



SCHOOL OF COMMERCE

MITIGATION PROJECTS IN HELPING THRIVE IMPACTS OF ETHIOPIA'S REMOVAL
FROM AFRICAN GROWTH AND OPPORTUNITIES ACT (AGOA): THE CASE OF TOP
NEW GARMENT FACTORY IN BOLE LEMI INDUSTRIAL FACTORY

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APPROVAL SHEET

As a project work advisor, I hereby certify that I have read and evaluated this project work prepared, under my guidance, by Ashenafi Alemu entitled “The impact of Ethiopia’s termination from America Growth and Opportunities act (AGOA) beneficiary status on industrial parks: the case of factories in Bole Lemi Industrial Park”. I recommend that it be submitted as fulfilling the project work requirement

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DECLARATION

I, Ashenafi Alemu, hereby declare that this project work is my own original work and that it has not submitted for a degree award in any other University. All the sources referred were duly acknowledged and the reference sources were presented in the annex. While I am presenting this project work as a partial fulfillment for the Master of Artis in project management, I grant a non-exclusive royalty free right to Addis Ababa University to archive, reproduce, distribute, and display in any forms including electronic format, via any digital library mechanisms maintained by the University.

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ACRONYMS

AGOA	African Growth and Opportunity Act
EOI	Export Oriented Industrialization
FDRE	Federal Democratic Republic of Ethiopia
ISI	Import Substitution Industrialization
IPDC	Industrial Park Development Commission
LDC	Least Developed Countries
SSA	Sub – Saharan Africa
TNGF	Top New Garment Factory
UNCATD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
US	United States
USA	United States of America
WTO	World Trade Organization

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Abstract

Ethiopia have strategically invested on establishing industrial parks across various locations in the country with the aim of providing an internationally competitive business environment to attract foreign direct investments. Top new garment factory was among many other factories attracted to Ethiopia and producing in Bole Lemi Industrial Park. The key pulling factor for top new garment factory to Bole Lemi Industrial Park includes Ethiopia's eligibility to AGOA. However, following Ethiopia's termination from AGAO effective Jan 2022, the factory experienced crises, and this project work aimed at finding out the role of mitigation projects implemented by the factory to help it thrive. Specific objectives included: 1) to understand factors contributed to success of implementation of mitigation projects by top new garment factory workers; 2) to explore different types of mitigation projects designed and implemented by the factory management team; and 3) to understand the role of mitigation projects in resuming export income of the factory. The study used a concurrent triangulation design and mixed research method approach which included collection of quantitative data from 138 factory workers, secondary data from Bole Lemi industrial park administration and qualitative data from 5 key informants. A chi Square test, cross tabulation and regression analysis indicated strong relation and effect ($p < 0.001$) of transparently communicating staff about mitigation project plans and staff engagement in works. The factory implemented different mitigation projects in the meantime. However, looking for new customers in USA who were willing to share costs of tax was the most effective and sustainable mitigation project implemented. Investment on enhancing competitiveness and increasing efficiency of factory workers were recommended as a sustainable measure for the factory.

Key words: industry, parks, AGOA, competitiveness, factory workers

Chapter 1. Introduction

1.1. Background of the study

In the past, industrialization was proved to bring socio-economic breakthrough by creating employment opportunity, bringing competitive advantage, and generating dynamism in the economy (Sonobe and Otsuka, 2011). According to Ashton, T. S. (1948) history of industrialization goes back to the period of (1760–1840) where England experienced enormous socio-economic changes. This makes England the first country in the world to commence industrialization. This period was remarkable for setting up iron and textile industries which transitioned labor intensive backward technologies into machinery with the invention of steam engine which used coal to operate (Mathias, et.al., 1989).

In the modern period, especially since the 1960s, an increasing number of countries have embarked on the road to promote industrialization and economic restructuring (James A. Caporaso., 1981). It was also believed that industrial development is of critical importance for sustained and inclusive economic growth in African countries. According to UNIDO (2019) industrialization can bring a number of benefits to African countries including enhancing productivity, increasing the capabilities of the workforce, and generating employment, by introducing new equipment and new techniques. In addition, UNIDO stated that industrialization may help African countries to grow by diversifying their economies, increasing their resilience to shocks and ultimately contribute to poverty reduction through creation of employment opportunities.

UNIDO's 2018 report showed an increasing number of countries promoted industrial parks as a means for industrialization and economic restructuring since 1960s. The report has also stated that industrial parks can maximize resource integration for limited production factors within a certain spatial scope for the developing countries. Industrial parks would not only increase job

opportunities, and wages and skills of local workers, but could attract labor and capital-intensive domestic and foreign investment in manufacturing and service sectors. Furthermore, they can also establish links to global value chains through participating in international competition and making full use of comparative advantages to promote the upgrading of industrial structure, and constantly improve the country's position in the international division of labor (UNIDO, 2018).

According to Kaplinsky (1993), the rationale for industrial parks establishment has traditionally been two-fold. First, the provision of functional infrastructure is much easier to plan in a geographically limited space, particularly for delivery-constrained governments. Second, the concentration of firms can provide significant spillover effects both inside and outside the park: information spillovers, including knowledge and technology; the specialization and division of labor among enterprises; the development of skilled labor markets; and the development of markets around the parks. According to UNIDO, the 2030 Agenda for Sustainable Development recognizes the importance of inclusive and sustainable industrialization and the infrastructure that supports in eradicating poverty.

