5)
1.00 – 1.80	1.81 – 2.60	2.61 – 3.40	3.41 – 4.20	4.21 – 5.00

Source: (Adopted from Hoang Thi Bao Thao, Value Chain Management of Garment Companies in Vietnam)

4.2 Demographic Characteristics of Respondents

a) Gender Distribution of Respondents: As the research aims at measuring the management of primary and secondary activities undertaken in the garment factories, questionnaires were forwarded to functional level managers. Accordingly majority of the respondents were found to be male constituting for 86%. It can be said that females occupy smaller portion of the managerial positions within the factories.

Fig. 4.1 Gender Distribution of Respondents



Source: Own survey, 2017

b) Educational Background

Pertaining to their educational background, greater portion of the respondents representing for 74% are undergraduates followed by 18% who completed high school and technical school studies. Fewer portion goes to those respondents with advanced studies. Considering the majority of the respondents, it is assumed that they were well acquainted with the knowledge and skill to undertake the activities under their specialization.

Table 4.2 – Educational Background of Respondents

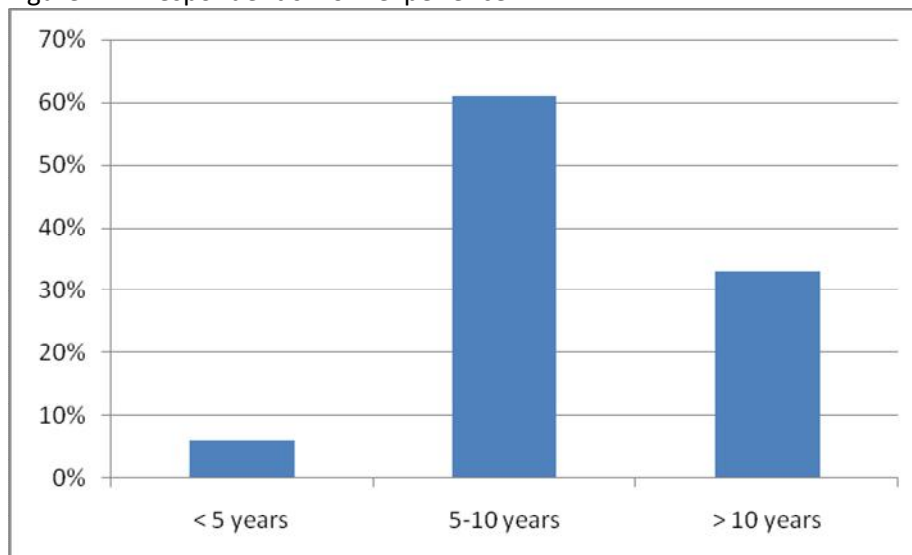
Qualification	Frequency	%age
Advanced Studies	7	8%
Undergraduate	67	74%
High School and Technical School	16	18%
	90	100%

Source: Own survey, 2017

c) Work Experience

Majority of the respondents have worked from five to ten years (61%). The least percentage going to those with less than five years of working experience (6%) makes the management of those functional level managers with long years of experience (>10years) to be 33%.

Figure 4.2- Respondent's work experience



Source: Own survey, 2017

d) Departments or Positions of Respondents in the Company

Respondents from the departments of Human Resource, Marketing and Sales and production are equally represented each contributing to 17%.

However, of the total of 15 factories, it can be seen that export and information technology are found to exist less as functional departments. Only 5% of respondents represented Information Technology Departments, and export departments. Though quality control department existed as separate functional unit with a very small representation, it usually functions together with the production department.

Fig. 4.3 Positions of respondents



Source: Own survey, 2017

4.3 Primary Activities

4.3.1 Inbound Logistics

Logistics being the management of flow of goods and services between the point of origin and the point of use in order to meet the requirements of customers, adds the value of time and place utility.

Table 4.3- Management of inbound logistics

Management of Inbound Logistics	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std.
Efficient raw material handling	90	18 (33%)	55 (61%)	11 (12%)	6 (7%)	0(0%)	2.23	0.864
Procedures to optimize use of inventory	90	11 (12%)	33(37%)	31(34%)	11 (12%)	4 (4%)	3.02	0.936
Internal distribution of input are managed well	90	17 (29%)	58 (64%)	7 (8%)	5 (6%)	3 (3%)	2.5	0.961
Warehousing of Input material is well managed	90	17 (31%)	54 (60%)	18 (20%)	0 (0%)	1(1%)	2.34	0.618
Aggregate Mean							2.52	
Aggregate S.D							0.8446	

Source: Own survey, 2017

The mean of the opinions score for each variable indicates the level of inbound logistics management, which the S.D indicates the deviation from the central value (mean score).

Majority of the respondents have agreed that their factories have efficient raw material handling system (mean= 2.23, S.D=0.864), having procedures that optimize the use of inventory, (mean=3.02, S.D= 0.936) with a well managed warehousing (mean=2.34, S.D=0.618) and internal distribution of resources (mean=2.5, S.D= 0.961). In conclusion, inbound logistics is seen to be well managed with mean of 2.5.

