PRODUCTIVITY IN FOOTWEAR AND GARMENT SECTOR IN ADDIS ABABA

BY: FEYERA ABEBE

DEPARTMENT OF MANAGEMENT MBA PROGRAM

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BY: FEYERA ABEBE

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Declaration

I Feyera Abebe do hereby declare that this paper is my own composition and where the works of other persons have been used or referred to, such sources have been duly acknowledged.

Approval Page

This is to certify that this research study entitled **"Productivity in Garment and Footwear sectors in Addis Ababa**" was carried out by FEYERA ABEBE under strict supervision and has been approved for submission to the department of Management, Addis Ababa University, College of Business and Economics in partial fulfilment of the requirements for the award of **Masters in Degree of Business Administration in Management.**

Advisor:

Mohammed Seid (PhD) **Signature…….....Date…….....**

Internal Examiner:

Name **Tilahun Teklu (PhD)** ***Signature…….....Date…….....***

External Examiner:

NameMatiwos Ensermu (PhD)Signature…….....Date…….....

Abstract

Productivity is a summary measure of the quantity and quality of work performance with resource utilization considered. Regardless of the type of production, the basic concept is always the relationship between the quality and quantity of goods or service produced and the quantity of resource used to produce them. The garment and footwear sectors were chosen as main area of focus to explore factors influencing productivity so that it can be enhanced by managing these factors. Survey study was conducted by selecting the sample organization of garment and footwear sectors purposively by considering the organizations' size, availability of necessary information and their role in their respective sector. The major factors that affect productivity of the organizations are found to be capital, labor, intermediate materials, market demand, competition, government rule and regulation, workers motivation and satisfaction, research and development, innovation, technology, and production equipment.

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Acronyms

EBDSN- Ethiopian Business Development Service Network

ECBP- Engineering Capacity Building Programme

ELIA- Ethiopian Leather Industries Association

EOPP- Employment Opportunity Pilot Project

ISO- International standardizing organization

KLEMs- Capital-Labor-Energy-Materials

LLPTI - Leather and Leather Products Technology Institute

MoTI- Ministry of Trade and Industry

MoA- Ministry of Agriculture

NFIB- National Federation of Independent Businesses

OECD- Organization for Economic Co-operation and Development

PASDEP- Plan for Accelerated and Sustainable Development to end Poverty

UNIDO-United Nations Industrial Development Organization

USITC- United States International commission

SSA- Sub-Saharan Africa

TFP-Total Factor Productivity

CHAPTER ONE: INTRODUCTION

1.1. Background of the study

Production is the process through which goods and services are created. “It is turn-by-turn transformation of one form of material into another form by creating or enhancing the utility of the product to the user” (Schroeder, 2008). On the other hand, productivity is the ratio of output to input or it can also be the rate at which a company produces goods or services, in relation to the amount of resources used. Production capacity is the ability of the firm or a company to produce the products at a specified time period or it can also be the volume of products that can be generated by a production plant in a given period by using current resources. Productivity of a firm deals with the efficiency and effectiveness of the firm while production capacity deals with the time or duration within which a firm can produces a product.

Increase in productivity of the world can contribute to the increase in global output that in turn contributes to the global economic development. If the productivity of an organization is increased, that means, the amount of goods and services that it can produce is increased, then the benefit that an organization can get as a result of selling these products is increased. In doing so, it is mandatory for the organization to have good orchestration factors of production such as materials, labor, capital, technology, effective material handling system enough market for the product, necessary quality for the product and in sum, conducive environment for production.

In Africa, if one tries to analyze the concept of productivity in relation to the rest of the world especially the American and European countries, it shows a great difference. Except some countries, many African countries are too late even to adapt

the technology that is produced by the developed countries. This implies that productivity here in Africa is limited to a certain level.

Since Ethiopia is one of the developing countries in the world, increasing or improving productivity is unquestionable and mandatory issue in every sector. Many heavy manufacturing industries are on their establishment while others finish their establishment and start up production. Some are established earlier and run by traditional means of production; some faces shortage of enough capital outlay, knowledge, and technology to transform it to modern means of production that helps to increase productivity. From those industries that are established earlier, garment industry which is started in Ethiopia in 1939 and footwear industry which is started in 1928 are the leading ones. Even though these industries are established earlier, till now their contribution is not as much satisfactory. This is to say that their productivity is not that much appreciable as they are the promising sectors of the country where there are plenty of resources available to run these industries successfully.

According to CSA/2009/10, Ethiopia has 2.6.million hectares of land suitable for cotton production (especially in the Omo-Gibe, Wabi shebelle, Baro Akobo, Blue Nile and Tekeze river basins). Ethiopia, being the leading owner of livestock population in Africa, has around 150 million head in 2009/2010 consisting of 50.9 million cattle, 25.9 million sheep, 21.9 million goats, 1.9 million horses, 5.7 million donkeys, and almost 400,000 mules. In addition, there are also about 800,000 camels, and 42 million poultry (CSA, 2009/2010).

1.2. Statement of the Problem

To maintain competitiveness both in domestic and foreign market requires effective and efficient production system that can enhance productivity so as to meet the

demands of the market in which the organization is competing. Even though, increased production can help the organization to be competitive and profitable enough, there are different factors that can affect it. Among these factors, the common factors that can affect productivity include intermediate materials, labor, capital, energy, market demand for the product, technology, government rule and regulations, and material handling.

As indicated in the background section, Ethiopia has enough arable land suitable for cotton plantation and also larger livestock population than most countries of the world (Rahel 2007 and CSA, 2009/10). Of the sectors that could be benefit a lot from these large resource bases are the garment and footwear sectors. However, Ethiopia has not yet exploited the large resource to any appreciable degree. In addition, suitable land for cotton plantation, natural livestock resource endowment and the massive labor force that the country possesses provide an opportunity for the development and competitiveness of the sectors. So, what factors are hinder the productivity of these sectors from not be competitive both in national and international markets?

1.3. Research Question

Within the context of the above background discussed and the stated statement of the problem, the following research questions are identified by the researcher to be answered at the end of the study. These are;

- What are the factors that affect productivity of the garment and footwear sectors?
- What are the features describing productivity in garment and footwear sectors?
- Are the factors affecting productivity of footwear and garment sectors are similar or different?

- In what ways garment and footwear sectors can overcome the factors affecting their productivity and increase their competitiveness in their respective sector?
- What interventions/supports are needed to assist these sectors to grow, increase their productivity and competitiveness?

1.4. Objectives of the study

This section can be categorized in to two. These are general and specific objectives.

1.4.1. General Objective

The general objective of the study emanates from the research title indicated by the researcher. Hence, the overall or general objective of this study is to identify the factors that are affecting the productivity of the garment and footwear sectors and to promise ways of influencing them to enhance productivity.

1.4.2. Specific Objectives

Specific objectives are those objectives which are most of the time, match with the research questions raised in the problem statement part of the proposal. Accordingly, the specific objectives of the study are:

- To identify factors that affect productivity of the garment and footwear sectors.
- To identify the features describing productivity of the garment sector and footwear sector.
- To distinguish if there is difference between the factors affecting productivity of footwear and garment sectors.
- To find the way garment and footwear sectors can overcome the factors affecting their productivity and increase their competitiveness in their respective sector.

- To identify the interventions/supports that are needed to assist these sectors to grow, increase their productivity and competitiveness.

1.5. Significance of the Study

The study will have both policy and scholastic significance. The study will pursue its policy significance through availing the results of analyzed data, facts and information to the concerned body with regarding to the sector. Moreover, the study will have scholastic significance in that the paper is used as a partial fulfillment of the requirement of MBA and it will also be the base for those interested academicians to conduct similar study on the subject.

1.6. Scope and Limitation of the Study

The study was conducted to investigate the overall factors that can affect the productivity of garment and footwear sectors in Addis Ababa. The aspects that were treated were the overall characteristics of the garment and footwear sectors, key factors that can affect the productivity of these sectors, the way the sectors can improve their productivity, and finally the possible suggestion for the improvement of the sectors productivity is forwarded.

The populations of the study were the textile and leather industries. From textile and leather industries, garment sector and the footwear sector that are found in Addis Ababa identified as a target group of the study. From garment footwear sector organizations, sample organizations are selected by considering their size and ability to provide sufficient information for the study. The individual and small scale operators in the sectors were not included in the study participants.

CHAPTER TWO: LITERATURE REVIEW

2.1. Background of the Study Area

2.1.1. Textile Industry in Ethiopia

The modern textile sector started in Ethiopia in 1939, established by foreign capital under the name of Dire Dawa Textile Mills. According to a study of the Ministry of Agriculture and Rural Development report quoted by Rahel Abebe (2007), "Ethiopia has 2,575,810ha of land suitable for cotton production, which is equivalent to that of Pakistan, the fourth largest producer of cotton in the world". Currently, the main categories and areas that can produce cotton in the country are Selam from the Gondar in the Northwest of the country, and Awash from the Awash in the East.

> *"Total global apparel exports increased by 31 percent between 2001 and 2005. During the same period, Sub-Saharan Africa (SSA) apparel exports increased by 13 percent in the same period. The three largest global exporters of apparel are China, Turkey, and Hong Kong, together accounting for nearly one-half of global apparel exports in 2005" as Berihu 2008 quoted (USITC, 2007). "From Sub-Saharan Africa (SSA), the major exporting countries are Kenya, Lesotho, Swaziland, Madagascar, Botswana and Ethiopia. A study report by United States International commission (USITC) (2007) shows that, only Botswana and Ethiopia increased their exports of apparel from 2004 through 2005, and Ethiopia exports more textiles than apparel" Berihu 2008 quoted (USITC, 2007).*

2.1.2. Leather and Leather products Industry of Ethiopia

Next to coffee, hides and skins are one of Ethiopia's most important export items of the country. The history of the country's leather industry is dated back to 1928, when the country's first tannery (Awash tannery) and the first shoe factory (Darmar shoe factory) were established by the Armenians. The Derg halted exports of wet blue hides and skins, so as to encourage and inhibit tanneries to scale up the value chain and export semi-finished products (Ethiopian Economic Association 2005).

Even though the first tannery and shoe factory were estabilished by foreigners, it is a phenomenon of last three to five years that the foreign investors were allowed to invest freely in leather and footwear sector where the establishment of Ethio-Italy shoe factory can be seen as the major corner stone (Tillman 2010, pp 22).

As the raw material is processed and it is changed in to different form, its values increases and creates job opportunities for others through the processing activities. Hence the country has sufficient and cheap labor force, rather than exporting raw hides and skin, the country is more benefitable by processing raw hide and skin so as to increase its value and at the same time by creating job opportunity and reducing unemployment (Tillman, 2010,pp.22).

Even though the production of leather shoes in Ethiopia dates back to the late 1920s when the Armenian merchants founded two shoe factories (the then Darmar and Asco shoe factories) in Addis Ababa, these factories created an opportunity for a number of shoemakers, who opened their own factories in Addis Ababa and trained their workers. Today, the neighborhood of Mercato, a huge marketplace in the city, swarms

with shoemakers, wholesale shops dealing in leather, soles, and shoe accessories, and shoe retail stores (Loop 2003).

In sum, regardless of their early establishments, cheap labor, and enormous resource base the country endowed with, the productivity of both leather industry-footwear sector and textile industry-garment sector is not competitive enough that assures their competence both in domestic and global market. For instance,

> *"the footwear industry faces serious problems, both in the processing stages and upstream in the production of raw materials due to the problems that arise as a result of low quality of hides and skins as most of the cattle are not treated against ecto-parasites and diseases, and this leads to quality degradation of the hides. The common practices of branding on cattle, backyard slaughtering, as well as inappropriate storage and transport of hides and skins further reduce their quality. Due to their small size and losses, tanneries obtain no more than 22 ft^2 from one cattle hide, compared to 40 ft^2 in Europe and the Americas*" (Tillman 2010)

Similarly in textile sector, there are factors that constrain the production of cotton such as shortage of improved seed varieties, absence of extension service, and limited irrigation practices (Bosena 2008).

2.2. Measuring Productivity

Measuring productivity seems like the colour of diamond which has found to be differing when seen from different angles and similarly measuring productivity becomes different based on the materials included and excluded from measurement. In particular, there are two facets of productivity that have increasingly challenged

clear-cut measurement of productivity (Misikir 2004). “The first set of issues regards the output measure” (Syverson 2011). Many businesses produce more than one output and as a result, these firms use revenue which is not the exact substitute and measure of what is produced from a given set of inputs to measure their productivity accurately. But this may be acceptable, and even desirable, if product quality differences are fully reflected in prices, it can be problematic whenever price variation instead embodies differences in market power across producers. In that case, producers’ measured productivity levels may reflect less about how efficient they are and more about the state of their domestic output market. “The second set of measurement issues considers inputs” (Syverson 2011). For instance, to quantify labor input there is the choice of whether to use number of employees, employee-hours, or wages and some other quality adjusted labor measures (Syverson 2011).

2.3. Factors of Productivity

There are a number of ways to classify productivity factors. Among those the most general one is classifying it in to external and internal factors. The external factors are those, which are not controllable by the organization itself and the internal factors are those within its control. Thus, the first step towards improving productivity is to identify problem area within these factor groups. (Misikir 2004).

2.3.1. Labor

Labor as the factor of productivity is the main and major input that if excluded orchestration of other input and enhancing productivity is meaningless. Labor itself cal also be affected by other factors such as experience, training, duration and extent of training and also type of training whether it is on job or off job training. Attempts

to capture labor quality differences in labor measures rather than productivity are the impulsion behind using the wage bill to measure labor inputs rather than the number of employees or employee-hours. The idea is that market wages reflect variations in workers' contributions to production. Firms with more productive workers will have a higher wage bill per employee. Of course, there are problems with this approach wage variation might reflect the realities of local labor markets, or causation could be in the other direction, if more productive producers earn rents that are shared with or captured by employees (Abowd, Francis Kramarz, and David N. Margolis 1999).