Taking the global vision set in Agenda 2030, Ethiopia have also set a goal to become the manufacturing hub in Africa by 2025 and to contribute to the bigger global agenda of eradicating poverty (FDRE, 2002). The Government of Ethiopia have been progressing well in terms of establishing industrial parks, with a focus on light manufacturing industries. Establishment of Industrial Parks Development Corporation (IPDC) was one of the major steps taken forward by the Government to realize the vision 2025 by putting in place a dedicated organization. Proclamation no. 886/2015 provides legal entity for IPDC to lead the industrial park development in Ethiopia to achieve the ambitious plan of industrialization by expediting domestic and foreign direct investments to the sector.

African Growth and Opportunity Act (AGOA) was one of the available opportunities to achieve the ambitious plan of the country. AGOA is a United States trade preference act that was signed into law in May 2000 as Trade and Development Act of 2000. According to USITC (2012) AGOA will serve the objective of increasing trade and investment between the United States (U.S.) and Sub-Saharan African countries (SSA) by providing tax free export opportunities for the SSA for the selected goods in a non-reciprocal arrangement. However, countries are required to fulfill illegibility criteria's to be benefited from the opportunity, which includes country's commitments to improve its economy as well as some of its socio-political subjects like the rule of law, human rights and respect for core labor standards (AGOA, 2016).

Ethiopia have been using the opportunity by exporting commodities to USA – mainly commodities manufactured in the newly constructed industrial parks. However, Ethiopia have been terminated from the program starting January 2022 related to northern Ethiopia conflict, while there are at least 3 years are available before the current approved AGOA schemes ends.

This study will focus on assessing the effect of mitigation projects implemented by factories to help them sustain and thrive in the absence of AGOA, particularly with a focus on top new garment factory, which is among some of 11 factories targeting AGOA based export market in USA. Bole Lemi industrial park is the first public industrial park developed by the Ethiopian government and among the main beneficiaries from AGOA scheme. The industry park has started operation in 2014, in an area of 156 ha constructed in phase one. By the time all the eleven facilities were rented out to foreign investors. With the support of World Bank, Bole Lemi phase 2 construction was concluded in 186 ha of land and currently under operation (IPDC, 2020).

1.2. Problem Statement

Ethiopia was one of the 39 sub-Saharan African countries enjoying duty free or tax waived export of selected goods to the USA using the African Growth and Opportunity Act (AGOA) which was signed into law in May 2000 (AGOA, 2022). Since 2000, almost half of Ethiopia's export was cleared into the US markets in duty-free under AGOA and have increased almost twenty-fold between 2000 and 2020 (\$28m to \$525m) (AGOA factsheet, 2021). AGOA helped Ethiopia to become the leading sub-Saharan country to export apparel into USA. According to the AGOA fact sheet (2021) Ethiopia exported \$722 million worth of garments to the US duty-free under AGOA scheme between 2000 and 2020, with three quarters of that was only since 2017. In similar period, Ethiopia exported \$186million worth foot wears to USA, as the sector exports showed growth since 2012. Much of the apparels and foot wears originated from the industrial project parks in Ethiopia. The industrial parks in Ethiopia have also been contributing to employment creation. The industrial parks have created job opportunity for 71,442 people of which 23% employed in Bole Lemi industrial park (Cephus, 2020).

UNIDO (2018) case study report indicated that the Government of Ethiopia developed industrial parks with the following purposes: 1) attracting foreign direct investment by providing conducive environment by pooling services (e.g., manufacturing shades, infrastructure, water, banking, custom, electricity etc) into the park; 2) improve sustainability and resilience of economic growth; 3) enhance contribution of manufacturing to national economy; 4) alleviate foreign exchange shortage; and 5) transfer the lead of growth from public to private sector. Apart from providing duty free trade opportunities in USA markets, AGOA have been positively contributing to meeting the objectives of the industrial park projects, as Ethiopia managed to attract \$567 foreign direct investment from USA since 2000.

Following Hawassa industrial park, Bole Lemi industrial park is a leading exporter of products of which considerable shares going to USA markets (Cepheus, 2020). Cepheus (2020) analytics showed that Bole Lemi industrial park has contributed for gaining \$42m foreign currency from the export in 2020. According to the analytics report, the park has created job opportunity to 16,111 people, female making 80% of the total workforce in the park. The figures indicate that Bole Lemi could be among the other industrial parks which could be impacted by the recent termination of Ethiopia from AGOA termination. Particularly few factories like top new garment factory which are directly exporting to USA markets with the AGOA scheme are the most affected. Ethiopia's eligibility to export to USA with AGOA was one of the fundamental reason inspired the owners of the top new factory to invest in Ethiopia.

Removal of the basic pulling force or AGOA was a huge deal for the top new garment factory and its workers, as it could potentially decrease staff morale, result frustration and decrease engagement. This research was interested to study mitigation projects implemented by top new factory to help the factory survive in the face of unprecedented crises. Therefore, this research examined the role of factory workers in design and implementation of mitigation projects to minimize the impact of removal of AGOA scheme and to identify factors contributed to retain and engage factory workers in the mitigation projects. Further studied effectiveness of mitigation projects implemented by the top new garment factory to cop up impacts of Ethiopia's removal from AGOA.