4.3.2 Operations

Table 4.4- Management of operations

Management of Operations	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std.
Production machines are utilized efficiently.	90	32 (36%)	43 (48%)	10 (11%)	5 (6%)	0 (0%)	2.28	.820
The organization has sufficient machinery or equipment of production.	90	10 (11%)	56 (62%)	8 (9%)	11 (12%)	5 (6%)	2.43	.963
You inspect the quality of raw material.	90	27 (30%)	28 (31%)	35 (39%)	0 (0%)	0 (0%)	2.53	.659
The balance between capacity of production and demand is very well managed.	90	2 (2%)	8 (9%)	5 (6%)	52 (58%)	23 (26%)	4.09	.846
Quality control is conducted at each level of the garment manufacturing process.	90	10 (11%)	51 (57%)	18 (20%)	6 (7%)	5 (6%)	2.86	1.017
Aggregate Mean							2.83	
Aggregate S.D							0.861	

Source: Own survey, 2017

As can be seen, majority of the respondents have forwarded their agreement in terms of the availability of sufficient machinery or equipment of production (mean=2.43, S.D=0.963) and efficient utilization of these machineries (mean=2.28, S.D=.820) with 62% and 48% within the respective variables. With respect to raw material inspection, those with neutral opinion account for the majority portion.

Managing capacity of production and demand however tends not to be properly managed with majority (58%) showing disagreement to this parameter (mean=4.09, S.D=.846) However, response towards conducting quality control at each level of the garment manufacturing is seen to be well managed as majorities (57%) have agreed to this. It can be concluded that the operations activities are moderately managed with aggregate mean of 2.83.

4.3.3 Outbound Logistics

Table 4.5- Management of Outbound Logistics

Outbound Logistics	Strongly Agree 1	Agree 2	Neutral 3	Disagree 4	Strongly Disagree 5	Mean	Std
Goods are distributed properly at the right time to the right place.	21%	53%	20%	6%	0%	2.50	0.747
Packaging is done according to customer specification.	24%	59%	4%	7%	6%	1.98	0.946
The factory is located close to customers.	14%	13%	10%	39%	23%	3.51	1.373
Order processing is efficient.	11%	62%	9%	12%	6%	2.43	0.963
Transportation is well managed.	11%	62%	9%	12%	6%	2.43	0.963
Aggregate Mean						2.57	
Aggregate S.D						0.898	

Source: Own survey, 2017

a) Distribution of goods- Distribution of goods is seen to be properly managed with majority of respondents agreeing and strongly agreeing towards the statement that distribution of goods at the right time to the right place is in effect constituting for 53% and 21%, respectively. Close to the respondents with strong agreement are those with neutral opinion having 20%.

b) Packaging - with respect to packaging to conform to customer's requirement, majority have responded to agree and strongly agree with a sum of 83%.

c) Location of the Factory - Though all the factories are located in Addis Ababa, majority do not have sales outlets close to customers. In view of that, majority have disagreed with 39% and strongly disagreed with 23% that their factory is in close proximity to their customers.

d) Order Processing – It is seen to be well managed as the majority of respondents have agreed that their order processing is efficient.

e) Transportation – the least percentage (6%) in this regard goes to those respondents who strongly disagree that their transportation is well managed with the majority reflecting the opinion of those who agree in this consideration.

In general, it can be said that the outbound logistics is well managed with mean value of 2.57.

4.3.4 Marketing and Sales

To understand the management of the marketing and sales functional unit and study how it adds value to the products, questions relating to branding, market research, product features, and target market were raised.

a) Market Research

Out of the 90 respondents, 42% and 17% have respectively disagreed and strongly disagreed to the statement that market research to understand customer behavior is conducted. It can be implied that conducting market research is less conducted in understanding customers' behavior. (mean=4.09, S.D=.769).

b) Target Market

The respondents have a well defined market and thus selling their products is not difficult; for 11% and 62% have agreed and strongly agreed, respectively in this regard. In addition, majority of the respondents accounting for 67% have their target market situated within the country agreeing to the fact that their products are demanded locally.

Table 4.6 - Target market of the garment factories

Target Market	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std.
You have a well defined market and thus selling your products is not difficult	90	10 (11%)	56 (62%)	8 (9%)	11 (12%)	5 (6%)	2.43	.963
Your products are highly demanded locally.	90	17 (19%)	64 (71%)	5 (6%)	4 (4%)	0 (0%)	1.89	.595

Source: Own survey, 2017

c) Product Design and Branding

Majority of the respondents are seen to have standardized products though are produced following customers' request on the design, type and quantity. Accordingly, the majority portion of the respondents have disagreed that their products' design makes them competent over their competitors.

Brand equity is the added value endowed to products and services. The value may reflect how consumers think, feel with respect to the brand, as well as the prices, market share, and profitability that the brand commands for the firm. (Philip Kotler)

In this regard, majority; i.e. 42% of the respondents have disagreed to the statement 'research is conducted to measure brand equity'. In addition, 39% of the respondents have strongly disagreed that customers are very well aware of their products' brand name and other branding elements; and the least percentage (10%) goes to those with neutral opinion. The marketing activities under these parameters are seen not to be well managed with aggregate mean of 3.23.