Labor productivity shows the time profile of how productively labor is used to generate gross output. Labor productivity changes reflect the joint influence of changes in capital, intermediate inputs, as well as technical, organizational and efficiency change within and between firms, the influence of economies of scale, varying degrees of capacity utilization and measurement errors. Labor productivity only partially reflects the productivity of labor in terms of the personal capacities of workers or the intensity of their effort. The ratio between output and labor input depends to a large degree on the presence of other inputs, as indicated above.

2.3.2. Capital

Capital, including both financial and physical capital plays a great role in enhancing productivity. Capital as one of the factor of productivity, shows the time profile of how productively combined inputs are used to generate value added. It is, however, an indicator of an industry's capacity to contribute to economy wide growth of income per unit of primary input. In practice, the measure reflects the combined effects of disembodied technical change, economies of scale, efficiency change, variations in capacity utilization and measurement errors. When the capital input measure is an aggregator of detailed types of assets, each weighted by their respective user cost, and based on capital goods prices that reflect quality change, the effects of embodied technical change are picked up by the capital input term, and

only disembodied technical change affects total factor productivity (TFP). If capital typically differ from one another in how much technological progress they embody, how much labor to hire and in sum how many intermediate materials should be interwoven to support productivity. This all above argument is assured by Study result of Plutarchos Sakellaris and Daniel J. Wilson (2004). Their study result easily indicates that capital as factor productivity shows the time profile of how productively capital is used to generate value added. Capital productivity reflects the joint influence of labor, intermediate inputs, technical change, efficiency change, economies of scale, capacity utilization and also measurement errors. When capital input is measured in its theoretically preferred form, i.e. as a flow of services adjusted for changes in the quality of investment goods, the capital measure translates embodied technical change (rising or falling quality of capital goods) into a larger or smaller flow of constant-quality capital services. Thus, rising quality of capital goods implies a larger amount of capital services. For the same rate of output growth, this implies a fall in capital productivity.

2.3.3. Information Technology and R&D

Most of the time, investing in both information technology and R&D is seen as extra expense by some organizations. But in real context, if effectively and efficiently undergone the capital outlaid for both information technology and R&D have a positive effect on productivity and also profitability of an organizations. However, new technology's net productivity benefit to the adopter depends on the difference between the increased production that the new technology implemented facilitates and its acquisition cost. In support of this issue, specially the study by Faggio et al (2010) which environs on the capital intensity on information technology and the study by

Ulrich Doraszelski and Jordi Jaumandreu (2009) and Bee Yan Aw et al (2008) that is about the consequence and causality of R&D expenditures on productivity.

Faggio et al (2010) tried to show that industries that experienced the greatest growth in productivity dispersion also saw the largest increases in IT capital intensity which is yet more evidence tying IT to greater productivity variance by conducting study in United Kingdom on the dispersion of productivity within industry over the couple of decades an comes across the conclusion that investing in IT also contributes for the advancements of productivity of an industry. In tie with increased investing to IT capital, Ulrich Doraszelski and Jordi Jaumandreu (2009) find that firm-level uncertainty in the outcome of R&D is considerably much more with respect to the return on physical capital investment. In fact, their estimates propose that engaging in R&D more or less twofold the degree of doubt in the evolution of a producer's productivity level.

On the other hand, like spending on IT, investing in R&D also contributes not only to the enhancement of productivity but also to introduction of new product, new means of production, and also new technology itself. Study by Bee Yan Aw et al (2008) on the Taiwanese electronics exporters, elucidated the bidirectional causality between R&D and productivity. The study revealed that firms that select into exporting tend to be more productive than those who trade on domestic market but the decision to export is often accompanied by large R&D investments. These investments raise exporters' productivity levels further in turn, highlighting both selection and causal effects tying productivity to R&D. However, the timing of this R&D blitz is consistent with a world where the exporters are more willing to innovate on the

margin because they can spread the potential gains of productivity growth across a larger market.

Firms can also be innovative or non-innovative independently of their R&D effort. The main conclusion that is made by Pakes and Griliches (1984) is, however, that there is a strong and positive relationship between R&D and the number of patents at the firm level. More precisely, if the firm has made a success of its R&D investment by being more innovative, higher overall productivity should be expected. Consequently, the interaction of R&D and innovation is likely to have a positive effect on productivity. However, the concept of innovation does include activities that are not related to R&D efforts. A firm can invest in new equipment embodying technological innovations; it can buy software and new technology connected to technological innovations, e.g. patents, non patented inventions, licenses and consultant services in connection with the implementation of technological innovations. If the firm chooses a strategy to buy innovations for implementation in its own production, R&D and innovation services end up being substitutes. In that case, low R&D figures could be the result of a strategy of buying innovations instead of undertaking the risky R&D investments oneself.

In general, it also possible for firms that the firms can benefit also without investing on R&D, which is one of the more remarkable components of firms' overall innovative efforts because many firms undertake both process and product innovation without formally reporting R&D spending in a sense that the firms can purchase new technologies without investing and spending on R&D.

2.3.4. Product Innovation

"Innovation is a process aiming at the solution of productive problems and it is at firm level that knowledge is generated, adapted and applied to productive purposes" (Nelson and Winter, 1982). According to this approach, innovation is a specific process for each firm and it is characterized by a high degree of uncertainty. During the process, firm generates knowledge and applies it to the creation of new products or processes, undergoing a sequence of cumulative learning. The fact that the innovating process is specific and accumulative does not mean that there is an autarchic learning by the firm; on the contrary, the development of the innovation process depends on firm capabilities to identify their needs, opportunities and incentives offered by the environment. Thus, innovation process is seen as a systemic and interactive phenomenon which takes place among the different individuals within the organization and, at the same time, between the firm and its environment.

Innovations can be product innovation, process innovation or in other form. Creating in product quality or new process may not necessarily raise the quantity of output but they can increase the product price and production efficiency and also the firm's revenue per unit input. If one thinks about productivity as units of quality delivered per unit input, product innovation can enhance productivity. This is captured in standard revenue-based productivity measures since they reflect price variations across an industry's plants or firms (Daron Acemoglu and Joshua Linn 2004).

On the other hand, product innovation can be in the form of customizing the already existing and known product to meet the demands and wants of the customers found in other location which can increase the firm's ability of customization of products and also ability to innovate while other inputs such as employees' quality, R&D and IT

also contribute their own role in spurring innovation (Bartel, Ichniowski, and Shaw 2007).

In line with product innovation, the firm's productivity can be enhanced with patents that the innovation firm's can gain as a result of new invention that can help the firm as intangible capital like that of experience, technological and know-how. The work of Natarajan Balasubramanian and Jagadeesh Sivadasan (2011) supports this view in which they have found out clear evidence that new patent grants are associated with increases in firm size by any one of a number of measures such as scoping the number of products it makes, and TFP. Even if these correlations are reflecting the causal effect of patents is not as much clear, patenting activity could be just one part of a firm's coordinated push into new markets that can enhance marketability of the firm's product that in turn enhance the productivity of the firm.

Hence the firm is always not necessarily produce a single product, and product can be judged by the extent to which it meets the output requirements and amount that the customer is prepared to pay for a product of given quantity and quality, TFP is positively correlated with the number of products it produces. The work of Bernard et al (2010) divulges that a firm's productivity growth accompanies expansion of the variety of products a firm offers. But still it is not as much clear whether innovative activity drives both productivity and product-variety growth or whether firms experiencing general productivity shocks.

2.3.5. Managerial Practice/Talent

Managers should create the circumstances necessary for the relationship building needed for knowledge creation by providing time, space, attention, and opportunities.

Management can provide physical space such as meeting rooms, cyberspace such as a computer network, or mental space such as common goals to foster interactions. Moreover, it was found that when organizations used their preserved knowledge through structured periodic activities, they intensified their knowledge (Katila and Ahuja, 2002).

Managerial ability is the source of differences in surplus across businesses:

> *"The excess of produce which we are considering comes from directing force to its proper object by the simplest and shortest ways, from saving all unnecessary waste of materials and machinery, from boldly incurring the expense of improved processes and appliances, while closely analysing outgo and practicing a thousand petty economies in unessential matters; from meeting the demands of the market most aptly and instantly; and, lastly, from exercising a sound judgment as to the time of sale and the terms of payment. It is on account of the wide range among the employers of labor, in the matter of ability to meet these exacting conditions of business success, that we have the phenomenon in every community and in every trade, in whatever state of the market, of some employers realizing no profits at all, while others are making fair profits; others, again, large profits; others, still, enormous profits" (Fancies A. walker 1887).*

More intense competition in the firm's market is positively correlated with best-practice management. Additionally, management practice scores are lower when the firm is family-owned and primogeniture determined the current CEO's succession i.e., he is the eldest son of the firm's founder. Interestingly, primogeniture's tie to

productivity is not about family ownership. In fact, family ownership in isolation is positively correlated with good management (Bloom and Van Reenen (2007).

2.4. External Factors/Determinants of Productivity

Under this sub section, the external environmental factors that are beyond the control of the firm and that can affect productivity are discussed. These environmental factors may not operate directly on productivity, but they can affect producers' incentives to apply the internal factors discussed earlier. They can also influence the extent to which such efforts are successful at moving producers to a higher position within their industry's productivity distribution, and how responsive market share and survival are to productivity differences. As Syverson (2011) tried to point out, these external drivers can impact both the so-called "within" and "between" components of Total productivity growth. "The within component comes from individual producers becoming more efficient. The between component arises when more efficient producers grow faster than less efficient ones, or when more efficient entrants replace less efficient exiting businesses" (Syverson 2011).

By their nature, external environmental factors are most closely tied to market competition and government policy. Therefore, the benefit of understanding these factors provides special attention when considering the productivity and implications of market interventions by government.

However, when treating product innovation in previous section, I tried to point out as product customization which is similar to product adoption as one of the features in innovation. But such activities, which are, *adopting a productivity enhancing practice* involves disruption costs for a temporary period where costs are actually higher than

before any technological change was made in the firm that could be arise as a result of installation issues, fine-tuning new technology, retraining workers, and so on. With such adoption costs, producers facing less competition have less incentive to adopt the new technology because the higher per-unit profits that monopoly power brings raise the opportunity cost of changing production practices (Holmes, Levine, and Schmitz 2008).

2.5. Competition

Whatever the type of Competition it is, (market competition, price competition, product comptetion, quality competition or other type) competition exerts a pressure or it threatens the activity of other firm-the competitors and can affect productivity levels within that industry. According to Syverson (2011) competition impels productivity through two key mechanisms. First, competition moves market share by using more efficient ways of cost controlling methods and forcing the cost inefficient firms to be out of the game and also by, raising the quality horizon that any potential entrant must meet to successfully enter. The second mechanism acts through efficiency increases within plants or firms. As discussed above, heightened competition can induce firms to take costly productivity raising actions so as to control the market by heightening completion. Besides raising producers' own productivity levels, this effect of competition leads to aggregate productivity growth which is supported by the work of Xavier Vives (2007) that revealed out that heightened competition that can actually weaken a firm's incentives to make productivity enhancing outlays.

2.6. Deregulation or Proper Regulation

Government rule and regulation plays a great role in sustaining productivity and setting the ceiling price level hence poorly regulated markets can create wicked

incentives that reduce productivity. On contrary to this market deregulating or restructuring to smarter forms of regulation can reverse this situation.

For instance, the act of government of Ethiopia in 2011 plays a great role in doing such things by setting ceiling prices for consumer goods such as sugar and edible oil. Thus, as a result of this act, market of some consumer good is distorted. Before the regulation was put under implementation despite the high in price, everybody can get what he/she want from every shop. But after the regulation buying any single good is through queuing in front of the shop because the shoppers deliberate create shortage of the commodities because they are unwilling to sell at risky price that the government set so as to make the purchasing power of consumers equal with the increasing inflationary effects. Similarly the work of Benjamin Bridgman, Shi Qi, and Schmitz (2009) which has assessed the U.S. Sugar Act, passed in 1934 as part of the Depression-era supports the 2011 Ethiopian government market regulation activities. As a result of 1934 sugar act in U.S. refiners were compensated for tax by quota protection from imports and government which imposed limits on domestic competition. Similarly in Ethiopia, the traders especially those of edible commodity traders such as bread, oil, and sugar were given support from government such as providing them with raw material (wheat) with lower price or in other words the government subsidizes the edible commodity goods so as to keep the gap between purchasing power of middle and lower income social groups.

Sometimes, in order to encourage the investor in the area where the government prefers whether to strengthen its political stability or to development of the overall economic activities, the government implements incentive regulation which in turn enhances the productivity of the investor in that particular area. As an evidence, the

activity of the Ethiopian government undertaken concerning the investment in agriculture sector and investing in the area of technological advancement where the government provides the tax support in importing of machineries and materials regarding in the investment in these sectors. In accordance with this, the work of Knittel (2002) in which the implementation of "incentive regulation" programs, where regulators explicitly tie operators' earnings to the achievement of particular operating efficiencies ropes the act of the FDRE.

Economic regulation would also deprive consumers of the benefits from price competition. Market distorting regulations would also create allocative inefficiencies by making prices deviate from marginal costs. Even though regulation could benefit protected firms by insulating them from competition, it would also restrict their operations and thus create dynamic inefficiencies as indicated by low productivity growth, slow technological innovation, and the poor quality of management (Winston, 1993). In his study, Winston observes that progress in regulatory reform is sometimes slowed down or even reversed when it fails to produce sufficient immediate benefits. However, it should be emphasized that it usually takes a long time for the affected producers and consumers to adjust to the new competitive environment and to fully experience gains from the regulatory reform.