1.3. Research questions

The study answered the following research questions

- Were there any factors outstandingly contributed to success of implementation of mitigation projects by top new garment factory workers?
- Did the management of the factory brought on board different kinds of mitigation project to face with the crisis?
- Were the mitigation projects able to resume export performance of the factory? Or have the potential to resume export performance?

1.4. Objectives of the study

1.4.1. General Objective

To understand the contribution of implementing mitigation projects by top new garment factory to help the factory thrive in the face of unprecedented crises experienced following Ethiopia's removal from AGOA.

1.4.2. Specific objective

The study had the following specific objectives

- To understand factors contributed to success of implementation of mitigation projects by top new garment factory workers.
- To explore different types of mitigation projects designed and implemented by the factory management team
- To understand the role of mitigation projects in resuming export income of the factory

1.4.3. Hypothesis

The study have tested the below Hypothesis

- Transparent communication about proposed mitigation projects to the factory workers have significant relationship with maintaining performance of factory workers at optimum level for successful implementation of the mitigation projects.
- Management staff have designed and implemented different mitigation projects to cop up with the crises experienced removal of AGO opportunity.
- Implementation of mitigation projects helps to resume export performance of the factory

1.5. Operational Definitions

Factory workers: Frontline workforce in the factory who are directly engaged on production and processing activities

Management team: are staff leading the functional units in the factories

Mitigation projects: any new short term projects the factory implementing in terms of finding a new alternative to resuming production and marketing products to off-set the impact of AGOA removal

1.6. Significance of the study

The study contributed to learn the impact of Ethiopia's removal from AGOA on the industrial park projects with a particular focus to factories exporting to USA markets in making advantage of AGOA trade preference. The findings can be used by the Government as evidence to lobby the resumption of AGOA program and/or to get support from other developed countries to avoid negative impacts on huge work forces employed in the factories. However, the very important contribution of the study was the lesson learned in terms of mitigation projects the top new garment factory has taken to minimize the impact of shock experienced due to the removal of the country from AGOA. Especially, studying and documenting the role of mitigation projects that helped top

new garment factory to thrive after the impacts, might also be replicated by other factories experiencing similar problems. In addition, the study have identified challenges and opportunities with the implementation of mitigation projects and put a recommended set of actions to be implemented by Government of Ethiopia and industrial park administration to boost the effectiveness of the mitigation projects.

1.7. Scope of the study

The study was carried out in Bole Lemi industrial park, which is located in Addis Ababa. The participants of the study were the management team members of the industrial park, and top new garment factory in the industrial park. The study objective was limited to objectives provided under the objective's sections in this proposal.

1.8. Limitation of the study

The study dealt with a human subject whose behavior during completion of the questionnaire could be influenced by internal and external factors which could not be controlled by the researcher. Maximum efforts were exerted when designing the questionnaire so that people understand the question in the exact way what it meant to convey. However, few people may still have translated the questions differently and could have provided a flawed answer. The study was also subject to limitations related to the study design and approach. Sometimes it is difficult and time consuming to do analysis and interpretations using mixed method approach. Bole Lemi Industrial Park administrations apply very strong bureaucracy for visiting researchers – particularly for those visiting for educational purpose research and allow only few 1-3 factories to be researched without consideration of the interest of researchers. The study was carried out in Bole Lemi industrial park, and the findings should apply for the top new garment factory which engaged in the research.

1.9. Organization of the study

The final research paper was organized into the following five chapters. Chapter one described about background and introduction, problem statement, and objectives; Chapter two provided summary of findings from previous theoretical and empirical research on the subject area; Chapter three presented the methodology used for identifying samples, data collection and procedures to apply during data analysis; Chapter four summarized findings of the research, both from quantitative and qualitative data analysis; and Chapter five provided conclusion and recommendation.

Chapter Two: Literature Review

2.1. Introduction about the chapter

Under this chapter, findings from the literature review have been presented. Historical background of the industrial parks was discussed briefly. Following it, benefits to be accrued by implementing an industrialization strategy was discussed, as obtained from various literature. The chapter has also presented theoretical background about export-based industrializations. Different thoughts on the applicability of export-based industrialization for developing countries were presented. At the last, evidence from the empirical research was discussed to understand the importance of export-oriented manufacturing for growth of developing countries.

2.2. Industrial parks in History

Establishing industrial parks coincides with the period of industrialization back as early as 1704 in Gibraltar, 1819 in Singapore, and 1848 in Hong Kong (Zhang & Ilheu, 2014). The objective of starting the practice of establishing industrial parks in the early period does not change much from the modern, as it was focused on facilitating external trade through the use of free ports, which provides free circulation of commodities without prohibitions, taxation, duties, and excises (Farole, 2011). In the modern period, USA was a pioneer in starting an industrial zone in New York's Navy in 1937. However, the practice of establishing industrial zones came widely in post second world War era with the start of industrial zone in Ireland (Zhang & Ilheu, 2014).

2.3. Benefits of promoting industries as a strategy

Kaldor (1967) pointed out that there is a continuous evidence that venturing into manufacturing would result in structural change and sustained growth. He noted that manufacturing has powerful direct and indirect employment effects (Kaldor 1967). Structural transformation involves the shift into a more productive activities, which fosters domestic linkages, technological and skill

capabilities (Ocampo, Rada, and Taylor 2009). Structural transformation would often result in increased export, which enhances the countries competitiveness, and relax the balance of payments constraint, while also increasing opportunities for substitution of imported goods (Thirlwall 2013). For countries like Ethiopia who have recently venturing into export-oriented manufacturing, tough international competition could be frustrating due to highly dynamic technologies in developed countries. In contrast, there are a motivating factor in terms of availability of abundant, scattered, and underutilized workforces which could be used for the purpose of development (Gerschenkron 1962).