Table 4.7 Analysis of Product Design and Branding

Product Design and Branding Management	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std.
Your products' design makes you competent over your competitors.	90	9 (10%)	6 (7%)	10 (11%)	43 (48%)	22 (24%)	1.89	.595
Research is conducted to measure the brand equity.	90	4 (4%)	13 (14%)	20 (22%)	38 (42%)	15 (17%)	3.71	1.228
Customers are very well aware of your products' brand name and other branding elements.	90	13 (14%)	12 (13%)	9 (10%)	35 (39%)	21 (23%)	4.09	.769
Aggregate Mean							3.23	
Aggregate S.D							0.864	

Source: Own survey, 2017

4.3.5 Services

Table 4.8 The management of services in garment factories

The Management of Services	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std.
There is a progressive customer policy like, consignment, credit sales	90	24 (27%)	16 (18%)	10 (11%)	27 (30%)	13 (14%)	2.93	1.476
You have a good compliant handling system.	90	12 (13%)	52 (58%)	11 (12%)	9 (10%)	6 (7%)	2.34	1.043
Aggregate Mean							2.635	
Aggregate S.D							1.213	

Source: Own survey, 2017

The above table shows that majority of the respondents disagree that progressive customer policy exists in their respective firms. On the other hand, majority of the respondents agree for the presence of a good compliant system in their organization for they represent 58% of the total respondents. Services are also seen to be well managed with aggregate mean of 2.635.

4. 4 Support Activities

4.4.1 Firm infrastructure

As Porter describes in his book 'Competitive Advantage, Creating and Sustaining Superior Performance', the firm structure consists of a number of activities including general management, planning, finance, accounting, legal, governmental affairs, and quality management. In this regard, questions relating to finance, leadership, the management of quality, information system were forwarded as presented on the conceptual framework.

- a) Leadership /Management Skill/

Table 4.9 – Respondent's opinion on managements' leadership skill and competency

Management skill	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std.
The management team is strong with competent leadership skill towards productivity.	90	13 (14%)	12 (13%)	9 (10%)	35 (39%)	21 (23%)	3.51	1.373

Source: Own survey, 2017

Majority of the respondents have disagreed that the management team is strong with competent leadership skill towards productivity, in which 39% and 23% have disagreed and strongly disagreed, respectively.

- b) Finance

Table 4.10 - Management of the financial activities

Management of financial activities	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std.
The factory has enough working capital.	90	10 (11%)	56 (62%)	8 (9%)	11 (12%)	5 (6%)	2.42	.964
The financial activities are managed properly	90	12 (13%)	54 (60%)	8 (9%)	11 (12%)	5 (6%)	.015	.963
Aggregate Mean							1.29	
Aggregate S.D							0.953	

Source: Own survey, 2017

The financial activities can be seen to be managed very well as majority has agreed in this regard with mean=0.15 and S.D .963. However, working capital can be considered a hurdle in most of the factories which can be revealed with the majority (62%) approving this issue.

- c) Information Technology

Table 4.11 - Management of information technology

The management of Information Technology	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std.
Every functional unit makes its information easily accessible for the other units	90	15 (17%)	49 (54%)	11 (12%)	11 (12%)	4 (4%)	2.32	1.016
Clients place orders easily.	90	10 (11%)	56 (62%)	8 (9%)	11 (12%)	5 (6%)	2.43	.963
You update your website very often.	90	13 (14%)	12 (13%)	9 (10%)	35 (39%)	21 (23%)	3.51	1.373
Updated information about the market, raw material and other issues in the industry can easily be obtained.	90	11 (12%)	10 (11%)	13 (14%)	35 (39%)	21 (23%)	4.19	.877
Rivals use information system as a competitive advantage.	90	15 (17%)	24 (27%)	37 (41%)	9 (10%)	5 (6%)	3.12	.902
Aggregate Mean							3.11	
Aggregate S.D							1.026	

Source: Own survey, 2017

Easiness in accessing information among functional units and in placing orders on the side of customers is prevalent in many of the garment factories as can be evidenced from the majority of respondents with 54% and 64% of respondents agreeing to these respectively.

However, 39% reflecting the majority of respondents have shown a neutral opinion considering updating own's information through website and easily obtaining updated information from external sources about the industry.

- d) Quality Management

The quality of a product is the integral part of the product itself. But maintaining the quality in all level of corporate grows the confidence that the quality requirements of the product or service will be met. To some extent, to assure the quality of the product is the part of production management functionality but globally the quality management provides the process of quality assurance by fulfilling the requirement of quality management system like ISO 9000 for achieving the desired quality of the products, services, and the entire corporate activities. (Avijit Saha, Mapping of Porter's value chain activities into business functional units, 2011)

Table 4.12 The management of quality of the garment manufacturers

The management of Quality	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std.
The quality of your product is low to compete in the international market.	90	12 (13%)	52 (58%)	11 (12%)	9 (10%)	6 (7%)	2.34	1.043
Employees are properly trained to detect and correct quality problems.	90	10 (11%)	56 (62%)	8 (9%)	11 (12%)	5 (6%)	2.43	.963
Research is made on customers' feedback on the quality of your products.	90	15 (17%)	49 (54%)	11 (12%)	11 (12%)	4 (4%)	2.32	1.016
Your suppliers provide you quality fabrics and components.	90	10 (11%)	56 (62%)	9 (10)	11 (12%)	4 (4%)	2.43	.963
Products undergo standards or certification requirements.	90	13 (14%)	12 (13%)	9 (10%)	35 (39%)	21 (23%)	3.51	1.373
Aggregate Mean							2.60	
Aggregate S.D							1.037	

Source: Own survey, 2017

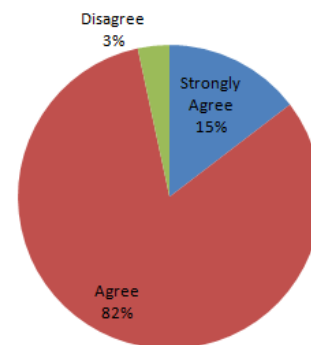
With regards to products undergoing standards or certification requirements, majority have shown their neutral opinion. But research is seen to be made on customers' feedback on the quality of their products as majorities have agreed in this perspective. On the other hand, it can be seen that quality fabrics and components are supplied by suppliers as 62% shown agreement in this regard. With respect to products undergoing standards or certification requirements, many of the responds with 39% are neutral.