Moreover, benefits of regulatory reform are not evenly distributed among producers and consumers. Therefore, it is difficult but very important to examine how the long-run benefits of regulatory reform are achieved and distributed. Arguably, sum of such static gains would represent only a lower bound of gains from regulatory reform, since firms will continue to innovate in ways they would not have under regulation (Winston, 1993).

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3. Research Methods, Materials and Procedures

The analysis and discussion in this study are based on data collected from two complementary sources. The first is documentary sources. The second is field work to collect data from the selected sectors, Garment and footwear. These two sources could generate both qualitative and quantitative data, which would be used to explore the essence of this paper. This is essentially multiple-case studies research type. The case study approach is chosen for this study because it will help to capture the details of firm level productivity. The procedures that were followed in data coercion, processing and analysis are described in the sections that follow.

3.1. Research Methods and Data Sources

Since the overall objective of the study is to identify and describe the overall factors that can affect the productivity of the garment and footwear sectors, descriptive study particularly survey method of research is essentially used as a main method of research to accomplish this objective. To achieve its objective, both qualitative and quantitative data were obtained through the use of questionnaires and literature review.

Primary data was secured through the use of questionnaires. The secondary data was obtained from different published and unpublished documents which included books, journals, internet, research reports and reports of government officials, government policies, strategies and programs among others through intensive literature review.

3.2. Sampling and Target population of the study

The study included about **two** major target groups. These include garment sector of textile industry and footwear sector of the leather industry.

There is no census of both footwear and garment sectors in Ethiopia that helps to know the exact number of firms by size. According to the leather master plan study conducted by UNIDO and MoTI, (2005) however, in Addis Ababa, it is estimated that there are a dozen of large firms, about a maximum of 40 medium scale firms, a maximum of 100 units of small scale firms and 400-500 units of informal footwear producers.

Within the textile sector, the CSA (2002) distinguishes four types of establishments. The most numerous are the establishments involved in spinning, weaving and finishing of textiles. The knitting mills and the wearing apparel manufacturers are much smaller in size. The proportion of public enterprises is overall (38%) much larger than in the leather sector (where it is only 13%). However, the differences are large: almost two-thirds of the enterprises in spinning, weaving & finishing of textiles are public, none of the relatively small knitting mills, and only 16% of wearing apparel establishments. Even more significantly, the minority of public enterprises have created much more employment, i.e. 66.8% of the employees. Public establishments dominate in the areas of: gross value of production in textile; wages and salaries, as well as numbers of employees in both textile and leather.

So, in order to collect the primary data from the target population, considering the size of the organizations and their resourcefulness (availability of the necessary information), purposive sampling technique was employed to pick the respondent

organizations of the inquiry. Accordingly, totally 12 organizations, six organization from garment and six from footwear sector were selected to be study participants.

3.3. Methods of Data Collection

3.3.1. Documentary sources

As expected of a study, an important starting point is the review of literature. The search for literature and documents for this study is therefore, conducted using libraries, personal collections and the internet. The search has also generated useful documents and information that provide insights into the theme of the thesis by analyzing the former works.

3.3.2. Fieldwork and primary Data Collection Techniques

Techniques to collect fieldwork data were designed to gather information from garment and footwear sectors. The relevant steps such as sampling, preparation of research instruments and interviews were followed.

Questionnaires have been distributed to garment and footwear sector sample companies, filled-up and returned back. The total numbers of garment and footwear companies to be interviewed for the questionnaire are predetermined to be **12**; and **20** questionnaires have been distributed for each selected sample companies, filled out and returned back.

3.4. Methods of data Presentation and Analysis

To achieve the stated objectives and come up with reliable results, in its presentation and analysis, the paper used frequency table and percentage data presentation and analysis. The main reason to make use of these methods is the very nature of the study, i.e., descriptive study. Secondary data have also been used either in original form as given in the source or in modified form. Overall, there is blending of the different kinds of information that have been collected to elucidate the theme of the study.

3.5. Organization of the Paper

The paper is organized in to five chapters. Chapter One deals mainly with the introduction to the paper. Under this subsection, background of the study, statement of the problem, research question, objectives of the study, limitation and delimitation of the study were made. In the next part, under chapter two, intensive literature review was made. Under chapter three, research issues regarding research design and methodology were discussed. In the last sections, chapter four and five, data presentation, analysis, interpretation and summary, conclusion and recommendations were made respectively.

CHAPTER FOUR: PRESENTATION, ANAYSIS AND INTERPETATION OF DATA

4.1. Description of the Case Organization

All the sample organization were private limited and share companies except the two; Akaki Garment share company and Anbessa shoe share company which are public share companies.

Anbessa shoe Share Company formerly known as Darmar Started its operation as a public enterprise on February 10, 1975 with a fixed capital of Birr 445,000 and a total workforce of 334. Currently the company has more than 950 work forces and produces 4000 pairs of shoes per day. The company produces mainly Gentlemen's shoes, Ladies shoes, Children's shoes, Shoe Upper and Last (sole) for local and foreign market.

Tikur Abay shoe factory formerly known as Asco, Produce & Export Adult foot wear (Civilian shoes, Military boots, and Durable boots) and Children's shoe (Sandal & Boots) and recently in this year the company also started production and marketing of safety boots for industry workers.

Since 1989, Yirga Haile and his family established the Kangaroo Shoe Factory, Kangaroo Sole Factory Plc, Kangaroo Plastic Factory Plc, 3F Plc, Batu Tannery Plc, Rainbow Paint Factory, Universal Building Materials and other business interests amounting to over 11 companies. Currently, Kangaroo shoe factory plc, which is one of the Yirga's investment companies, Produce & Exports Gentlemen's shoes, Ladies shoes, Children's shoes. The average installed capacity of the factory is 1000 pairs per shift. The factory produce mainly men's casual shoe including loafers and boots lace-ups all in leather with soles PVC, TR & PU.

Ramsay shoe factory was established in 1993 with an initial capital of $200,000.00. It has about 500 employees. Ramsay produces both men's and women's shoe, with men's shoes accounting for more than 85% of output. The firm has a production capacity of 2000 pairs per day. Particularly, Ramsay shoe factory Produce & Export Military shoe, Gentlemen's shoes, Ladies shoes, Children's shoes.

Peacock shoe factory PLC was established in 1992 by four employees and used to produce 12 pairs of shoes pr day. Currently the company has more than 450 employees and produces 2000 pairs of shoes per day. Peacock shoe factory plc produce Gentlemen's shoes, Ladies shoes and Children's shoes for both domestic and export market. In order to strength its supply chain of raw materials the company owns two tanneries; Modjo and Dire Tanneries.

Jamaica shoe factory was established in 1969 with a very limited capital. Currently the company creates job opportunity for more than 500 employees and increases its capacity from 100-120 pairs of shoes to 600-800 pairs of shoes per day. Mainly, the company produces men's shoe, women's shoe, sport shoe, children shoe and sandals. The company markets its products Ethiopia and foreign countries such as Canada, Kenya, Tanzania and Djibouti.

Akaki Garment Share Company has been recognized as a leading work uniforms for both local and foreign markets. The factory produces Shirts, Trousers, Jackets and others like overall, over coat, skirts polo shirts. The share company's landholding is 45,460 square meters of which 41,009 m2 land space is yet unutilized for further investment. The share company is equipped with the newly Japan & Italy manufactured sewing & spreading machines juki brothers, CF, Daewoo and Pegasus

with high production capacity. The co. has heavy duty generator power back-up for power source purpose.

Ambassador garment and trade plc established in 1980 and found outside Addis industry zone in Addis Ababa around Yerer. Ambassador Garment & trade plc is a leading men suit manufacturer in Ethiopia with a daily output of 550 suits. The company uses Hi TECH sewing machine and currently it has 45 sales outlets which are classified as make to measure and readymade both for local and export market. It employed a worker of more than 1000 persons.

Yonis garment PLC, established in 2002 and found in Addis industry zone is one of the first private garment manufacturer and exporter to the U. S under AGOA (African Growth & Opportunity Act). Since it is established in Ethiopia with its high tech and brand new Japan made machines, the company is exporting for 3 U.S companies but yet still working under capacity. Yonis garment PLC employed a works of about more than 500 person, manufactures and exports sportswear, casual wear, uniforms and athletic wears.

Novastar garment PLC is established in 2005 and produces polo shirts, t-shirts, uniforms and sportswear for children, juniors, females, males, corporate bodies and tourists. Novastar garment factory plc is state of the art factory that is exporting its products to US and Turkey market. It employees more than 450 professionals and located outside the Addis industry zone in Galan town of Finfine Area Special Zone of Oromia.

Knit to finish garment, the former Garment Express plc, was established in 1999 Targeting AGOA (African Growth & Opportunity Act) which allows also other sub-Saharan African Countries to export garment items to the US market Tax and Quota

free. The company had exported garment to the US market before AGOA and still exporting in big volumes.

One of the recently established garment factories, Wow international garment factory plc which is established in October 2000 around Akaki area, creates a job opportunity for more than 250 employees, produces men's and ladies suits, trousers, coats, hotel, hospital and school uniforms, military and other working wears and trades its products both in domestic and foreign market such as Sudan, Zambia and America.

4.2. Data Presentation, Analysis and Interpretation

Under this section, presentation, analysis as well as interpretation of the data that are collected from the selected sample organization is done. Accordingly, a total of 240 structured questionnaires were distributed for 12 organizations-6 from garment sector and 6 from footwear sectors. Except one organization in the footwear sector where only 14 respondents returned the filled questionnaire, all other organizations returned fully the distributed questionnaires.

However, from the organizations in the garment sector, considering the role the organizations are playing in the sector and their suitability and availability of necessary information, initially Ambassador garment and trade plc, Akaki garment factory share company, WOW international garment, Gullele garment share company, Ras Dashen garment factory and Concept Ethiopia garment factory plc were recognized as the study participants from the garment sector.

Alas the last three, Gullele, Ras Dashen and Concept Ethiopia were not volunteer to reveal any piece of information due to change in the form of their ownership. Gullele was formerly public now it is privatized. These two companies, Gullele and Ras Dashen garment, declined to provide information by reasoning that they are on

transformation and reorganization process and even they are stopped production at the moment. The other company, Concept Ethiopia garment factory plc on the other hand, the manager allowed and questionnaires were distributed. In the mean time the owner appeared and closed the door as revealing any information of the organization was impossible.

Considering this situation, the researcher reached Yonis garment factory, Novastar garment plc and the former garment Express, now Knit to Finish garment as replacements. Except 4 questionnaires, all the questionnaires distributed for garment sector were returned. In sum, together from both sectors, out of 240 questionnaires distributed, 230 questionnaires, which account 95.83% of the total were returned and ready for analysis.

4.3. Demographic Characteristics of the Respondents in the Sectors

In this sub section, variables such as age, sex, educational status, work experience both in the organization and on the current job workers have and duration they are working continuously in the organization are analyzed. In view of that, let us start with age statistics.

Table 4.3.1. Respondent's Age

	15-25 (%)	26-40 (%)	41-50 (%)	51-60 (%)	Above 61 (%)	Total
Garment	29.6	54.8	8.7	7	0	100
Footwear	51.8	19.3	19.3	8.8.	0.9	100

As the table above depicts, more than half (54.8%) of the respondents in the garment sector were 26-40 years of age, 29.6% were those the youngest of 18-25 years old, 8.7% were those who found in between 41-50 years of age and the remaining 7% were found in between 51-60 years old. This shows that more of the workers in the garment sectors are those who are energetic ones and can bring a change in the organization other things remain constant. On the other hand, being having the workers of younger work group may mean the sector is recent phenomenon.

In contrast to the garment sector, the footwear sector organizations were dominated by those who were between 18-25 years old that accounts for 51.8%, followed by those who were between 26-40 and 41-50 years old each of which accounts for 19.3% and the remaining 8.8% and the smallest share is those whose age is in between 51-60 and greater than 61 years old respectively as it is seen clearly in the above table.

Table 4.3.2.Sex Summary for Garment sector Respondents

	Male (%)	**Female (%)**	**Total**
Garment	49.1	50.9	**100**
Footwear	56.4	43.6	**100**

As clearly seen from the above table, of the total respondents in the garment sector almost 51% were females and the remaining 49% were males. This shows that as the sector almost gives equal employment opportunity while selection and recruitment time and women participation is equal with that of men.

Unlike respondents in the garment sector were the proportion of the male and female employee is almost near to equal (49 and 51), in the footwear sector, the proportion of male and female employee was somehow wide to 56.4 and 43.6 respectively. This

describes that as women were participating more in garment sector than in footwear sector.

Table 4.3.3. Educational background of the Respondents

	Garment	**Footwear**
High school complete (%)	4.6	7.6
One year technical school (%)	14.8	16.2
Two years technical school	22.2	8
Three years technical school (%)	33.3	34.8
Bachelor degree (%)	23.1	33
Advanced degree studies (%)	1.9	0
Total	**100**	**100**

According to the information summarized in the above table, the selected garment sectors includes almost all educational levels from high school complete up to advanced degree studies which help the sector workers in sharing their experience and helping each other. Out of the total responded to provide the information, majority of the workers 33.3% in the sector were those from technical college by studying for three years, 23.1% of them were bachelor degree holder, 22.2% by studying for two years in technical college, the remaining small amounts 4.6% and 2.4% were high school complete and those have advanced degree studies respectively.

As the above table clearly shows, 34.8% percent of the respondents in the footwear sectors were those who studied their education for three years in technical college, 33.9% were bachelor degree holders, 16.1.% were studied in technical school for one year and the remaining 7.1% were those who were high school complete. Surprisingly, none of the respondent in the footwear sector had studied for advanced degree.