2.4. Theoretical Background

Structuralists and neoclassical schools debate proposing between import substitution industrialization (ISI) strategy or export-oriented industrialization (EOI) strategy for developing countries (Weiss, 1988). The structural school thoughts believe that the economic structure in developing countries are significantly different than the developed countries and with this base they criticize the neoclassicals for failure to recognize the pervasive market failures arising from various structural rigidities. These two schools have expressed divergent views on the role of trade in economic development. According to these schools of thought, ISI and EOI are competitive alternatives. However, the perceived absolute separability between ISI and EOI was becoming questionable from methodological and empirical grounds. Some of the propositions that were believed to be applied exclusively to ISI or EOI are increasingly appearing either to be applicable to both approaches. For example, the proposition that EOI is harmful to the establishment of domestic linkages and that a successful capitalist industrialization is not a viable option for developing countries are questionable. Another example is that of the experience of Korea which suggested the possibility of upgrading infant industries with continuous support and

encouragement to exporting organizations indicated for complementarity of ISI and EOI (Jacobsson and Alam, 1992). When we bring this concept into the Ethiopian Bole Lemi industrial park, it is basically an EOI by nature; however, due to termination of AGOA, one of the mitigation strategy for the industrial park could be changing strategy into ISI or increasing capacities, skills, and technologies to venture into competitive EOI.

Taking into account the developed countries advantage over developing countries in terms of technologies, skill, and experience, World Trade Organization (WTO) have adopted a trade preference treatment which is part of the Generalized System of preference (GSP) of the World Trade Organization (WTO) that allows developed nations to give developing countries preferential treatment by granting duty-free entry for their eligible products to make their export competitive in the global market. According to Hoekman and Ozden (2006) the framework to provide such preference was established in 1968 under the United Nations Conference on Trade and Development. According to Jones, Hornbek and Villarreal (2013) trade preference is non-reciprocal which means unlike free-trade, developing countries do not have to provide similar trade treatment or benefits to the developed nation but developing countries must meet the eligibility criteria like operating an open market economy and the like. Johnson (1967) was sceptic that developed countries might use the preference for political purpose to regulate developing nation government's based on their behavior and performance outside economy issues.

Following WTO Doha Development Agenda (DDA) many WTO member countries have adopted trade preference agreements, but trade preference assessments have been mixed on the literature. According to UNCTAD (1964) trade preference supports infant-industry and generated export in manufactures however the report acknowledges the problems regarding duration of preferences, issue of country's graduation, competition among developing countries and administrative costs

can limit and reduced the benefits. Johnson (1967) noted that the administrative cost of implementing and monitoring preference can be high and that there may be political conflicts between developed and developing countries as a result of trade diversion and also developed countries might use the preference for political purpose to regulate developing nation government's based on their behavior and performance outside economy issues. Burfisher, Robinson and Thierfelder (2004) also noted that one of the disadvantages of non-reciprocal preference programs is that it requires renewal and have expiration periods.

2.5. Empirical research

UNCTAD (2008) study showed that various extensive policies and measures implemented by the list developed countries (LDC), failed to generate growth that could help to discontinue their marginalization in the world economy. The study argued that the LDC can still join a group of successful implementers by overcoming their complex obstacles. The study advised the LDC to focus on traditional exports such as oil, copper, coffee, cocoa and groundnuts. However, the study have also identified three non-traditional exports with significant growth potential for LDCs: horticulture, fishing and tourism. The study has further recommended LDC for a possible high gain if they have managed to improve technological, quality control, marketing networks and market connections.

Francis Teal and Mans Soderbom (2002) studied the relationship between export and income growth with a focus on 9 African countries. They attempted to answer three questions: 1) how close is the link between export and income growth? 2) is there evidence from these African countries that manufactured exports have led to greater economic success? 3) what has limited the success of firms in the manufacturing sector? Despite they argued that export and income growth are very closely linked, they didn't find evidence from their analysis of data between the

relationship of export and growth. They have identified that the factors that limit the success of African manufacturing firms in exporting are their levels of efficiency and small size. They recommended that large firms to use a more labor-intensive technology than is the case at present. In the other hand a recent study by Isaiah et.al., (2020) finds that exports from both manufacturing and non-manufacturing sectors have driven Angola's economic growth in the long run. These controversial results indicate that the link between exports and growth is not yet concluded. This study will therefore, will focus on the impact of the export termination on the firms, not on the growth of the country.

2.6. Conceptual Framework

The construction of industrial parks was aimed at attracting foreign direct investment by providing conducive environment which includes manufacturing places, electricity, roads, water etc in the camp for manufacturing industries in Ethiopia. However, AGOA could be one of the main pulling factors which also attracted foreign investors to the industrial parks in Ethiopia. In addition, the industrial parks are also aimed at creating jobs for the unemployed youth. In fact, wide availability of cheap human labor could also be attractive to investors in the industrial parks.