4.4.2 Procurement

Procurement refers to the function of purchasing inputs and not to the purchased input and that of sourcing decisions. With this perspective, respondents were asked if they buy fabrics and other accessories mainly from foreign sources.

Source: Own survey, 2017

Figure 4.4 Respondent's response on sourcing of inputs



Accordingly, 82% and 15% of the respondents have respectively agreed and strongly agreed that their inputs in terms of fabrics, trims and accessories are mainly imported from foreign suppliers. The remaining 3% of the respondents under study have responded to mainly use locally manufactured textiles and fabrics. Importing fabrics and accessories is seen to be one of the major challenges garment industry as stated from the interviewees. Although the textile factories in the country have huge capacities of producing the fabric, they face difficulties in finishing as incorporating the dyeing process is not achieved. In such a case, the dyeing process is seen to be poor with absence of the technological knowhow with lots of color variation and finishing quality. To avoid this, the factories export the grey fabric to undergo the dyeing process and then import back the fabrics as ready to wear garment. In addition, the textiles manufactured locally are not ready for use as clothing instead are mainly used as towels, bed sheets and table covers and other related. In addition, accessories, like buttons, zippers and threads are difficult to get locally.

Unavailability of locally produced standard packing materials and the high price of imported packing and labeling requirements is also discussed as a challenge.

Integrations among supply chain actors is also a hurdle. Absence of raw materials in the industry makes those actors who supply raw materials to benefit from the situation which adds up higher costs of purchasing even locally.

These challenges in the industry are also hurdles to compete internationally. Cost of importing raw materials and exporting the finished products makes competing in the international market fierce. In addition, maintaining a higher quality of garment with raw material shortage is also an impediment. Problems in relation to marketability of products are also discussed in this regard. Searching for buyers and promoting products internationally that calls for participating different international trade fairs and festivals is costly and difficult for individual garment manufacturers. Though some government institutes exist to promote the export activities, it is indicated that their impact to be low in facilitating international participations.

4.4.3 Human Resource Management

With the main role of managing the human resources and creating pleasant environment for the product discovery operation, its function involves actively in the decision process for employee selection, competence improvement, performance appraisal, and guidance of the employees. Thus, questions in these aspects were raised to analyze the HR management.

Table 4.13 Human resource management in the garment factories

The management of Human Resource	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std.
Obtaining skilled and knowledgeable manpower is a problem.	90	15 (17%)	49 (54%)	11 (12%)	11 (12%)	4 (4%)	2.32	1.016
The company has corporate culture that is open to change.	90	13 (14%)	12 (13%)	9 (10%)	35 (39%)	21 (23%)	2.43	.963
The organization sets performance targets and provides incentives accordingly.	90	13 (14%)	12 (13%)	9 (10%)	36 (40%)	20 (22%)	3.51	1.373
Trainings to adapt to new technologies are provided.	90	14 (16%)	11 (12%)	9 (10%)	35 (39%)	21 (23)	3.51	1.373
Safety and Security measures are implemented	90	10 (11%)	56 (62%)	8 (11%)	11 (12%)	5 (6%)	2.43	.963
Aggregate Mean							2.84	
Aggregate S.D							1.356	

Source: Own survey, 2017

Obtaining a worker who has special skill, training and knowledge in garment manufacturing industry is seen to be difficult from the responses of the majority of respondents agreeing to this statement attributing to 59%.

However, from the interview conducted, as garment is a labour intensive industry, the presence of abundant cheap labour force in the country is regarded as a big opportunity. Thus, the presence of easily trained human resource is a great opportunity in the industry to be utilized and also the availability of trainings at different institutes is also an opening in such concern.

Further, provisions like AGOA- African Growth Opportunity Act , Everything But Arms (EBA) which grant manufacturers to export their products free of quota to the US and Europe, are also discussed as benefit in addition to the trained labour force.

The human resources strategy should incorporate an incentive system based on employees' performance, such as instant bonuses for the sales team once they get contracts or year-end bonuses for reaching performance targets. (Role of HRM in textile, Ajay Shankar Joshi, 2013). In this regard, majority of the respondents have disagreed that the organization sets performance targets and provides incentives accordingly.

Implementing safety and security measures, such as having fire alarms, first aid and monitoring systems are important considerations in the manufacturing industry. (Role of HRM in textile, Ajay Shankar Joshi, 2013). In this regard too, majority of respondents (62%) have replied that safety and security measures are implemented. However, considering the provision of trainings to adapt to new technologies and presence of adaptable corporate culture, there is a gap as many of the respondents have disagreed to these matters.

The human capital is emphasized to be the main resource in garment industry. In this regard, management of the human resource is taken as the major importance towards productivity. Most of the interviewees stated that garment manufacturers should manage the human resource properly by providing incentives, maintaining moral, motivating them, as the success is mainly spelled by the management capacity.

Provisions of trainings and implementations of safety and security measures are not well managed with mean values of 3.51 each.