In both sectors majority of the respondents were those who were technical college graduates who studied from three to one year. A limited number of the respondents were those who have bachelor degree and very limited percentage (only in garment) have studied for further advanced degree. Those who have bachelor degree and studied for advanced degree; not only being limited in number in both sectors, their area of specialization is out of the concern of both sector majorities of which were business and economics faculty graduates particularly accounting and management. This reveals that as the higher education institutions of the country are too late to include such area of specialization in their curricula.

Table 4.3.4. Service the Respondent Provided in the Organization

	Less than one year (%)	1-5 years (%)	6-10 years (%)	More than 10 years (%)	Total
Garment	19	35.3	22.4	23.3	100
Footwear	21.9	53.5	8.8	15.8	100

The purpose of the above table is to assess the experience of the workers with the organization. Accordingly, in garment sector, the highest share which is 35.3% goes to those who operates with the organization for 1-5 years, the next highest percentage of the workers 23.3%, was those who worked more than ten years in the organization, a bit lower and 22.4% was those who have experience of 6-10 years with the organization and the remaining 19% were those newly employed in the organization and have an experience of below one year.

Hence the experience of the worker in an organization has its own impact on the productivity; the researcher uses the information in the above table to identify such

issue whether the workers in the footwear sector have the comparable experience. Consequently, in footwear sector, more than half, 53.5% of the respondents were who have experience of 1-5 years with the organization and the next largest portion which is 21.9% was those who were currently employed and have an experience of less than one year, the remaining 15.8% and 8.8% were those who have experience of more than ten years and 6-10 with the organization respectively. Because it allows producers to identify opportunities for process improvements, experience, as the very act of operating, can increase productivity. This productivity growth, often called learning-by-doing, has a long and rich history of study in the literature.

For instance, a study by Rebecca Achee Thornton and Peter Thompson (2001) investigate what types of experience matter in productivity growth from learning by doing. They have used multi design/multi yard nature of the data that lets them estimate the relative productivity contributions of four different measures of past production experience: (1) the yard's past production experience with a particular design, (2) the same yard's past production of other designs, (3) other yards' experience with the particular design, and (4) other yards' production of other designs. Not surprisingly, they found out that, a yard's past production of a particular model matters most for productivity growth in that same model.

Table 4.3.5. Duration Workers Work continuously (garment)

	For less than 6 hours (%)	For 6 hours (%)	For 8 hrs (%)	For 10 hrs (%)	For 12 hrs (%)	For more than 12 hrs (%)	Total
Garment	0	1.7	93.1	1.7	0	3.4	100
Footwear	1.8	1.8	90.4	6.1	0	0	100

As it is tried to be shown in the above table, the purpose is to know for how long continuously the workers were working in a day in the organization. Accordingly 93.1% of the respondents respond as they were working for 8 hours per day, 3.4% work for more than 12 hours, 1.7% of the respondents work for 10 hours and the remaining1.7% of the respondent respond as they are working only for only 6 hours a day.

As indicated in the above table, the footwear sector samples were also asked for how long continuously they were working in their respective organization per day. As a result, majority (90.4%) of the respondents responded as they were working for 8hours in a day, 6.1% replied as they are working for more than 10hours per day, and there were also respondents who responded as they were working for 6hours and below 6hours in a day each of which accounts for 1.8%.

As the researcher informally tried to know whether there is constant work hour for all workers or not, some organizations have elucidated that there are different working hour as the workers differ in their work specification such as management workers, production workers, operation, janitors and there is also overtime work for voluntary workers and the minimum working hour in the organization are 8 hours per day and there is exceptional worker such as janitors and part time workers who are not abided by this. That is what the information in the above tables 4.3.5 clearly state.

Table 4.4. Capital

	Agree (%)	**Disagree (%)**	**Neutral (%)**	**Total (%)**
Garment	69.4	23.4	7.2	100
Footwear	57.7	25.2	17.1	100

As Syverson 2011 stated, not just only physical capital can have unobservable quality differences.

> *"Certain types of capital may be themselves invisible-that is, intangible capital. Such capital can include any of a number of concepts, like a firm's reputation, know-how, or its loyal customer base, just to name a few. Despite the difficulty in quantifying these types of capital, they can have very real output effects that, as such, will result in measured productivity differences"* (Syverson 2011).

Accordingly, respectively 69.4% and 57.7% of the respondents in garment and footwear sector agreed that their respective organizations had sufficient capital, 23.4% and 25.2% of them disagreed which means their respective organization has shortage of capital and the remaining 7.2% in garment and 17.1% responded as they don't know about capital strength of their organization. Even if majority of them believed to have sufficient capital, what their work revealed was that as they had a problem that may resulted due to ineffective and inefficient utilization of capital. There were also some organizations which did not halted as they were highly in problem both in sufficient capital allocation from owner and ineffective utilization of capital by the managers since the management talent and practice is crucial in effectively utilizing available resources not only capital.

Table 4.5. Labor, Labor Quality and Labor know how of working Machine

	Agree (%)	**Disagree (%)**	**Neutral (%)**	**Total (%)**	
Labor	76.3	23.7	0	100	**Garment**
	75.2	19.5	5.3	100	**Footwear**

The above table 4.5 gives insights over three major issues; the labor, labor quality and labor know how of the working machine. Hence 76.3% of the respondent in the garment sector and 75.2% in footwear sector showed as their organization have enough labor resource to facilitate its productivity, 23.7% and 19.5% in garment and footwear sector respectively disagreed with the idea and 5.3% of the respondents in the footwear sector restrained from providing such information.

As discussed in chapter two under review of literature part, several factors are tied to labor quality, including education, training, overall experience, and tenure at a firm which can affect productivity of the organization. Therefore, as table 4.3.3 tried to reveal majority of the respondents in both sectors had an education level of two years technical education or above. As tried to be seen in table 4.3.4 which reveals about the workers experience with the organization, majority of the respondents in both sector had experience ranging from one year to five followed by year 6-10 year in garment sector and less than one year in footwear sector. Thus, the information in the above table 4.3.4 showed as both sectors were more or less the victims of lack of higher educational level and work experience.

Table 4.6. Technology and Production Equipments

	Agree (%)	**Disagree (%)**	**Neutral (%)**	**Total (%)**	
Modern technology	88.7	2.6	8.7	100	**Garment**
	85.6	7.2	7.2	100	**Footwear**
Sufficient Production Equipment	93	6.1	0.9	100	**Garment**
	77.5	10.8	11.7	100	**Footwear**
Effective and Efficient Utilization of Production Equipments	96.5	2.6	0.9	100	**Garment**
	86.5	7.2	6.3	100	**Footwear**
Malfunctioning of Machines	92.1	3.5	4.4	100	**Garment**
	82	12.6	5.4	100	**Footwear**

The study by Faggio, Salvanes, and Van Reenen (2010) showed that "industries that experienced the greatest growth in productivity dispersion also saw the largest increases in IT capital intensity. This is yet more evidence tying IT to greater productivity variance". This means those industries that were equipped and operating with modern technology increases their productivity. As of the information presented in the above table 4.6 explained that 88.7% and 85.6% of the garment and footwear respondents respectively agreed that their organization used modern and up to dated technology, 2.6% from garment and 7.2% from footwear are disagreed with the issue under case and the remaining 8.7% and 7.2 from garment and footwear sector responded as they were neutral about the technology their organization was operating with respectively.

Having sufficient equipment or machinery of production contributes to the increased productivity other things kept constant. So the organization should fulfil necessary equipment and machineries so as to increase their productivity. To get insights about such issue from the respondents, the question which says “the organization has sufficient equipment/machinery of production” was asked. Accordingly, 93% and 77.5% respondents from garment and footwear sector respectively agreed as their respective organization is equipped with sufficient equipment or machinery of production, 6.1% and 10.8% respondents from garment and footwear sector respectively disagreed with the idea and the remaining 0.9% from garment and 11.7% respondents from footwear sector responded as they were in different about the sufficiency or shortage of the production equipments of their respective organization.

The other issue presented in the above table 4.6 was tried to determine whether the organization in each sector were effectively and efficiently utilizing the equipment of production. Therefore, 96.5% and 86.5% of the respondents from each; garment and footwear sector respectively agreed as the organizations were effectively and efficiently utilizing the equipment of production, 2.6% from garment and 7.2% from footwear sector respond as they disagreed which means their respective organization is not utilizing the equipment of production effectively and efficiently. The remaining number of respondents, 0.9% from garment and 6.3% from footwear sector are responded as they are neutral.

Equipment/machine malfunctioning during production time is among the factor that can affect the productivity of a given organization. Thus 92.1% and 82% of the respondent from garment and footwear sector respectively agree as malfunctioning of machine occurs during production time. 3.5% from garment and 12.6% from footwear

disagreed with the idea and the remaining respondents, 4.4% from garment and 5.4% from footwear sector were responded as they are neutral/do not know about the issue under consideration.

Table 4.7. Intermediate Materials and Parts

	Agree (%)	**Disagree (%)**	**Neutral (%)**	**Total (%)**	
Shortage of Materials and Parts	79.6	13.9	6.5	100	**Garment**
	65.4	23.4	11.2	100	**Footwear**
Effective and Efficient utilization of materials & parts	86.3	6.5	7.2	100	**Garment**
	69.5	17.2	13.3	100	**Footwear**
Process its own Materials and parts	15.2	76.8	8	100	**Garment**
	23.9	68.8	7.3	100	**Footwear**

One among the major factors determining productivity is intermediate materials. Hence these can be raw material, semi finished material or parts and can contribute a lot in facilitating productivity. Therefore, in table 4.7, the respondents were asked whether their organization faces shortage of material and parts for production. As a result, 79.6% of garment respondents and 65.4% of respondents from footwear sector agreed as their organization face shortage of materials, 13.9% and 23.4% of the respondents from garment and footwear respectively disagreed with the idea and the remaining 6.55 of the respondents in garment sector and 11.2% in footwear sector responded as they were neutral or not know perfectly whether their organization faces shortage in material and parts. This reveals that even though the country is endowed

with sufficient resource base that can feed both sectors as per their need there is under utilization of the resources[1].

The next issue presented in the above table 4.7 was to seek information on whether the available resources were utilized effectively and efficiently. In view of that, 86.3% and 69.5% of the respondents in garment and footwear respectively agreed as their organization utilizes the available materials and parts effectively and efficiently. There is slight difference between garment and footwear sector respondents who agreed with the effective and efficient utilization of materials and parts. It is somewhat slight higher for garment and footwear sector because of the nature of the materials they were using; that means the material that were used by the footwear sector is easily perishable than that of materials used by garment sector. 6.5% of the respondents in garment sector and 17.2% of the respondents in footwear sector responded as they disagreed, means that there is no effective and efficient utilization of materials in their respective organization that means also there is wastage of materials of production. The remaining 7.2% of the garment sector respondent and 13.3% of footwear sector respondents restrained from agreeing or disagreeing with the idea.

Table 4.7 above also gives insights how many of the organizations were processing their own raw material and how many of them were using the product of other organization-formed integration with other organization. Thus 15.2% and 23.9% of the respondents in garment and footwear sector respectively agreed as their organization process its own materials and parts, 76.8% and 68.8% in garment and footwear sector respectively disagreed which means their respective organization does

[1] This idea does not includes other resources which are imported such as chemicals and machineries for both garment and foot wear sectors

not process its own materials and parts and 8% and 7.3% respondents from garment and footwear sector respectively are indifferent.

Table 4.8. Availability of Materials in Demanded Quantity, Quality and time

	Agree (%)	**Disagree (%)**	**Neutral (%)**	**Total (%)**	
sufficient materials and parts of demanded quantity	39.6	51.4	9	100	**Garment**
	34.9	56	9.1	100	**Footwear**
sufficient materials and parts of demanded quality	37.9	52.6	9.5	100	**Garment**
	23	64.6	12.4	100	**Footwear**
sufficient materials and parts on time	32.7	59.5	8	100	**Garment**
	33.3	46	20.7	100	**Footwear**
Producing quality product decreases productivity	23.9	63.8	13.3	100	**Garment**
	21.6	69.4	9	100	**Footwear**

As the table 4.8 above depicts the majority of the respondents more than 50% in both sectors disagreed with the question listed; i.e. the organizations in both footwear and garment sectors did not get sufficient material in demanded quantity, quality and demanded time. This indicates that the sectors were highly facing shortage of materials and resources.

The other issue presented in the table above is that whether producing quality product contributes to the decrement of productivity in an organization or not. Hence 33.3% in garment sector respondent and 21.6% in footwear sector respondents agreed with the ideas, the majority, 63.8% of the respondents in garment and 69.4% of the respondents in the footwear sector responded as they disagreed with the idea. As some respondents tried to point out specifically, producing quality product mainly depends

on quality material, quality labor and capital. So, once these are fulfilled, producing quality product does not influence the productivity of an organization.

Table 4.9. R&D and Product Innovation

	Agree (%)	Disagree (%)	Neutral (%)	Total (%)	
R&D	22.8	61.8	11.4	100	**Garment**
	20	74.3	5.7	100	**Footwear**
The organization Introduces New Designs of Product	77.2	10.5	12.3	100	**Garment**
	57.7	36.9	5.4	100	**Footwear**

"R&D is one of the more observable components of firms' overall innovative efforts. Many firms undertake both process and product innovation without formally reporting R&D spending. As touched in literature review, one of the mechanisms behind IT-based productivity growth that Bartel, Ichniowski, and Shaw (2007) pointed to is an improved ability to customize products without investing in R&D.

But firms may be innovative or non-innovative independently of their R&D effort. The main conclusion in Pakes and Griliches (1984) is that there is a strong and positive relationship between R&D and the number of patents at the firm level. More precisely, if the firm has made a success of its R&D investment by being more innovative, higher overall productivity should be expected. Consequently, the interaction of R&D and innovation is likely to have a positive effect on productivity.