When Government establishes the industrial parks, the expectation was to earn foreign exchange from export. As structuralist believe, it is not easy for developing countries to compete in international markets to sell their products. The international level markets were dominated by developed or middle-income countries where innovation and skill is relatively higher and technologies and products change rapidly. Therefore, opportunities like AGOA are very important for developing countries to export in tax waiver arrangements.

With termination of AGOA, the industrial parks could be presented with some other alternatives to keep their business running. Focusing on import substitution manufacturing could be one of the

alternative the manufacturing firms may venture while until similar trade agreements could be explored and established elsewhere. In the meantime, the industrial parks could also upgrade technologies and skill to compete in the international markets.

Since one of the objectives of constructing industrial parks was to gain foreign exchange from manufacturing export section, the Government may continue to expect the firms to be transformed and be competitive in the global markets. This may require highly motivated workforce, who will share the organization's vision as a competent firm in international market and contributes for that. If the workforce are demotivated with the AGOA termination and are sceptic about their job security, they are less likely to contribute to the firms competitiveness in international markets.

Chapter Three: Methodology

3.1. Introduction about the chapter

This chapter discusses the methodology of the research. The first section of the chapter described the research design used for this study and why the specific design was selected. The second section discussed the source of data used for this research, including sources for quantitative and qualitative data. The third section discussed the sampling method applied to get the sampling units. The fourth and the fifth parts of this chapter discussed about the data collection and analysis methods respectively.

3.2. Research Design

Concurrent triangulation research design was used for this study. In this design data collection, data analysis, and result generations for quantitative and qualitative methods went simultaneously. However, at the end results of the quantitative and qualitative methods were contrasted and compared to make sound understanding of the situation. The approach used for the study is a mixed method research approach. Both quantitative and qualitative data were collected for the study purpose. According to Creswell & Plano Clark, (2007) mixed method is beyond merely collecting and analyzing quantitative and qualitative kinds of data, it involves the use of quantitative and qualitative methods in synergy to make the advantage of strengths from each approach, so that the overall strength of a study is greater than either of qualitative or quantitative research applied separately. Mixed method studies refer to the methods which combines both qualitative and quantitative approaches either to a single or multi-phased research studies (Tashakkori and Teddlie, 1998).

Therefore, the quantitative data were obtained by surveying factory workers of top new garment factory which is in Bole Lemi industrial park. The qualitative data was obtained by conducting a

key informant discussion with identified people in top new garment factory and in Bole Lemi industrial park administration. The qualitative data helped to understand and explain information obtained from quantitative method by comparing it with the quantitative. In addition, the information obtained in qualitative method has helped to justify or explain the information obtained in quantitative methods. With this complementarity effect, application of a mixed research design methods sounded as the best approach for increased understanding of the research questions.

3.3. Source of Data

Source of data for this research were people working in the factory and secondary data. Quantitative and qualitative data were collected from people working in the manufacturing firms in Bole Lemi Industrial Park. The quantitative questionnaire was administered to the frontline workforce while qualitative key informant interview were conducted with managers in the manufacturing factories and industrial park administration.

3.4. Sampling Method

Secondary data obtained from the industrial park shows the existence of 11 active manufacturing firms employing a total of 16,111 people. The industrial park administration was willing to provide secondary data for all of eleven factories in the industrial park of their export performance in the previous period of (Jul 2020 to June 2021) and current (Jul 2021 to June 2022) fiscal year. The result was summarized and presented in Annex. However, the industrial park administration have allowed the researcher to visit only three factories. These three firms were representatives of the factories in the industrial park. One of these was benefiting from AGOA and the other two are not. Since the objective of the study was to understand the role of mitigation projects in helping factories endure following Ethiopia's removal from AGOA, two of the permitted factories were

by default excluded from the study as their export destination was not to USA. Out of the three factories, top new factory was fulfilled the requirement and therefore, the study focused on it. Yamane's (1967) sample size determination formula was used to determine the sample size of workers in top new garment factory which was believed to be affected due to termination of AGOA. Top new factory have currently 1052 full time workers.

The below Yamane's formula was applied to determine the sample size for the study

$$n = \frac{N}{1 + N(e)^2}$$

N is the population.

e is margin of error.

The sample size for this study was calculated by inserting the following values to the sampling formula: -

- 95% confidence level
- 8% sampling error (e)
- Population size equals the total number of workers in top new garment which is one thousand fifty-two (1052)

When inserting the above values and calculating, the formula yielded a total of **132** sample size. However, with an assumption of 10% non-response rate, the total sample size became **145** frontline workers

For the qualitative interview, two persons from the management members of the industrial park and 3 people from management teams of factories have participated. Therefore, a total of 5 people were interviewed with administering a qualitative questionnaire. In addition, secondary data on export performance of factories in the industrial park was reviewed and analyzed.

3.5. Data collection method

The data collection was carried out in two methods. The quantitative data was collected in a structured close ended questionnaire. Printed questionnaires were distributed to the factory workers in top new garment.

The qualitative data collection was made using an open-ended questionnaire. The questions were directly administered by the researcher to the key informant. Key points coming out during the discussion, and which are not in the research questions were also captured. During interview session with the key informant, a follow up questions were asked to understand the situation in depth.

3.6. Data analysis method

Applicable statistical procedures were used to analyze the quantitative data. Descriptive statistics and inferential methods were used to present the information in graphs, and tables. Since the research questionnaire was built on categorical data, the analysis used chi square test methods to analyze relation between variables, which is appropriate to categorical type of data. In fact, correlational analysis have also been used to understand the direction of relationship among key variables. The key variables included termination from AGOA, communication of mitigation plan, participation in mitigation projects, workforce job security, Work force work engagement, work force dynamics, workforce production performance, export performance, and production volume.