4.4.4 Technology Development

The Management of Technology is very important in today's technological driven environment. Technology can be used in production to reduce cost, to develop new products, increase customer service facility, build up cost effective process, etc. It supports the value chain activities such as research and development, process automation, process design, etc. (Avijit Saha, 2011)

Table 4.14 respondents' opinion on the management of technology

The management of Technology development	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std.
Computer controlled system software are used in the production process.	90	11 (12%)	57 (63%)	8 (9%)	8 (9%)	6 (7%)	2.82	1.123
The production process is well automated.	90	13 (14%)	12 (13%)	9 (10%)	35 (39%)	21 (23%)	3.51	1.373
The technology applications you use are compatible with each other.	90	10 (11%)	56 (62%)	8 (9%)	11 (12%)	5 (6%)	2.43	.963
The machineries in use are old.	90	13 (14%)	12 (13%)	9 (10%)	34 (38%)	22 (24%)	3.52	1.381
The technology in use allows strong link and coordination among functional units.	90	12 (13%)	13 (14%)	9 (10%)	35 (39%)	21 (23%)	3.50	1.382
Aggregate Mean							3.15	
Aggregate S.D							1.045	

Source: Own survey, 2017

Considering the use of computer system software in the production process, and the appliance of compatible computer applications, many of the respondents 63% and 62%, have respectively shown their agreement. However, majority (38%) have a neutral opinion towards the use of old machineries in the manufacturing process. Further, majority, i.e. 39% have disagreed towards the automation of production process and to the statement that the technology in use allows strong link and coordination among functional units. It can be conclude that technology development is moderately managed with mean value of 3.15.

4.5 Integration between the activities

Although the questions were addressed to the respective functional managers to assess the management of their activities, the following were forwarded to see the integration among the activities.

The value adding activities cannot be independent and thus the degree of integration of activities is one of the major factor for the success or failures of a firm.

Table 4.15 Integration between some functional activities

Integrations between the activities	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std.
The operation process is based on the strategies set by other departments, especially marketing department.	90	19 (21%)	47 (52%)	8 (9%)	11 (12%)	5 (6%)	2.84	1.140
Assistant to the design team is provided in terms of changing market needs.	90	17 (19%)	62 (69%)	10 (11%)	1 (1%)	5 (6%)	2.21	.530
The technology in use allows strong link and coordination among functional units.	90	12 (13%)	13 (14%)	9 (10%)	35 (39%)	21 (23%)	3.50	1.382

Source: Own survey, 2017

Accordingly, with respect to the integration between the operation process, and other units, majority of respondents agreed that the operation process is based on the strategies set by other departments, especially the marketing department.

The same is true with respect to the integration between the design team and the marketing department as majority of the respondents (69%) have agreed in this regard. However, the technology in use is not considered to allow strong link and coordination among functional units as many (39%) have disagreed.

4.6 Competitive Strategy

Following the 'Cut, Make, Trim' value upgrading system, majority of the respondents have disagree that their product design enables them competent over competitors. In contrast, majority have also disagreed that they compete on the basis of price.

Table 4.16 Competitive strategy pursued

The management of Human Resource	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Your products' design makes you competent over your competitors	90	9 (10%)	6 (7%)	10 (11%)	43 (48%)	22 (24%)

Source: Own survey, 2017

5. CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter contains summary of findings of the study, conclusions made from the findings, recommendations.

5.2 Summary of Findings

- Greater portion of the respondents representing 74% are undergraduates followed by 18% who completed high school and technical school studies. Respondents who worked five to ten years (61%) constitute for the major portion, with the least percentage going to those with less than five years of working experience (6%).
- Raw material handling, Internal distribution of inputs, warehousing of input material are seen to be well managed; Procedures to optimize use of inventory are moderately managed.
- Raw material inspection and conducting quality control at each level of the garment manufacturing is seen to be well managed.
- Distribution of goods is seen to be properly managed with majority of respondents agreeing and strongly agreeing towards the distribution of goods at the right time to the right place constituting for 53% and 21%, respectively with efficient order processing system.
- Though all the factories are located in Addis Ababa, most of the factories do not have sales outlet that makes them not to be in close proximity to their customers.
- Transportation is well managed as the least percentage (6%) in this regard goes to those respondents who strongly disagree that their transportation is well managed.
- Even if most of the factories agreed that their product design makes them competent over their competitors, research to measure the brand equity is less conducted. In addition, customers are not very well aware of brand name of most of the factories' products and other branding elements.

- Management of progressive customer policy and compliant handling system is found to be moderate.
- Although the financial activities can be seen to be managed properly, working capital can be considered a hurdle in most of the factories which can be revealed with the majority (62%) assuring to this.
- Accessing information among functional units in placing orders on the side of customers is easy, however, updating information and exposing through website is not managed well. Moreover, obtaining updated information from external sources about the industry is difficult.
- Procurement of raw materials and accessories are done mainly from foreign sources.
- Obtaining a worker who has special skill, training and knowledge in garment manufacturing industry is seen to be difficult. However, the presence of cheap trainable manpower is considered as an opportunity in the industry.
- Provisions of trainings and implementations of safety and security measures are not well managed.