"However, the concept of innovation does include activities that are not related to R&D efforts. A firm can invest in new equipment embodying technological innovations; it can buy software and new technology connected to technological innovations, e.g. patents, non patented inventions, licenses and consultant services in

connection with the implementation of technological innovations. If the firm chooses a strategy to buy innovations for implementation in its own production, R&D and innovation services end up being substitutes. In that case, low R&D figures could be the result of a strategy of buying innovations instead of undertaking the risky R&D investments oneself" (Pakes and Griliches 1984).

This is what the information in the above table 4.9 revealed. In the first part, the respondents were asked whether their organization had Research and Development centres, but the majority of the respondents in both sector 61.8% in garment sector and 74.3% in footwear sector responded as there was no R&D in their organization and 77.2% of respondents in garment sector and 57.7% of respondents in footwear sector responded as their organization introduced new design of its product. From this, one can understand that as the organization in both sectors were innovating and introducing new designs of their products without in investing in R&D.

Table 4.10. Promotion and Market Demand of the Product

	Agree (%)	**Disagree (%)**	**Neutral (%)**	**Total (%)**	
The Organization Promotes its Products	88	6	6	100	**Garment**
	72	13	15	100	**Footwear**
The Product of the organization has sufficient market	92.7	0.9	6.4	100	**Garment**
	75.7	9	15.3	100	**Footwear**
Domestic customers	97.4	2.6	0	100	**Garment**
	82	7.2	10.8	100	**Footwear**
Foreign customers	76.7	8.6	14.7	100	**Garment**
	84	8	8	100	**Footwear**
Both foreign and domestic customers	80.7	2.6	16.7	100	**Garment**
	82.3	6.5	11.2	100	**Footwear**

Promotion is made for its own target and objectives: for instance, it may aim at *Informing, Persuading, Reminding and Reinforcing* (Kotler and keller 2006). Thus the respondents were asked whether their respective organizations were promoting or not. As a result, 88% of the respondents in garment and 72% of the respondents responded as their organization promotes its product, 6% and 13% of the respondents from garment and footwear sector respectively disagreed with the idea and the remaining 6% and 15% from garment and footwear respectively refrained from giving their view about the issue.

Kotler and keller 2006 defined Market demand for a product as

> *"the total volume that would be bought by a defined customer group in a defined geographical area in a defined time period in a defined marketing environment under a defined marketing program and it is also a bundle of attributes such as price of the product, quality of the product, design of the product, comfortability of the product to mention some" (kotler and keller 2006).*

So, as discussed in previous literature review part, firms must conduct market research to innovate new product, new product design and even new product line that meet the emerging customer need so as to retain and widen the existing demand for their products in order to maintain and even to increase productivity. In view of that, 92.7% and 75.7% of the respondents in garment and footwear sector agreed that as the product of their organization has sufficient market demand and 80.7% and 82.3% of the respondents from garment and footwear sector respectively agreed as their product is demanded by customers found both inside and outside the country-which means the majority of the organizations involving in export market. Even though these

companies were exporting their export, majority of the customers were those who found in the country, as the data in the above table 4.10 above revealed (97.4% and 82% in garment and footwear respectively).

Table 4.11. Training and Development

	Agree (%)	**Disagree (%)**	**Neutral (%)**	**Total (%)**	
The Organization provides training for employees as needed	63.8	32.8	3.4	100	**Garment**
	48.6	44	7.4	100	**Footwear**

The belief that employer-provided training has an impact on firm productivity has been prevalent among academics for many years. Studies by (Barron et al. 1994) have looked at the relationship between training and productivity. They estimated the impact of training in the first three months of employment on firm productivity including information on formal and informal training, duration and intensity of training, wages, and productivity. They found that 10% increase in training increases productivity by 3.7%.

Training and Development that is given for an employee of the organization plays a significant role in facilitating productivity. For instances, there were a situation when training is critical in an organization such as a time when new worker is employed, new machinery is occupied, when new system is installed and also to develop the existing worker to other work area in the organization. Hence 63.8% of garment sector respondent and 48.6% of footwear sector respondents agreed as the organization gives training for them and 33.8% and 44% in garment and footwear sector respectively disagreed which means as the organization does not provide them training.

Table 4.12. Motivation of Worker

	Agree (%)	Disagree (%)	Neutral (%)	Total (%)	
Workers of the organization are self motivated	49.1	29.8	21.1	100	**Garment**
	42.1	39.3	18.7	100	**Footwear**
The organization provide inducements for workers	53.4	40.5	6.1	100	**Garment**
	33.3	54.1	12.6	100	**Footwear**

Human capital resources include knowledge, skills and experience controlled by a firm that enables the firm to improve its performance, competitiveness, innovation, efficiency and effectiveness. So in order to benefit from its human capital (employees), the organization should have motivated worker or it should provide inducements to motivate its employees; hence motivation can be used as the art of helping people to focus their minds and energies on doing their work as effectively as possible**.**

However, the data in the above information divulged that as 49.1% and 42.1% of respondents in garment and footwear sector respectively agreed as the workers were self motivated, 29.8% from garment and 39.3% of the respondent from footwear sector were disagreed means the workers of their respective organization were not self motivated and the remaining 21.1% of garment sector respondent and 18.7% of footwear sector respondents were refrained from giving such information. The other information divulged in the above table is that whether their organization provides inducements for workers to motivate them. Accordingly, 53.4% of respondents in garment sector and 33.3% of the footwear sector respondents agreed as their respective organization provide inducements for workers to motivate them and 40.5%

and 54.1% of respondents in garment and footwear sector respectively disagreed-to mean that their respective organization did not provide inducements for workers so as to motivate them. This implies that as such organizations were not benefiting from individual talent and abilities.

Table 4.13. Management System

	Agree (%)	**Disagree (%)**	**Neutral (%)**	**Total (%)**	
Management of the organization is democratic	63.2	32.5	4.3	100	**Garment**
	29. 7	55. 9	14.4	100	**Footwear**

The question was forwarded for respondents whether the management system in their organization seemed democratic or not so as to assess as the worker satisfaction with management system because it hinder productivity indirectly. As a result, 63.2% and 29.7% of respondents from garment and footwear sector respectively agreed as the management system in their respective organization is democratic and 32.5% of respondents in garment sector and 55.5% of the respondents in footwear sector disagreed with the idea, that means the management system in their respective organization was not democratic since the remaining 4.3% and 14.4% of respondents in garment and footwear respectively are kept silent from talking about this issue.

Table 4.14. Work Place Environment of the Organization

	Agree (%)	Disagree (%)	Neutral (%)	Total (%)	
The work station of the organization is enough	81.9	13.8	4.3	100	**Garment**
	64	24.3	11.7	100	**Footwear**
workstation of the organization is safe	81.6	9.6	8.8	100	**Garment**
	66.1	24.7	9.2	100	**Footwear**
work station of the organization is comfortable	87.9	6.1	6	100	**Garment**
	64.2	26.6	9.2	100	**Footwear**
The organization provides safety materials	81.7	10.5	7.8	100	**Garment**
	79.3	15.3	5.4	100	**Footwear**

"The workplace environment impacts employee morale, productivity and engagement both positively and negatively. The work place environment in a majority of industry is unsafe and unhealthy. These includes poorly designed workstations, unsuitable furniture, lack of ventilation, inappropriate lighting, excessive noise, insufficient safety measures in fire emergencies and lack of personal protective equipment. People working in such environment are prone to occupational disease and it impacts on employee's performance.

Thus productivity is decreased due to the workplace environment. It is the quality of the employee's workplace environment that most impacts on their level of motivation and subsequent performance. How well they engage with the organization, especially with their immediate environment, influences to a great extent their error rate, level of innovation and collaboration with other employees, absenteeism and ultimately, how long they stay in the job. Creating a work environment in which employees are productive is essential to increased profits for organization, corporation or small

business. The relationship between work, the workplace and the tools of work, workplace becomes an integral part of work itself". (chandrasekar (2011).

So, according to the information in the above table 4.14, majority of the respondent which range from 64% in footwear up to 87.9% in garment sector respondents agreed as the work station of their organization was enough, safe, comfortable and as the organization provides safety materials like musk, glove, gown and similar industry hazardous protective materials while some respondents which range 6.1% in garment up to 26.6% in footwear sector respondents disagreed with the idea under consideration.

Table 4.15. Storage and Inventory Control System

	Agree (%)	**Disagree (%)**	**Neutral (%)**	**Total (%)**	
the organization has warehouse for materials, semi finished products and finished products	89.7	4.3	6	100	**Garment**
	77.5	15.3	7.2	100	**Footwear**
The organization FIFO method of inventory control	69.4	5.6	25	100	**Garment**
	69	7.1	23.9	100	**Footwear**
The organization LIFO method of inventory control	33	30.1	36.9	100	**Garment**
	3.6	55	41.4	100	**Footwear**

"Inventory is usually referred to abs stock-in-trade or work-in progress which may consist of Raw materials and supplies to be consumed in production, work-in-progress, or partly manufactured goods, and finished stock or goods ready for sale. Inventories perform a number of vital functions in the operations of a system, which in turn makes them critical to the production sector as well. Without inventories, organizations could not hope to achieve smooth production flow, obtain reasonable

utilization of machines and reasonable handling cost or expects to give reasonable service to customers.

Stock control system, the means by which materials of the correct quantity and quality are made available as and when required, with due regard to economy in storage and ordering costs, purchase prices and working capitals and storing raw materials, finished and semi-finished materials have also its own impact on productivity directly or indirectly" (Yusuf 2003).

Accordingly, the information in the above table 4.15 reveals that 89.7% and 77.5% of the respondents from garment and footwear sector respectively agreed as their organizations had separate warehouse for raw materials, semi finished material, and finished products and 4.3% in garment and 15.3% in footwear sector disagreed with the idea. On the other hand, majority of the respondents, more than 69% in both sector agreed as their respective organization used FIFO method of inventory control system and there were also a group of respondents who agreed as their respective organization used LIFO method of inventory control system that accounts for 33% in garment and 3.6% in footwear sector.

Table 4.16. Packaging and Transportation Infrastructure

	Agree (%)	**Disagree (%)**	**Neutral (%)**	**Total (%)**	
The organization effectively packs its products	94.5	1.8	3.7	100	**Garment**
	77.5	7.2	15.3	100	**Footwear**
The organization has transportation vehicle of its own	85.5	11	3.5	100	**Garment**
	82.6	10.1	7.3	100	**Footwear**
There are products Damaged while in transit	28.8	52.9	18.3	100	**Garment**
	34.9	38.9	26.6	100	**Footwear**

"Packaging is all the activities of designing and producing the container for a product. Well-designed packages can create convenience and promotional value. Even though the first intention of packaging is to keep the product undamaged, it can also be used as a styling weapon, because it is the buyer's first encounter with the product and is capable of turning the buyer on or off which in turn can affect the consumption of the product and then also retard productivity of the organization in the other way round" (Kotler and Keller (2006).

According to Kotler and Keller (2006), various factors such as self-servicing, consumer affluence, Company and brand image and Innovation opportunity have contributed to the growing use of packaging as an emerging marketing tool.

Thus, to get some insights from the sample organizations the question was forwarded to the respondents whether their respective organization packs their product effectively. Hence 94.5% of garment sector respondents and 77.5% of respondents in footwear sector agreed as their organization effectively packs if product and make them safe and convenient for the consumers while 1.8% and 7.2% of respondents from garment and footwear sector respectively disagreed with the idea; which implies as there were also products that were not packed and can be sold at the organizations' show room.

If the product is effectively packed, not only facilitating transportation but product damaged in transit is also reduced. Hence transportation is the most fundamental and obviously necessary component of any logistics system clearly in all cases, products must be physically moved from one location to another if a transaction is to be completed. This needs vehicle of transportation and effective wrapping of the

products. Along with this idea the questions which say “the organization has its own transportation vehicle” and “The products of the organization are damaged while in transit” is forwarded to the respondents to seek their justification. In view of that, 85.5% and 82.6% of respondents from garment sector agreed as their respective organization had its vehicle to transport its products and majority of respondents in both sector (52.9% and 38.9%) of respondents from garment and footwear respectively disagreed with the idea that says the product of the organization were damaged while in transit. There were also respondents (28.8% of respondents in garment and 34.9% of respondents) who revealed by agreeing with the idea that there were products that were damaged while in transit. In real context, there were also some companies in the sample which have not their own transportation vehicle and striving to own and currently using by contracting from other companies; this is what revealed by 11% and 10.1% of respondents in garment and footwear sector respectively.

Table 4.17. Government Rule and Regulation

	Agree (%)	**Disagree (%)**	**Neutral (%)**	**Total (%)**	
The government impose tax, quota other remedies	32.3	38.5	29.2	100	**Garment**
	35.8	25.7	38.5	100	**Footwear**
The government supports the organization	55	15.6	29.4	100	**Garment**
	45	16.5	38.5	100	**Footwear**
Collective agreement of worker can reduce productivity	23.9	57	19.1	100	**Garment**
	16.2	58.6	25.2	100	**Footwear**

The available evidences from work of Christopher R. Knittel (2002) in the review of literature part, regulation can positively or negatively impact on productivity, growth and competitiveness. Positively it affects productivity, by, for example, supporting

competitive markets and protecting intellectual property, or negatively by diverting resources away from more productive uses, raising barriers to entry into industries and producing disincentives to investment and innovation.

On the other hand, some regulation can have a positive indirect impact on productivity. Broad regulatory frameworks can drive productivity growth by promoting competition and facilitating an improved investment and innovation climate, despite the fact that the individual regulations that comprise them will impose some direct compliance costs on to firms. The existence of an appropriate corporate governance framework, for example, is a pre-condition for enterprise and investment, and a key determinant of company performance by reducing agency costs. Equally the existence of a vigorous competition framework is vital to ensure that the productivity enhancing effects of competition can be realized. As far as specific types of regulation are concerned, standards regulations provide a key enabling mechanism for the widespread diffusion of major technologies, and hence is productivity enhancing.