A normative approach was used to interpret the data from the qualitative research. Key themes identified from qualitative response were coded and aggregated. Since the research was using a mixed design, the data analysis included triangulating information obtained from quantitative and qualitative methods (including sources from quantitative survey, qualitative key informant interview and secondary data review). Data analysis was therefore entailed a rigorous process in which quantitative and qualitative analysis strategies were connected to determine and understand key findings and conclusions

3.6. Validity and Reliability

Validity and reliability of the project work was maintained to ensure the rigor of the research. The mixed research approach used in this project work was one thing that contributed to the validity and reliability of the process by providing opportunities for triangulation of results. The data measuring instrument was critically reviewed to ensure that it provides adequate coverage of the study topic and research questions. In order to maintain the validity of the process, a rigor was maintained in applying appropriate sampling methods and procedures to identify representative and adequate number of sample size among the factory workers.

A pilot data collection has also been collected from 25 volunteers working in the top new garment factory to test the reliability of the data collection instrument. Cronbach's alpha method was used to test the internal consistency of the data collection tool. By improving the questionnaire, excluding demographic question, reliability score reached to 0.8 which is good or above acceptable level. The cronbach's test result is presented in the below tables.

Table 1. Case Processing Summary for reliability test

		N	%
Cases	Valid	23	92.0
	Excluded a	2	8.0
	Total	25	100.0

Tabel 2. Reliability Statistics

Cronbach's Alpha	N of Items
.800	29

Chapter Four: Result and Discussion

4.1. Introduction about the chapter

The result and discussion chapter presents findings from data analysis. Quantitatively and qualitatively collected data from primary and secondary sources were summarized and presented under this chapter. Qualitative data have been integrated across the text to explain findings of primary and secondary quantitative data. The first sections of the chapter discusses findings from a survey and qualitative key informant interview and the last sections discusses findings from secondary sources.

4.2. Discussion on Results and findings

4.2.1. Response Rate

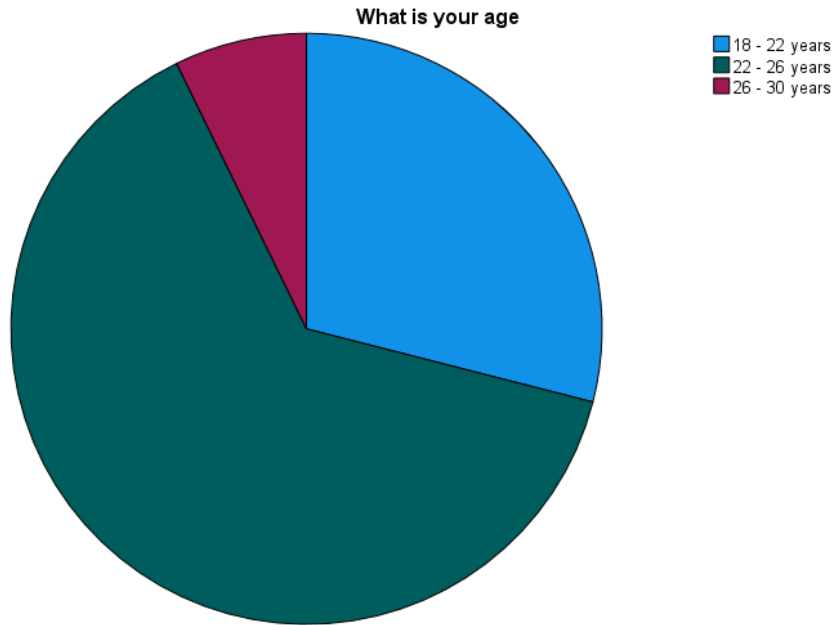
The following section presents the factory workers survey result which was conducted in top new garment factory. The factory was one of the few factories in Bole Lemi industrial park which was benefiting from AGOA scheme and most affected by Ethiopia's termination from AGOA. Front line factory workers were selected in a simple random sampling method which was presented in detail in the methodology section of this project paper. Printed out Amharic version questionnaire were administered to the workers with the support of the factory Human Resource (HR) personnel. When designing the research method, expected to have a 10% non-response rate. However, actually 95% of all targeted factory workers have responded to the questions. Involvement of the factory Human Resource personnel could have contributed to the achieved high response rate.

4.2.2. Demographic profile of the Study participants

The age of the workers participated in the study ranged between 18 – 30 years. The participants were dominated by age groups of 22 -26 years which accounted 63.8% of the total participants,

followed by age groups of 18-22 which represented 26.2% and age groups of 26 -30 years that made 7.8% of the participants.

Figure 1. age of the study participants



Education profile of the study participants indicates that most have completed vocational or university studies. However, it seems that technical and vocational graduates made the most of the employees, followed by diploma graduates.