5.3 Conclusion

- Fabrics and accessories are imported from abroad, which is considered as the main challenge for many manufacturers to compete internationally and serve the local market.
- Primary activities in terms of inbound logistics, outbound logistics, operations and services can be seen to be managed well in the majority of the garment factories. However, the marketing activities, especially with respect to conducting market research towards the taste and preference of customers, products' design, branding related issue is low.
- With regards to the support activities, the infrastructure in terms of human resource and information technology is seen to be less managed. The management of the human capital is given higher emphases in the garment industry as can be seen from the interview. In addition, obtaining updated information from external sources about the industry is difficult to adjust with the prevailing condition.
- The importing procedure and cost for different accessories is hindering the manufacturers in producing quality products and competing globally.

5.4 Recommendation

Based on the finding from the questionnaires and the interview questions, the following are suggested

- In order to improve their value chain management, garment factories should evaluate their activities in terms of their strategic importance, cost, differentiation and strengthening their competitiveness.
- The factories should improve their human resource management towards productivity by investing on the necessary training (in terms of marketing, designing, production and quality inspection) and availing the necessary incentives; as the management of the human capital is given higher emphases in the garment industry.
- The companies should focus on their marketing activities; in view of reaching out to customers and conducting market research as a way of improving their products design and innovativeness beyond serving the mass market with standardized products.
- Factories should regard updating their information to keep in touch with their customers and promote their business. They should work towards having recent information about the industry in terms of the market, raw material, both about the global and local markets. They should consider the proper management of their information and technological development, and thereby employ it as a way of establishing strong link and integration among functional units and creating competitive advantage.
- Referring the interview; government's effort towards promoting the sector should be strengthened, in employing the necessary manufacturing technology in the country and having quality inputs, fabrics, accessories locally manufactured. In addition, government should involve in searching for a market internationally as doing so is costly for individual garment manufacturers.

References:

- Abel Girma (2015), *Evaluation of the Implementation of Supply Chain Management: Case Study on the Garment Factories in Addis Ababa, Ethiopia*, Addis Ababa.
- Addis Ababa Chamber of Commerce and Sectoral Association (AACCSA)(2015), *An Overview of Ethiopian Manufacturing Sector* Addis Ababa, Ethiopia
- Adeolu O. Adewuyi, M. AdetunjiBabatunde and Abiodun S. Bankole (2014), *A Global Value Chain Analysis of Cocoa and Garment in Nigeria*, Journal of Sustainable Development in Africa, Vol. 16, No.1
- Africa Development Bank Group(2014), *East Africa's Manufacturing Sectors, promoting technology, innovation, productivity and linkages, Ethiopia Country Report*, Africa Development Bank Group, Eastern Africa Regional Resource Center, Nairobi, Kenya
- Ethiopia Textile and Apparel Industry (N.D), *Business Opportunity Report*, Netherlands Embassyin Addis Abeba
- Clive Hallett and Amanda Johnston (2010), *Fabric for Fashion- The Swatch Book*, U.K: Laurence King Publishing Ltd
- Creswell, J. W (2003), *Research Design. Qualitative, Quantitative, and mixed methods approaches*, 2nd Edition
- Domingo Calvo Dopico1, Cristina CalvoPorral (2011), *Analysis of Value Chain and Sources of Differentiation in International Fashion Markets*”European Research Studies, Volume XIV, Issue (1),
- Dorothy McCormickand Hubert Schmitz (2001), *Manual for Value Chain Research on Home workers in the Garment Industry*, Institute for Development Studies University of Nairobi, Kenya and Institute of Development StudiesUniversity of Sussex, UK
- Gereffi G. et al (2003), *The Global Apparel Value Chain: What Prospects for upgrading by Developing Countries*” UNIDO

Hoang ThiBaoThoa (2006), *The value Chain Management of Garment Companies in Vietnam*, The University of the Thai Chamber of Commerce, Vietnam

Hubert Schmitz (2005), *Value Chain Analysis for Policy-Makers and Practitioners*, Geneva: International Labour Office

Karina Fernandez-Stark, Stacey Frederick, Gary Geref (2011), *The Apparel Global Value Chain*, Center on Globalization, Governance & Competitiveness, Duke University

Michael E. Porter (1985), *Competitive advantage, Creating and Sustaining Superior Performance*, New York: The Free Press

Philip Kotler and Kevin Lane Keller, *Marketing Management* (2006), U.S.A: Prentice-Hall Inc.

Raphael Kaplinsky and Mike Morris, (N.D), *A Handbook for Value Chain Research*

Shahid Yusuf (2012), *Garment Suppliers Beware-The Global Garments Value Chain is Changing* reference number- S-37044-PAK-1

Yin, R. K. (2012), *Applications of Case Study Research* (3rd ed., p. 264). Thousand Oaks CA: SAGE Publications

Yin, R. K. (2012), *Case Study Research: Design and Methods* (5th ed., p. 312). Thousand Oaks CA: SAGE Publications

ANNEX 1- Questionnaire

Addis Ababa University, School of Commerce, Department of Logistics and Supplies Chain Management

Dear Participants: My name is Zebib Sultan, conducting a thesis entitled “**Analyzing the Primary and Support Activities in the Value Creation Process in Garment Industry: a Case Study on Selected Factories in Addis Ababa, Ethiopia**” for the partial fulfillment of my M.A. Degree in Logistics and Supply Chain Management. With sincerity, I would like to extend my deep appreciation to your company for the willingness and cooperation in undertaking this valuable research. I request your kind cooperation in answering the questions as truthfully as possible. I would like to inform that your response will be kept confidential and will only be used for academic purpose. Thank you for spending your time and for providing your valuable information.