Thus to see the above situation in sample organization the question which say “the government imposes heavy taxes, quotas and other similar remedies on the organization” and “the government gives support for the organization” were forwarded to the respondents. Therefore, 32.3% and 35.85 of the respondents from garment and footwear respectively agreed as the government imposes heavy taxes, quotas and other similar remedies to limit their organizations productivity. But in real context in our country Ethiopia, there is no such a heavy regulation that retards productivity of the sectors. Even these sectors; garment and footwear; are given special attention to increase their productivity and competitiveness further. There are also a group of respondents who approved this by disagreeing (38.5% of garment respondents and 25.7% of footwear sector respondents) with the initial question

forwarded. The other question asked was whether the government gives support for them or not. As a result, 55% and 45% of respondents in garment and footwear sector respectively agreed as the government gives support in different ways such as tax free import of machineries and equipments of production and special tax discount while exporting products, providing land for factory establishment and the like. There were also a group of respondents (15.6% of garment sector respondent and 16.5% of footwear sector respondents) who did not see the above listed things as a support.

The other information presented in the above table 4.17 was that gave the awareness about the effect of the collective agreement of workers on productivity. Consequently, 23.9% and 16.2% of the respondents from garment and footwear sector respectively agreed as the collective agreement of workers can reduce productivity while majority (57% of garment respondents and 58.6% of footwear sector respondents) disagreed with the idea which means the collective agreement of workers did not reduce productivity.

Table 4.18. Workers Satisfaction

	Agree (%)	**Disagree (%)**	**Neutral (%)**	**Total (%)**	
I am satisfied with the work organization provided me	23.9	56.9	19.2	100	**Garment**
	16.2	58.6	25.2	100	**Footwear**

A 1959 work of Fredrick Herzberg resulted in the discovery that there were two distinct categories of factors that influenced people's satisfaction with their work. Herzberg classified these factors into two: He called one category maintenance or 'hygiene needs'. In this category he placed: Company policy and administration, Supervision, Salary, Interpersonal relations, and working conditions. When these

needs deteriorate below an acceptable level the employee will become dissatisfied. Herzberg called his second category 'motivators'. These were: Achievement, Recognition, The work itself, Responsibility and Advancement. Herzberg found that these were the things that made people put more effort in. More importantly, the more of them people got, the more motivated they became. The message Herzberg was trying to send was that employees should be motivated by the job and not through the use of the carrot and stick (Fredrick Herzberg, 1959).

Similarly, the purpose of the above table 4.18 is to get the satisfaction level of the worker with the work they were doing. In view of that, only 23.9% of garment sector respondents and 16.2% of footwear sector respondents were agreed as they were satisfied with the work they were doing and more than half of the respondents in both sector (56.9% in garment and 58.6% in garment) were replied as they were not satisfied with the work they were doing. Being unsatisfied worker means that they were not utilize their knowledge, ability, skills and the like to the extent that they can, they simply did it for the matter of getting day to day life consumption. This in turn implies that as their contribution to the advancement of their work is limited to certain level.

4.4. Analysis and interpretation of open ended question

As it is known these types of questions are those need respondents attitude and effort, majority of the respondents leave this part of the questionnaires unfilled. However, the analysis of this part is based on those who tried to respond and informal observation made by the researcher while administering the questionnaires in the organization.

Of the Open ended question forwarded for the respondents, the initial one is, *"Out of the above listed points, is there any problem in your organization that affects*

productivity of the organization? Please list" Accordingly, a lot of problems are similar for both sector even the items in particular are different. Thus the specified problems are:

- Competition from both domestic and international market: for example, a bitter competition was faced the footwear sector from international market specifically of Chinese good looking, comfortable but frill products.
- Workers unpunctuality
- Power interruption
- Absenteeism
- Lower wages
- Distance of workers house from work place
- Lack of transportation services for employees
- Lack of replacements of spare parts of some machineries incase of malfunctioning
- Irregular orders from customers that cause sometime hire part time workers and additional cost to train these part time workers.

The second question forwarded was aimed at knowing whether the sample organizations' current productivity is at its climax or not. Accordingly, the question which says "*do you think the amount your organization currently producing per day is enough and the capacity is fully utilized?"* and "*In your sector, do you think the sector is productive as what is expected of it?*" was asked because the sectors were the promising sector of the country in transforming the country from agriculture led to the industry led. In accordance with this, the respondents in both sector replied as their current productivity of their organizations was very less and their capacity were also underutilized. This implies that as the sectors were not as productive as what is

expected of them even there were respondents who pointed out that the productivity of the organization in which they were operating is less than half of what the organization can produce by indicating lack of professional and qualified labor and shortage of material and parts in the sectors as the crucial and core problems.

The next question was *"What you recommend to avoid the above problems both for the sector operators and the government?"* so as to get their view in eradicating these hanging problems in the sectors. Thus many of the respondents mainly posit that as the government and the sectors operators should do jointly, the organization in the sectors must create strong and healthy relationship with raw material suppliers, customers, and internal employees were their comment.

4.5. Comparative Analysis of the Garment and Footwear sectors

To start with their early background, the history of textile and garment industry dates back to 1939 when Dire Dawa textile mill was established and that of leather and footwear industry goes back to 1928 when the then Awash tannery and Darmar currently Ambessa shoe factory was established. This shows that the history of leather and footwear sector has long history of around eleven years than textile and garment industry.

Characteristics of the sectors

Both sectors were characterized still as the emerging industries as the country is also striving to be ranked beside those of which has middle income. To see the sex and age of the workers in these sectors, more of the workers in garment sector (54.8%) were those who found in between 26-40 year while the majority of the workers in footwear

(51.8%) were those who found in between 18-25 years. On the side of the sex statistics, the workers in garment sector are almost equal 51% female and 49% are male. In footwear sector this figure goes to 43.6% female and 56.4% male showing slight difference. But in garment sector the proportion of female exceeds male by 1% while in footwear sector the proportion of male exceeds that of female by 12.8%.

Similarly, educational background of labor resource in both sectors were more of technical college trainees who have studied for one year, two year and three years which totals to 69.9% in garment sector and 59% in garment sector. In garment sector, 23.1% of the respondents were those who have bachelor degree holder while the remaining 4.6% and 2.4% were those who were high school complete and studied for advanced degrees respectively. In contrary to this, 33.9% and 7.1% of respondents in footwear sector were those who had bachelor degree and high school complete respectively. Unlike in garment sector, none of the respondents have studied for advanced degree and high school completes were higher in footwear sector than garment sector.

When we see the experience of workers with the organization, majority 35.3% followed by 23.3% in garment sector is those who have experience of 1-5 years and more than ten years respectively. In footwear sector like in garment, the majority of the respondents (53.5%) were had experience with the organization from 1-5 years followed by those who worked with the organization for less than one year which accounts to 21.9%.

Concerning the duration of working hour per day, great majority of the respondents in both sectors (93.1% of garment and 90.4% of footwear) showed as the duration is

8hours per day and the remaining share revealed as there were exceptional workers who works more than or less than 8hours per day.

Comparison of Determinants of productivity of the sector

Capital: in garment sector 69.4% of the respondents agreed their organizations had sufficient capital while this figure goes slight down in footwear sector respondents which were about 57.7%. This showed that as organizations in garment sector were financially stronger than footwear sector. This did not necessarily mean that all organizations in garment sector were financially stronger and all organizations in footwear sector were financially weaker.

Labor and labor quality: despite the difference in labor qualification needed differently to garment and footwear sector, irrespective of their educational background, majority of the (76.3% in garment and 75.2% in footwear) respondents in both sectors agreed as their organization was not affected by labor and labor qualification. At the same time the workers had the knowhow of the working equipment in both sectors as the information revealed by the respondents. Thus having labor quality and knowhow of the working equipment in turn increases the productivity of the labor. In particular, it reflects more than just the efficiency or productivity of workers. Labor productivity being the ratio of output to labor input; and output is influenced by many factors that are outside of workers' influence including the nature and amount of capital equipment that was available, the introduction of new technologies, management practices.

Technology and Production Equipments: under review of literature it is discussed that as greatest technological intensity results in greatest productivity dispersion. Hence the majority of (88.7%) the garment sector agreed as their respective organization operates with modern technology. In footwear sector this figure showed

slight lower which is 85.6%. And the respondents were also asked whether their organization has sufficient production equipments. In this regard the garment sector respondents who agreed with the idea are higher than those in footwear sector which is 93% and 77.5% respectively. In case of utilizing the production equipments effectively and efficiently, again the information found from garment sector shows the upper hand which is 96.5% and that of footwear sector is 86.5%.

Intermediate Materials and Parts: getting necessary production in demanded quantity, quality and when needed enhances productivity other things kept constant. But irrespective of types of materials and parts they use, respondents of both sector does not ignored as there is shortage of raw material and parts in demanded quantity, quality and time. But their seriousness was somewhat higher in the garment sector were 79.6% of respondents revealed as there is shortage of materials than in footwear sector where this figure accounts for about 65.4%. In effective and efficient utilization of resources, the information collected shows as garment sector is better than the footwear sector which is 86.3% and 69.5% in garment and footwear respectively. In processing own materials and parts, even the information found from both sector is low the footwear sector showed the higher which is 23.9% and 15.2% in footwear and garment sector respectively.

R&D and Product Innovation: though there respondents that agreed as their organization is operating with modern technology, the organizations involvement in research and development in both sectors is very low. But the organizations in both sectors were introducing new design of their products in dependent of R&D.

Promotion and Market Demand of the Product: communicating the product is one method of creating demand for the product so as to increase consumption of the

product and the enhance productivity. So in communicating their products to customers the organization in garment sector exceeds the footwear sector by 92.7% and 75.7%. In case of market demand of the product, initially in selecting the sample organization, the initial consideration is that those involve in both domestic and foreign market and the market demands (customers) for the products of both sector organizations were from both domestic and export market.

Training: in training workers to give the awareness of new machinery or in developing them to other work area in the organization the data found from garment sector organization forgone the data found from footwear sector by 63.8% and 48.6%.

Workers Motivation: in having higher proportion of motivated worker, though the data found from both sector revealed lower level, that of garment sector (49.1%) was higher than that of footwear sector organization (42.1%) this may be because of the inducements were more given for garment sector respondents (53.4% agreed as inducement are given) than for footwear sector organization (agreed by only 33.3% of respondents).

Management style: when looking the management style of the organization, the information revealed by garment sector (62.3%) which says it is more of democratic type exceeds that of footwear (29.7%) sector who shares similar idea.

Work Place Environment of the Organization: It is the quality of the employee's workplace environment that most impacts on their level of motivation and subsequent performance. How well they engage with the organization, especially with their immediate environment, influences to a great extent their error rate, level of innovation and collaboration with other employees, absenteeism and ultimately, how long they stay in the job. Accordingly, in creating enough work station, work place

environment that is safe, comfortable and in providing protective materials for the workers, the information found from respondents showed as the garment sector is better than footwear sector.

Storage and Inventory Control System: since the basic function of inventories whether they were raw materials, work-in-progress or finished goods were that of decoupling the operations involved in converting inputs into outputs, effective storage and control system is needed. Therefore, the information found from the respondents revealed that the garment sector (89.7%) took the upper hand from the footwear sector (77.5%). Concerning FIFO or LIFO inventory control system, almost equal number (69.4% garment and 69% footwear) of respondent in both sector organizations agreed as their organization uses FIFO inventory control method.

Packaging and Transportation Infrastructure: in effectively packaging the products, having transportation vehicle and in having less damaged product while the goods were in transit, the information found showed as the garment sector has got the upper hand than footwear sector.

Government Rule and Regulation: since both the sectors were operating under the rule and regulation of Ethiopia and both were the major concern for the country, both sectors were equally benefit able and also harmed with this environment.

Workers Satisfaction: in having motivated worker, the collected information showed as majority of the workers in both sectors were not satisfied with the work they were doing. From those who reported as they were satisfied with the work they were doing, the information from garment sector reports higher value than that is from the footwear sector.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary of the Major Findings

Under this sub section, the major findings of the study were summarized. Hence, productivity is a summary measure of the quantity and quality of work performance with resource utilization considered. While it is easy to define, it is notoriously difficult to measure, especially in the modern economy. In particular, there are two aspects of productivity that have increasingly challenged precise measurement: output, and input. Properly measured, output should include not just the number of product coming out of a factory, but rather the value created for consumers.

Even though there are a number of ways to classify productivity factors, the most general one is classifying it in to external and internal factors. The external factors are those, which are not controllable by the organization itself and the internal factors are those within its control. Thus the information under review literature and information collected from organization and analyzed under chapter four greatly provides support for surrounding this idea.

As tried to be analyzed in section 4.5 above, generally the sectors were characterized by having workers of majority of which were 18-40 years old, educational background of technical college trainees and majorities of them had experience of 1-5 years with the organization.

The data found from organizations in both sectors indicated that as the organizations had enough capital but poor in implementation and effective utilization. Capital, being the major determining factor of productivity, if not sufficient and effectively utilized

it brings medicines less headache to the organization. Hence, being poor in implementation, implies as capital was not used effectively for the purpose it should serve in the organization which in turn shows as the organization is affected by capital extravagancies and embezzlements.

Concerning labor, labor even though majority of the workers in both sectors are technical college trainees, the data was revealed as the organizations had enough labor and to reach a desired level of qualification, the workers were given training when necessary. From this the researcher concludes as the productivity of the organizations in both sectors is not affected by labor. On the other side, the majority of the workers of the organization in both sectors had an experience of 1-5. Even experience has nothing to do with productivity, on the way round it affects the ability of the workers in effective and efficient way of utilizing machineries, materials and even their working time in the organization.