Table 3. Highest education level completed

			Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Completed	primary7	5.0	5.1	5.1	
		school (Grade 8)				

Completed high school	27	19.1	19.6	24.6
Technical and vocational (10+1)	21	14.9	15.2	39.9
Technical and vocational (10+2)	17	12.1	12.3	52.2
Technical and vocational (10+3)	11	7.8	8.0	60.1
Diploma	45	31.9	32.6	92.8
Undergraduate (first degree)	10	7.1	7.2	100.0
Total	138	97.9	100.0	
Missing System	3	2.1		
Total	141	100.0		

Most of the workers (58.9%) indicated that they have served for more than 2 years in the industrial park. As Top new garment is a new factory, which joined the industrial park lately since 2021, majority of workers indicated that they have more than 2 years' work experience in the factory. This suggests presence of higher level of movement workers within the factories in the industrial park in looking for additional benefits in the new work environment and new factories.

Table 4. work Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 - 2 years	55	39.0	39.9	39.9
	2 - 4 years	42	29.8	30.4	70.3
	4 - 6 years	41	29.1	29.7	100.0
	Total	138	97.9	100.0	
Missing System		3	2.1		
Total		141	100.0		

4.2.3. Communication of mitigation project plan and quantity of deliverables by workers

A chi square test analysis was conducted in SPSS to understand the relationship between transparently communicating mitigation project plan to workers and workers job performance in terms of the quantity of deliverable in the workplace. The chi square analysis indicated strongly significant relationship between communicating the mitigation project plan and the quantity of deliverables by workers, $\chi^2((1, N=138)=59.5, P<0.001$. Cross tabulation result indicated that 100% of workers reported that the factory has transparently communicated mitigation project strategy to counteract impact of termination of AGOA have also agreed presence of change in the quantity of their daily deliverable due to Ethiopia's termination from AGOA scheme. Findings from qualitative data supports the findings of the quantitative data and further clarifies the direction of

relationship by indicating that factory workers were doing less quantity of work per day due to lack of new orders from existing customers in USA due to termination of AGAO. The key informants interviewed in the qualitative study indicated that the factory workers were engaged in delivering larger volume of work in the first month after Ethiopia’s termination from AGOA (January 2022) to clear and deliver pre-AGOA termination orders from customers just before the export window closes. However, starting February 2022 production volumes have significantly decreased and the quantity of deliverables by workers have decreased, as well. The key informants have also indicated that the factory workers had been transparently communicated about the mitigation project plan and aware about decreased work volumes, until the factory finds out a new market. As understood from the qualitative interview, this mitigation project named ‘clearing orders’ have lasted for one month (Jan 1-30), and helped the factory to manage to export all existing pre-orders to USA before close of AGOA export window. This was realized by increasing awareness to factory workers on the purpose of mitigation project and getting their buy in to increase the volume of their production to meet the goal of this short term mitigation project.

Table 5: cross tabulation for communication of mitigation project plan and quantity of deliverable by workers

		Do you feel that Ethiopia’s termination from AGOA affected your job performance in terms of the amount of deliverable you do every day?			Total
		Yes	No	To some extent	
Do you think that the firm have transparently	Count	20	0	0	20
	Expected Count	9.0	3.5	7.5	20.0
	Percent	100.0%	0.0%	0.0%	100.0%

communicated the mitigation plans to counteract impact of termination of AGOA opportunities?	No	Count	22	24	22	68
		Expected Count	30.6	11.8	25.6	68.0
		Percent	32.4%	35.3%	32.4%	100.0%
of some extent?	To	Count	20	0	30	50
		Expected Count	22.5	8.7	18.8	50.0
		Percent	40.0%	0.0%	60.0%	100.0%
Total		Count	62	24	52	138
		Expected Count	62.0	24.0	52.0	138.0
		Percent	44.9%	17.4%	37.7%	100.0%

Table 6. Chi-Square Tests result for transparent communication of mitigation project plan and quantity of deliverables

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	59.535 ^a	2	<.001
Likelihood Ratio	77.672	2	<.001
Linear-by-Linear Association	32.810	1	<.001
N of Valid Cases	138		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 8.41.

4.2.4. Transparent communication of mitigation project plan and quality of deliverables

The chi-square test conducted to know the relationship between transparent communication of mitigation project plan and quality of deliverables indicated presence of significant relationship $\chi^2(1, N=138)=29.5, P<0.001$. Surprisingly among employees who reported that they have been adequately communicated about the mitigation plan, 50% indicated changes in the quality of their work and the remaining 50% reported that they have maintained the quality of the work they were doing. However, proportion of workers were significant (70%) who reported change in quality

among those group who indicated that they have not been communicated about the mitigation project plan. As understood from qualitative interview, the management of the factory have conducted awareness to the frontline workers and supervisors about the need to improve quality of work relating it with increasing competitiveness in USA markets by exporting without AGOA. Therefore, transparently communicating mitigation project plans are linked with maintaining quality of the factory products. Results of the cross tabulation and chi-square test are presented in table 7 and table 8 below.

Table 7. cross tabulation table for transparent communication of mitigation project plan and quality of products

Crosstab

		Do you feel that Ethiopia's termination from AGOA affected the quality of your deliverables at work?			Total
		Yes	NO		
Do you think that the firm have transparently communicated the mitigation plans to counteract impact of termination of AGOA opportunities?	Yes	Count	10	10	20
		Expected Count	9.9	10.1	20.0
		Percent	50.0%	50.0%	100.0%
	No	Count	48	20	68
		Expected Count	33.5	34.5	68.0
		Percent	70.6%	29.4%	100.0%
	To some extent	Count	10	40	50
		Expected Count	24.6	25.4	50.0
		Percent	20.0%	80.0%	100.0%
Total	Count	68	70	138	
	Expected Count	68.0	70.0	138.0	
	Percent	49.3%	50.7%	100.0%	

Table 8. Chi- Square Test result for communication of mitigation project plan vs quality of deliverables

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	29.507 ^a	2	<.001
Likelihood Ratio	31.125	2	<.001
Linear-by-Linear Association	13.673	1	<.001
N of Valid Cases	138		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 9.86.