1- Company name:	_____
2- Position in the company:	_____
3- Sex	☐ Male ☐ Female
4- Number of years you have worked in garment industry:	☐ < 5 years ☐ 5 – 10 years ☐ >10 years
5- Qualification	☐ Advanced studies ☐ Bachelors degree, ☐ Technical school ☐ High school

6- Please show your level of agreement for the factors indicated by putting a tick mark ✓ in the box of your choice.

Inbound Logistics & Procurement	Strongly Agree 1	Agree 2	Neutral 3	Disagree 4	Strongly Disagree 5
1- You have an efficient raw material handling system.					
2- Your firm has procedures designed to optimize the use of inventory.					
3- Internal distribution of Inputs is handled properly.					
4- The warehousing for input materials is very well managed.					
5- Fabrics and other accessories are mainly bought from foreign sources.					

Operations	Strongly Agree 1	Agree 2	Neutral 3	Disagree 4	Strongly Disagree 5
1- Production machines are utilized efficiently.					
2- The organization has sufficient machinery or equipment of production.					
3- You inspect the quality of raw material					
4- The balance between capacity of production and demand is very well managed.					
5- Quality control is conducted at each level of the garment manufacturing process.					
6- The operation process is based on the strategies set by other departments, especially the marketing department.					

Outbound Logistics	Strongly Agree 1	Agree 2	Neutral 3	Disagree 4	Strongly Disagree 5
1- Goods are distributed properly at the right time to the right place.					
2- Packaging is done according to customer specification.					
3- The factory is located close to customers.					
4- Order processing is efficient.					
5- Transportation is well managed.					

Service					
1- You have a progressive customer service policy like consignment, credit sales, and others.					
2- You have a good compliant handling system.					

Marketing and Sales	Strongly Agree 1	Agree 2	Neutral 3	Disagree 4	Strongly Disagree 5
1- Market research to understand consumer behavior is frequently conducted.					
2- Assistant to the design team is provided in terms of changing market needs.					
3- Your company is a low-cost producer and competes on the basis of price.					
4- You have a well defined market and thus selling your products is not difficult.					
5- Customers are very well aware of your products' brand name and other branding elements.					
6- Research is conducted to measure the brand equity.					
7- Your products' design makes you competent over your competitors.					
8- Your products are highly demanded locally.					

Information and technology	Strongly Agree 1	Agree 2	Neutral 3	Disagree 4	Strongly Disagree 5
1- Every functional unit makes its information easily accessible for the other units.					
2- Clients place orders easily.					
3- You update your website very often.					
4- Updated information about the market, raw material and other issues in the industry can easily be obtained.					
5- Rivals use information system as a competitive advantage.					
6- Computer controlled system software are used in the production process.					
7- The production process is well automated.					
8- The technology applications you use are compatible with each other.					
9- The machineries in use are old.					
10- There technology in use allows strong link and coordination among functional units.					

Human Resource and Finance	Strongly Agree 1	Agree 2	Neutral 3	Disagree 4	Strongly Disagree 5
1- Obtaining skilled and knowledgeable manpower is a problem.					
2- The company has corporate culture that is open to change.					
3- The organization sets performance targets and provides incentives accordingly.					
4- Trainings to adopt to new technologies are provided					
5- The factory has enough working capital.					
6- Safety and security measures are implemented.					
7- The management team is strong with competent leadership skill towards productivity.					
8- The financial activities are managed properly.					

Quality	Strongly Agree 1	Agree 2	Neutral 3	Disagree 4	Strongly Disagree 5
1- The quality of your product is low to compete in the international market.					
2- Employees are properly trained to detect and correct quality problems.					
3- Research is made on customers' feedback on the quality of your products.					
4- Your suppliers provide you quality fabrics and components.					
5- Products undergo standards or certification requirements.					

ANNEX 2: Interview Questions

- 1- What challenges are seen in the garment industry?
- 2- What challenges are seen in competing internationally?
- 3- What factors are seen as an opportunity in the industry?
- 4- How do you consider the government policies towards promoting the industry?
- 5- How value chain management is being practiced in garment industry from primary and secondary activities perspectives?