As capital, labor also affect productivity positively or negatively, operating with modern technology, having sufficient equipment or machinery of production and malfunctioning of the working machines also affects productivity. Hence, despite their long history of establishments, majority of the organizations in both sectors had implemented modern technology, others were implementing and on the way to implement. This indicates as all of the organizations in both sectors were not implemented and used modern technology fully and because of this their productivity is limited to the certain level.

Concerning the sufficiency of production equipments, the organizations assumed that as they had sufficient production equipments by comparing their current labor force; ignoring how far they had the capacity to had and produce. From this it can be

concluded, yet the data found from the organization reports as they had sufficient equipments of production that matches their current hired labor, but it is below than what these organization could had. And malfunctioning of machines occurs repeatedly in both sector organizations which affected the productivity of both organizations.

One among the major factors determining productivity is intermediate materials. Hence these can be raw material, semi finished material or parts and can contribute a lot in facilitating productivity. But from the data discussed above, shortage of materials and parts is reported as the main headache of both organizations. This in turn concludes as the productivity of both sectors is hindered by shortage of material and parts.

Research and development, modern technology and innovativeness were all tied together in supporting the productivity of an organization. The more the organizations conduct research and development, especially market research in the case sectors, the more the innovation of new product or adaptation of product, new process and also new design of the product. But the organizations in both sectors were not investing in research and development with due attention which greatly shows as the organizations in both sectors were negatively affected by R&D and product innovations that limits the productivity of the organizations from further expansion.

Promotion, the marketing issue of specially communicating the products for the users so as to inform, persuade and remind about the product is the other factor that can affect the marketing of the product particularly searching and reaching of the consumers. On this regard, organizations in both sectors were developing a better experience and had created customers from both domestic and foreign market and

striving for further expanding their product market from international to global. From this one can conclude that the organization in both sectors were benefitting from marketing activities they were undergoing.

Training and Development that is given for an employee of the organization plays a significant role in facilitating productivity. For instances, there were a situation when training is critical in an organization such as a time when new worker is employed, new machinery is occupied, when new system is installed and also to develop the existing worker to other work area in the organization from which the organizations in both sectors were benefitting regardless of the workers educational level.

Motivation greatly affects the benefit found from human capital resources including knowledge, skills and experience that enables the firm to improve its performance, competitiveness, innovation, efficiency and effectiveness. The organizations in both sectors were not working fully in motivating their workers even though they were providing some incentives that could not fully accomplished the target it initially aimed for.

Management practice and talent including organization management style, have its own effect on enhancing productivity. In the organization where the management style is more of democratic and workers were given a degree of freedom without forgetting respective responsibilities, the workers were more productive. The data collected and analyzed on this issue from garment sector organizations realizes this while the information from footwear sector shows something different. I.e. the respondents who realized as their organization management style is democratic type are very few. From this it can be observable as the garment sectors organization were

practicing democratic management system and benefitting unlike that of footwear sector.

Because workplace is an integral part of work, it is mandatory to maintain healthy relationship between work, the workplace, and the tools of work. From the information discussed above, it is summed up as the organizations in both sectors had enough, safe and comfortable work stations and the organizations were also providing protection materials such as glove, musk, gown, gaunt and other safety material.

Storing inventories of different types in different storage place and using the most perishable materials according to FIFO inventory control system has its own impact on enhancing or retarding productivity in an organization. Thus, based on the information obtained from both sectors, most of the organizations were employing FIFO inventory control system and store separately their raw materials, semi-finished and finished materials in different warehouses. From this, one can conclude that as both organization-garment & footwear were not affected by lack of separate warehouse for raw materials, semi-finished and finished products and most of the organizations were using FIFO inventory control method which in turn reduced the spoilage of perishable materials that can help in enhancing productivity by avoiding shortage of materials if used properly.

If the product is effectively packed, not only facilitating transportation but product damaged in transit is also reduced that can enhances the productivity of the organization. Thus from the discussed information in the analysis part, one can conclude that majority of the organization in both sectors effectively pack their products to reduce products damage in transit and they had also their own transportation vehicle to transport their finished, semi-finished, materials and parts so

as to avoid delays in order to facilitate productivity yet without denying as there were also limited organizations those reported not currently own transportation vehicle and striving to own.

Government rule and regulation affects productivity positively or negatively. For example, it positively affects productivity by supporting competitive markets and protecting intellectual property, or negatively by diverting resources away from more productive uses, raising barriers to entry into industries and producing disincentives to investment and innovation. As a result, the data discussed about this issue under analysis part above sums up as both sectors were benefitting from government rule and regulation that shows as government rule and regulation positively affects or benefits productivity of the sectors.

5.2. Conclusion

The paper is organized in to five chapters. Under Chapter one, introduction part, background, statement of the problem, research questions objectives of the paper, scope and limitation and also organization of the study were discussed. In chapter two, intensive literature review about productivity was made. Under chapter three research design and methodology part, issues such as research design, method employed, data sources, data collection, presentation, analysis and interpretation method, sampling and sampling method utilized were discussed. In chapter four data were presented analyzed and interpreted. Finally in chapter five summary, conclusion and recommendation part, major findings of the study, conclusion and recommendations were made.

Initially the researcher had attempted to identify the major factors that affect productivity of footwear and garment sectors of Ethiopian in Addis Ababa. In general, productivity of one organization can be affected by capital, labor, intermediate materials, research and development, technology of production, product innovation, market demand, competition, rule and regulation, workers motivation and satisfaction. In particular, the selected sectors, footwear and garment sectors in Addis Ababa; from these listed factors were affected mainly by capital, technology, shortage of intermediated materials, competition, power interruption, malfunctioning of machines, lack of replacement for spare parts of machineries, lack of R&D and workers motivation and satisfaction that causes workers unpunctuality and absenteeism.

5.3. Recommendations

Recommendation is part or subsection under which possible suggested solutions are provided for the major problems identified or investigated by the conducted studies.

- Capital, if not sufficient or not utilized effectively and efficiently, hinders not only productivity but every activity an organization. In the case of organizations under investigation, the organizations are acquainted with sufficient capital that can run their organization but poor in effective and efficient utilization of capital for the purposes it should serve which may arises from lack of effective and efficient management ability. So, the organizations should have to hire efficient and talented financial managers and also gives training for its management workers.

- Having the required number or sufficient number of labor does not necessarily mean that the organization is not affected by labor because labor is attributed with different characteristics such as labor quality, training, motivation, satisfaction, education and also experience the workers have with the work they were working. Hence, majority of the organizations have enough labours but affected with the majority of the listed labor attributes. So, in order to increase the labor quality the government and higher education institutions should cooperate in opening, developing and including the courses regarding the sectors so as to produce professionals of the required quality for both sector and the organizations should also increase the motivation and satisfaction through inducements and other motivation mechanisms.

- Like capital and labor, Intermediate materials play a great role in facilitating the everyday activities of an organization despite the fact that Ethiopia is

naturally endowed with natural resource that can run both garment and footwear sectors, the country is still under utilizing the resources, that in turn spurs suffering of the sectors from shortage of materials. In order to reduce this, the government should create more suitable and conducive environments for investors to increase the availability and quality of the materials that can support the sectors.

- If the firm has made a success of its R&D investment by being more innovative, higher overall productivity should be expected. Consequently, the interaction of R&D and innovation is likely to have a positive effect on productivity. In this regard, both garment sector and footwear sector organizations were not benefitting from doing so. In order to be benefitable from innovation and R&D, it is better for if the organizations were invested aside their work also on R&D specially on market research so as to innovate new product, new design, new process that can help them increase their productivity.

- Though the customers of both sector organizations found in domestic and foreign market, majority of them were found in the country. In order to involve more in foreign market, widen the horizon of their market coverage and also to create market demand for their products, the organizations should strength their ability and capacity to withstand international competition by effectively and efficiently promoting and producing the required quality and quantity of product.

- Hence training of employees contributes to the advancement in productivity of organizations, the organizations in both sectors should continue in providing training for their employees when and where it is mandatory.

- It is the quality of the employee's workplace environment that most impacts on their level of motivation and subsequent performance. How well they engage with the organization, especially with their immediate environment, influences to a great extent their error rate, level of innovation and collaboration with other employees, absenteeism and ultimately, how long they stay in the job. Hence the organizations should aware of as creating a work environment in which employees are productive is essential to increased productivity and profit for organization.

- Hence packaging is all the activities of designing and producing the wrapper for a product, a well-designed package can create convenience and promotional value. Even though the first intention of packaging is to keep the product undamaged, it can also be used as a styling weapon, because it is the buyer's first encounter with the product and is capable of turning the buyer on or off which in turn can affect the consumption of the product and then also retard productivity of the organization in the other way round. Additionally, in both sectors, data divulged as there were some products that were damaged in transit. To avoid the damages of these products and to be advantageous from packaging the product at all, the organizations should effectively package their products and transportation system should also be complete with a great care.

- The existence of an appropriate corporate governance framework is a pre-condition for enterprise and investment, and a key determinant of company

performance by reducing agency costs. As far as specific types of regulation were concerned, standards regulations provide a key enabling mechanism for the widespread diffusion of major technologies, and hence is productivity enhancing. So in order to ensure this support, the government should continue creating conducive regulatory and investment environment that help the organization to increase their productivity by utilizing the country's large and enormous resource base effectively and efficiently.

- In order to overcome the power interruption as many of the organizations were affected, it is better for them if they own power generators as substitution in occurrence when there is light run out.

- There were also other problems such as distance of workers house from the factory, lower wage rate that de-motivates employees and creates workers absenteeism. To avoid this, organizations should arrange and provide transportation service and also pay equivalent wage rate for employees.

- The researcher leaves open for other researcher to investigate by using secondary data of the organization such as production record, labor and wages record, technological changes made record, machinery maintenance and instalments record for last some identified years in order to critically analyze the results.

- Finally, the author leaves the door open for the forthcoming researchers to improve and disprove the findings of the study.

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Appendix 1

Questionnaires

ADDIS ABABA UNIVERSTY

COLLEGE OF BUSINESS AND ECONOMICS

MBA PROGRAM

This questionnaire is designed to assess the factors that affect productivity of leather-footwear and textile-garment sectors of Ethiopia. The objective of the questionnaire is to collect information in order to identify the factors that are affecting the selected sectors of the leather and textile industries. The research output is mainly to fulfill the partial requirement of **Masters of Business Administration**. The information gathered will be used fully and with due attention for academic purpose only. I therefore, would like to assure you that the data collected will not be misused in anyway.

Therefore, your genuine, honest, and prompt response is a valuable input for the quality and successful completion of the paper.

General Instructions

- There is no need of writing your name
- In all cases where answer options are available please tick (√) in the appropriate box.
- For questions that demands your opinion, please try to honestly describe as per the questions on the space provided

Thank you, for your cooperation and timely response!

Feyera

Abebe

I. Personal information

1. **Your Age**

   18-25 ☐ 26-40 ☐ 41-50 ☐ 51-60 ☐ 61+☐

2. **Sex**

   Male ☐ Female ☐

3. **Highest formal education attended**

High school ☐

Technical school: 1 year ☐ 2 years ☐ others ☐

College: 1 year ☐ 2 years ☐ 3 years ☐

Bachelor's Degree ☐ please specify your specialization……

Advance Degree studies ☐ please specify your specialization……

4. **Years of service in the organization**

Less than one year ☐ 1-5years ☐

6-10 years ☐ More than 10 years ☐

5. **Years of service on the current job**

Less than one year ☐ 1-5 years ☐

6-10 years ☐ More than 10 years ☐

6. For how many hours you work continuously in your organization per day?

Less than 6 hours ☐ 6 hours ☐ 8 hours ☐

10 hours ☐ 12hours ☐ 12+ hours ☐

II. ***In the following box, there are the lists of expected factor that can enhance or limit productivity. Please show the factors by selecting and putting a tick mark*** (√) ***in the box of your choice.***

1= If you Strongly agree

2= If you Agree

3= If you do not know (neutral)

4= If Disagree

5= If Strongly disagree

No.	FACTORS	Strongly Agree (1)	Agree (2)	Neutral (3)	Disagree (4)	Strongly Disagree (5)
1.	The organization has enough capital					
2.	The organization has enough labor					
3.	The organization operates with modern and updated technology and machinery					
4.	The organization has sufficient machinery or equipment of production					
5.	Production machines are utilized effectively and efficiently					

6.	Malfunctioning of machine occurs during working time					
7.	The organization has shortage of materials and parts					
8.	Production materials are used effectively and efficiently					
9.	The organization processes its own material and parts					
10.	The organization gets sufficient raw materials of demanded quantity					
11.	The organization gets sufficient raw materials of demanded quality					
12.	The organization gets sufficient raw materials on time					
13.	The organization has research an d development department					
14.	The organization introduces new designs of its product					
15.	The organization promotes its product					
16.	The organization has sufficient market demand for its product					
17.	The products of the organization are demanded by customers from domestic market					
18.	The products of the organization are demanded by customers from foreign market					
19.	The products of the organization are demand from both domestic and foreign market					
20.	The organization gives training f or production worker when needed					
21.	The workers of the organization are self motivation					
22.	The organization gives inducements for production workers					
23.	Management practice and talents					
24.	The work station in the organization is enough					
25.	The work station in the organization is safe					
26.	The work station in the organization is comfortable					

27.	The organization provides safety materials such as Glove, Musk and Gaunt					
28.	The organization has its own warehouse for finished products, materials and parts separately					
29.	The organization uses FIFO inventory control method					
30.	The organization uses LIFO inventory control method					
31.	The organization packs its products effectively					
32.	The organization has its own vehicle to transport materials and finished products					
33.	The products of the organization are damaged while in transit					
34.	The government imposes rule and regulation to limit the productivity of the organization					
35.	The government gives support for the organization					
36.	Collective agreement of labor decreases productivity					
37.	I am satisfied with the work organization provided me					

1. Out of the above listed points, is there any problem in your organization that affects productivity of the organization? Please list _____
   _____
   _____
   _____
2. Do you think the amount your organization currently produces per day is enough and the capacity is fully utilized?_____
   _____
   _____
   _____
3. In your sector, do you think the sector is productive as what is expected of it?_____
   _____
   _____
   _____
4. What you recommend to avoid the above problems both for the sector operators and the government?_____
   _____
   _____

Appendix 2

Amharic version of the questionnaires

አዲስ አበባ ዩኒቨርሲቲ
የቢዝነስና ኢኮኖምክስ ኮሌጅ
MBA ፕሮግራም

መጠይቅ

ይህ መጠይቅ የተዘጋጀዉ የኢትዮጵያን ሌዘርና ቴክስታይል እንዱስትሪን ምርታማነት ልኅዱ ወይም ልቀንሱ የምችሉትን ፋክተሮች ለማወቅ ይረዳ ዘንድ መረጃን ለማግኘት ነዉ። ማለትም፤ "to assess the factors that affect the productivity of Ethiopian leather-footwear sector and textile-garment" የመጠይቁ ዋና ዓላማ የእነዚህን እንዱስትሪ ምርታማነት ልኅዱ ወይም ልቀንሱ የምችሉትን ነገሮች ሌይቶ ለማወቅ ነዉ። የጥናቱ ዉጤትም በዋነኝነት ለማስተርስ አፍ ቢዝነሰ አድምንስተሬሽን መመረቅያ ወረቀት ማሞያነት የምያገለግል ነዉ። የተሰበሰበ እንፎረሜሽንም ሙሉ በሙሉ በአትኩሮት ለአካደምክ ወይም ለትምህርት አገልግሎት ብቻ የምጠቅምባቸዉ መሆኑን ላረጋገጥሎት እወዳለዉ።

ስለዝህ የምትሰጡኝ እንፎርሜሽን ትክክለኛነት፣ ተዐማንነት እነደዉም በግዜ መጠየቁን ሞልተዉ መመለስዎ ለስራዬ ጥራትና ስኬታማነት በጣም አስፈላጊ ነዉ።

ጠቅላላ መመሪያ

- ስሞትን መጻፍ አያስፈልግም።
- በሁሉም ሁኔታ የመረጡት መልስ ካለ እባክዎ (√) ምልክት ሳጥኑ ዉስጥ ያስቀምጡ።
- የእርስዎን አስተያየት ለምፈልጉ ጥያቄዎች በታማኝነት በተሰጠዉ ቦታ ላይ ይጻፉ።
- የመጻፍያ ቦታ ካነስዎት የጥያቄዉን ቁጥር በመጻፍ ጀርባዉን ይጠቀሙ። ለትብብሮና በግዜ ስለምመልሱልኝ አመሰግናለዉ።

I. የግል መረጃዎች

1. ዕድሜ

18-25☐ 26-40☐ 41-50☐ 51-60 ☐ 60 በላይ ☐

2. ጾታ

ወንድ ☐ ሴት ☐

3. የተማሩት ወይም የተከታተሉት ከፍተኛ የትምህርት ደረጃ

የሁለተኛ ደረጃ ትምህርት

የቴክንክና ሙያ ስልጠና፤ 1ዓመት ☐ 2 ዓመት☐ 3 ዓመት ☐

ኮሌጅ፤ 1ዓመት☐ 2 ዓመት☐ 3 ዓመት ☐

የመጀመሪያ ድግሪ☐ እባክዎ የተማሩትን ሙያ ይግለጹ.....

አድቫንስድ ድግሪ ጥናቶች☐ እክዎ የተማሩትን ሙያ ይግለጹ.....

4. በድርጅቱ ዉስጥ ለምን ያህል ዓመት አገልግለዋል?

ከ1 ዓመት ያነሰ ☐1-5 ዓመት ☐6-10 ዓመት ☐ ከ10 ዓመት በላይ ☐

5. አሁን እየሰሩ ያሉት ስራ ላይ ምን ያህል ዓመት ሰርተዋል?

ከ1 ዓመት ያነሰ ☐ 1-5 ዓመት☐ 6-10 ዓመት ☐

ከ10 ዓመት በላይ ☐

6. በተከታታይነት ለምን ያህል ሠዓት ይሰራሉ?

ከ6 ሠዓት በታች☐ ለ6 ሠዓታት ☐ ለ8 ሠዓታት ☐

ለ10 ሠዓታት☐ ለ12 ሠዓታት ☐ ከ12 ሠዓት በላይ ☐

II. **ከምከተለዉ ሠጥን ዉስጥ ምርታማነትን ልያሳድጉ ወይም ልጎዱ የምችሉ ነገሮች ተዘርዝረዋል። እባክዎ በድርጅታችዉ ዉስጥ ያሉትን ችግሮች አስከፊነት ወይም ጠቀሜታ የምርጫዎ ሠጥን ዉስጥ የ(√) ምልክት በማስቀመጥ ያሳዩ።**

1=strongly agree (ከሃሳቡ ጋር በጣም ከተስማሙ)

2= agree (ከሀሳቡ ጋር ከተስማሙ)

3=neutral (ስለ ሀሳቡ ካላወቁ ወይም ግልጽ ካልሆኑ)

4=disagree (ከሀሳቡ ጋር ከልተስማሙ)

5=strongly disagree (ከሀሳቡ ጋር በጣም ካልተስማሙ)

No.	FACTORS	Strongly Agree (1)	Agree (2)	Neutral (3)	Disagree (4)	Strongly Disagree (5)
1.	ደርጂቱ በቂ ከፕታል (ገንዘብ) አለዉ					
2.	ድርጂቱ በቂ የሰዉ ሃይል አለዉ					
3.	ድርጂቱ በዘመናዊ ቴክኖሎጂና ማሽነሪ እየሠራ ነዉ					
4.	ድርጂቱ በቂ የማምረቻ እቃዎች አለዉ					
5.	የማምረቻ ማሽነሪዎች በአግባብነት ያገለግላሉ					
6.	የማሽን ብልሺት በሥራ ግዜ ያጋጥማል					

7.	ድርጂቱ የጥሬ ዕቃ እጥረት አለዉ					
8.	የማምረቻ ጥሬ እቃዎች በአግባበና በትክክል ያገለግላሉ					
9.	ድርጂቱ የራሱን ጥሬ እቃ ፕሮሰስ ያደርጋል					
10	ድርጂቱ በሌላ ድርጂት የተማረተ ጥሬ ዕቃን ይጠቀማል					
11	ድርጂቱ ጥሬ ዕቃ በፈለገዉ ብዛት ያገኛል					
12	ድርጂቱ ጥሬ ዕቃ በፈለገዉ ጥራት ያገኛል					
13	ድርጂቱ ጥሬ ዕቃ በፈለገዉ ግዜ ዉስጥ ያገኛል					
14	ድርጂቱ የጥናትና ምርምር ማዕከል አለዉ					
15	ድርጂቱ የምርቱን አዳድስ ድዛይኖችና ዉጤቶች በየግዜዉ ያመርታል					
16	ድርጂቱ ምረቶቹን ያስተዋዉቃል					
17	የድርጂቱ ምርቶች በቂ የገበያ ተፈላግነት አላቸዉ					
18	የድርጂቱ ምርቶች በሀገር ዉስጥ በምገኙ ደንበኞች ተፈላግነት አላቸዉ					
19	የድርጂቱ ምርቶች በሀገር ዉጭ በምገኙ ደንበኞት ተፈላግነት አላቸዉ					
20	የድርጂቱ ምርቶች በሀገር ዉስጥና ዉጭ በምገኙ ደንበኞት ተፈላግነት አላቸዉ					
21	ድርጂቱ ለሰራተኞቹ እንደአስፈላግነቱ ስልጠና ይሰጣል					
22	ድርጂቱ በምያሰራኝ ሥራ ረክቻለሁኝ					
23	የድርጂቱ ሠራተኞች የግል ተነሳሽነት አላቸዉ					
24	ድርጂቱ ለሰራተኞቹ የማበረታቻ ስጦታ ይሰጣል					
25	የድርጂቱ የአስተዳድር ሥርዓት ድሞክራስያዊ ነዉ					
26	የድርጂቱ የመስርያ ቦታ በቂ ነዉ					

27	የድርጂቱ የመስርያ ቦታ አደጋ የለዉም					
28	የድርጂቱ የመስርያ ቦታ የተማቻቻ ነዉ					
29	ድርጂቱ የአደጋ መከላከያ የሆኑ ነገሮች እንደ ጋዎን፣ ግሎቭና መስክ ይሰጣል					
30	ድርጂቱ የራሱ የሆነ የመከማቻ መጋዘን ለጥሬ ዕቃዎች፣ ላለቁ ዕቃዎችና በከፊል ላለቁ ዕቃዎች ለየብቻ አለዉ					
31	ድርጂቱ (FIFO) ቀድሞ ገባ ቀድሞ የመዉጣት የመከማቻ ዘዴን ይጠቀማል					
32	ድርጂቱ (LIFO)በኋለ የገባ ቀድሞ የመዉጣት የመከማቻ ዘዴን ይጠቀማል					
33	ድርጂቱየምያመርታቸዉን ዕቃዎች በትክክል አሽጎ የቀርባል					
34	ድርጂቱ ዕቃዎቹን ለማንጓዝ የራሱ የሆነ ተሽከርካሪ አለዉ					
35	ጉዞ ላይ ባሉ ግዜ የምጎዱ ዕቃዎች አሉ					
36	መንግስት የድርጂቱ ምርታማነትን ለማቀነስ ቀረጥና ልላ ማስተዳደሪያ ደንብ ይጥልበታል					
37	መንግስት በተለያያ መንገድ ድርጂቱን ይረዳል					

1. ከላይ ከተጠቀሱት ነገሮች ዉጪ በድርጂታችሁ ዉስጥ ምርታማነትን ልጎዱ የምችሉ ነገሮች አሉ? እባክዎ ይግለጹት----------
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2. እየሰሩበት ያሉ ሴክተር ከሴክተሩ የምጠበቃዉን ያህል ምርታማነት እያሳየ ነዉ? -----

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3. ድርጂታችዉ በቀን እያመረተ ያለዉ የምርት መጠን በቂ ነዉ ብለዉ ያስበሉ? የማምረት አቅሙንስ የምችለዉን ያህል ተጠቅሞበታል?----------
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4. ለመንግስትና ለሴክተሩ አንቀሳቃሾች ሴክተሩ ከምጠበቅበት ያህል ምርታማ እንድሆን ምን ማድረግ አለበት ይላሉ? ----------
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አመሰግናለዉ

ፈዬራ አበበ

Appendix 3

Address List of the Sample Companies

Leather industry-Footwear sector organizations

No.	Company Name	Main Products of the company	Address
1.	Anbessa shoe share company	Gentlemen's shoes Ladies shoes Children's shoes Shoe Upper Last	Tel. 251112754269 Fax: 251112756335 email:anbesss@ethionet.et P.O.Box: 1641 Addis Ababa, Ethiopia
2.	Peacock shoe Factory	Gentlemen's shoes Ladies shoes Children's shoes	Tel. 251112756443 Fax:251112752455 e-mail: dire@ethionet.et
3.	Ramsie Shoe Factory	Military shoe Gentlemen's shoes Ladies shoes Children's shoes	Tel. 251112753728 Fax: 251111550530 e-mail: Ramsay@yahoo.com P.O.Box: 182807 Addis Ababa, Ethiopia
4.	Tikur Abay Shoe Share Company	Civilian shoes Military boots Durable boots Children's shoe Sandal Boots Safety Boots	Tel. 251112701803 Fax: 251 11 2704050 e-mail: Tikur.abbay@ethionet.et P.O.Box: 802 Addis Ababa, Ethiopia
5.	Jamaica Shoe Factory	Men's, shoes Women's shoes Sport shoes Children's shoe Sandals	Tel. 251-011-1564280 Fax: 251111553114 e-mail: Okjamaica@ethionet.et P.O.Box: 26430 Addis Ababa, Ethiopia
6.	Kangaroo Shoe Factory	Gentlemen's shoes Ladies shoes Children's shoes	Tel. 251 11 4421451/52 Fax: 251 11 294170 e-mail: kangaroo@ethionet.et P. O. Box 1273 Addis Ababa, Ethiopia

Textile industry-Garment sector organizations

No.	Company Name	Main products of the company	Address
1.	Akaki Garment Share Company	Shirts, Trousers, Jackets overall, over coat, skirts, polo shirts, police wears, graduation gawn,	Tel: +251-1-340407/340490/09-207459 Fax:
2.	Ambassador Garment and trade plc	Men's' suit	Tel: +251-1-461427/09-606292, Fax: + 251-1-461442, email amb.garment@ethionet.et
3.	Novastar Garment plc	Polo shirts, T-shirts, Uniforms and Sportswear for Children, Juniors, Females, Males, Corporate bodies and Tourists	Telephone: +251 11 445 02 Fax: +251 11 445 02 23 E-mail address: info@novastargarment.com Website: www.novastargarment.com
4.	Knit to Finish Garment	Uniforms, T-shirts, shirts, sportswear, skirts and overall children clothes	**Telephone**: (251)-1-463509 & (251)-1-463562 **Fax**: (251)-1-463510
5.	Yonis Garment	Sportswear, Casual wear, T-shirts, Uniforms and Athletic wears	Tel: 251-011-4403450 Fax: 251-011-4403447
6.	Wow International Garment	Men' suits Ladies' suits	Tel: +251114450239 Fax: +251114450238 e-mail: wowintergarment@yahoo.com website: www.wowgarment.com