Annex 3-List of Garment Factories in Addis Ababa

S/No	Company/Factory Name	Year Of Establishment (In E.F.Y)	Ownership Citizen	Ownership Type	City
1	Abem(Birhanu Sahile) Garment P.L.C	2001	Ethiopian	Private	Addis Ababa
2	Addis Garment S.C.(Augusta)	1965	Italy	Share	Addis Ababa
3	Akaki Garment S.C.	1971	Ethiopian	Share	Akaki
4	Ambassador Garment and Trading P.L.C.	1974	Ethiopian	Private	Addis Ababa
5	BM Ethiopia Garment and Textile S.C.	2003	Korea	Share	Addis Ababa
6	Concept International Ethiopia P.L.C.	2000	Ethiopian	Private	Addis Ababa
7	EMD Garment P.L.C.	1996	Ethiopian	Private	Addis Ababa
8	Feleke Garment P.L.C.	1998	Ethiopian	Private	Addis Ababa
9	Haya Garment Manufacturing P.L.C.	2002	Ethiopian	Private	Addis Ababa
10	Garment Evolution P.L.C.	1998	Ethiopian	Private	Addis Ababa
11	GMM Garment P.L.C.	1998	Ethiopian	Private	Addis Ababa
12	Gullele Garment P.L.C.	1982 .	Ethiopian	Private	Addis Ababa
13	Haile Garment P.L.C.(HG)	1996	Ethiopian	Private	Addis Ababa
14	Lucy Garment Industry P.L.C.	2003	Ethiopian	Private	Addis Ababa
15	Mantel Garment P.L.C.	1999	Ethiopian	Private	Addis Ababa
16	Mitch Garment P.L.C.	2002	Ethiopian	Private	Addis Ababa
17	Oasis Abissiniya P.L.C.	1999	Ethiopian	Private	Addis Ababa
18	Progress Garment Factory P.L.C.	1991	Ethiopian	Private	Addis Ababa
19	Soney Garment Textile and General Trading P.L.C.	1989	Ethiopian	Private	Addis Ababa
20	Vitcon Garment P.L.C.	1997	Ethiopian	Private	Addis Ababa
21	Wossi Garment Design Factory P.L.C.	1999	Ethiopian	Private	Addis Ababa
22	Yabetse Garment P.L.C.	1997	Ethiopian	Private	Addis Ababa
23	Yonis Garment P.L.C.	1996	Ethiopian	Private	Addis Ababa
24	Village Industry P.L.C.	2001	Italy	Private	Addis Ababa
25	BigM Garment and Apparel P.L.C.	2004	Ethiopian	Private	Addis Ababa
26	Desta Garment(Bekimar) Industries P.L.C.	2001	Ethiopian	Private	Addis Ababa
27	Diplomatic Garment PLC	1996	Ethiopian	Private	Addis Ababa
28	Shints ETP Garment PLC	2006	Korea	Private	Bole Lemi
29	Jay Jay Textile PLC	2006	India	Private	Bole Lemi
30	New Wide Group	2006	Taiwan	Private	Bole Lemi
31	Ashton Apparel (AtRaco)	2007	India	Private	Bole Lemi
32	Steve Horn Enterprise I.N.C	2007	USA	Private	Mekanisa
33	Arevined Life Stayle /A.N.F Gulf Ethiopia P.L.C	2007	India	Private	Bole Lemi
34	C and H Garment	2007	China	Private	Bole Lemi
35	KEI Garment P.L.C	2007	Korea	Private	Bole Lemi
36	Paradise Fasion	2006	Ethiopian	Private	
37	EDE Garment	2006	Ethiopian	Private	Ayertena China Camp
38	(Vestes Garment) Karl International PLC	2006	India	Private	Bole Lemi
39	Berhanu Tsehay Garment	2004	Ethiopian	Private	Akaki Kaliti
40	Sutan textile industry and trade P.L.C	2005	Ethiopian	Private	Addis Ababa
41	Mercy textile factory		Ethiopian	Private	Addis Ababa
42	Shewangizaw textile	1998	Ethiopian	Private	Addis Ababa
43	Karmel Garment P.L.C	2006	Ethiopian	Private	Addis Ababa
44	Sabati Zemachi International Trading P.L.C	2005	Ethiopian	Private	Shigola
45	Sunmul Garment P.L.C	2004	Ethiopian	Private	Addis Ababa
46	Rainbo Garment P.L.C	2006	Ethiopian	Private	Addis Ababa
47	Rebeka Fuje Garment P.L.C	2007	Ethiopian	Private	Addis Ababa
48	Kazfa Garment P.L.C		Ethiopian	Private	Addis Ababa
49	B.G. Garment P.L.C		Ethiopian	Private	Addis Ababa
50	T.M. and Z.B. Trading P.L.C	2006	Ethiopian	Private	Addis Ababa
51	Titem Textile Factory	2006	Ethiopian	Private	Addis Ababa
52	Netsanet Ali Beker Garment	2006	Ethiopian	Private	Addis Ababa
53	Newlook Garment Trading P.L.C	2004	Ethiopian	Private	Addis Ababa
54	Esachi General Trading P.L.C		Ethiopian	Private	Addis Ababa
55	Andualem Desalegn Garment P.L.C	2007	Ethiopian	Private	Addis Ababa
56	Admas Garment P.L.C	2002	Canada	Private	Addis Ababa
57	Zhong tingzhen Garment	2005	China	Private	Addis Ababa
58	Hua Xia Technology Plc	2005	China	Private	Addis Ababa

59	SYS Trading P.L.C	2005	Ethiopian	Private	Addis Ababa
60	Ephrem Tesfaye Textile and Garment P.L.C	2007	Ethiopian	Private	Addis Ababa
61	Endalech and Mulugeta General Trading P.L.C	2006	Ethiopian	Private	Addis Ababa
62	Endashaw Mengestu Regassa Garment P.L.C		Ethiopian	Private	Addis Ababa
63	KAB Garment P.L.C		Ethiopian	Private	Addis Ababa
64	Y.B.D.B. Trading P.L.C	2007	Ethiopian	Private	Addis Ababa
65	Yabanay P.L.C	2007	Ethiopian	Private	Addis Ababa
66	Gashu Temesegen Importer P.L.C		Ethiopian	Private	Addis Ababa
67	Goye International Business P.L.C	2004	Ethiopian	Private	Addis Ababa
68	Fetudean Miftaha Textile P.L.C	2007	Ethiopian	Private	Addis Ababa
69	TGS Textile and Garment	2016	China	Private	Addis Ababa