Similarly, regression analysis conducted between the two variables such as communicating the mitigation project plan and the quality of deliverables have also indicated the presence of significant positive relationship between the two with p value is less than 0.001. That means transparently communicating staff about mitigation projects would result in improvement of product quality. Table 9 below presents finding of regression analysis

Table 9. regression analysis result for communication of mitigation project plan and quality of deliverable

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.443	1	3.443	15.078	<.001 ^b
	Residual	31.050	136	.228		
	Total	34.493	137			

a. Dependent Variable: Do you feel that Ethiopia’s termination from AGOA affected the quality of your deliverables at work?

b. Predictors: (Constant), Do you think that the firm have transparently communicated the mitigation project plans to counteract impact of termination of AGOA opportunities?

4.2.5. Transparent communication of mitigation project plan and workers' opinion on firm success

Chi-square test showed the existence of significant relationship between communication of mitigation project plan for workers and opinion of workers on factory success, $\chi^2((1,N=138)=54.5, P<0.001$. All (100%) the workers who responded that they were subjected to transparent communication of the mitigation project plans, have also responded that they expect their firm would succeed surviving amid the crises due to removal of AGOA scheme. Whereas larger (42.5%) of workers who claimed that they have not been communicated about mitigation project plans expect that their firm would not succeed sustaining in the crises being experienced. In general, if staff feel that their firm may not succeed surviving in the crises, they are more likely to become less motivated and engaged. Therefore, the cross tabulation and chi-square tests indicated for the importance of transparently communicating mitigation project plans to workers during crises to keep the workers morale, motivation and engagement in work. Table 10 and 11 below presents results for cross tabulation and chi-square test

Table 10. Cross tabulation result for communication of mitigation project plan and workers opinion on firm success

			Do you expect that your firm will succeed after termination from AGOA?			Total
			Yes	No	To some extent	
Do you think that the firm have transparently communicated the mitigation plans to counteract impact of	Yes	Count	20	0	0	20
		Expected Count	10.1	4.2	5.7	20.0
		Percent	100.0%	0.0%	0.0%	100.0%
	No	Count	20	29	19	68
		Expected Count	34.5	14.3	19.2	68.0
		Percent	29.4%	42.6%	27.9%	100.0%

termination AGOAs opportunities?	of To some extent	Count	30	0	20	50
		Expected Count	25.4	10.5	14.1	50.0
		Percent	60.0%	0.0%	40.0%	100.0%
Total		Count	70	29	39	138
		Expected Count	70.0	29.0	39.0	138.0
		Percent	50.7%	21.0%	28.3%	100.0%

Table 11. Chi Square test result for communication of mitigation plan and workers opinion on firm success

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	54.457 ^a	4	<.001
Likelihood Ratio	69.939	4	<.001
Linear-by-Linear Association	5.927	1	.015
N of Valid Cases	138		

a. 1 cells (11.1%) have expected count less than 5. The minimum expected count is 4.20.

4.2.6. Transparent communication of mitigation project plan and workers’ opinion on firm goal

Running a Chi-square test indicated the presences of strongly significant relationship between transparently communicating mitigation project plan to workers and workers’ opinion on clarity of revised factory goals, $\chi^2((1,N=138)=86.3, P<0.001$. Cross tabulation table shows that all (100%) of factory workers who reported that they had been communicated by the firm administrators about the mitigation project plan also think that the firm leaders have established a clear direction to their company after termination of export to USA in AGOA. However, much of the workers (76.5%), among those who reported that they had not been communicated about the mitigation project plan,

think that their leaders have not established a clear direction to their company after termination of export to USA in AGOA window. Among those workers who think that they have been to some extent communicated, a dominant (42%) think that their company leadership have established a clear direction to their company after termination of export to USA in AGOA markets, while 38% think that to some extent the leadership established clear direction. In general, the finding present existence of strong relationship between transparently communicating mitigation project plan and workers opinion on clear direction of the company. Workers who knows and shares goal with the organization are more likely to engage and contribute to the success of the organizations. Therefore, clearly and transparently communicating workers about the mitigation project plan is a key to develop a shared goal among workers during crisis period which will positively contribute to the success of the business firm. If workers are not clear about the business goal amid the crises periods, they tend to leave the business organization or perform less. Either of these cases will contribute to failure of the business amid the crisis. Table 12 and 13 below presents cross tabulation and Chi-square test

Table 12. Cross tabulation table for communicating mitigation project plan and workers opinion on clarity of direction from their company

		Do you think that your firm leaders have established a clear direction to your company after termination of export to USA in AGOA?				Total
		Yes	No	To some extent		
Do you think that the firm have transparently communicated the	Yes	Count	20	0	0	20
		Expected Count	8.3	9.0	2.8	20.0
		Percent	100.0%	0.0%	0.0%	100.0%

mitigation plans to counteract impact of termination of AGOA opportunities?	No	Count	16	52	0	68
		Expected Count	28.1	30.6	9.4	68.0
		Percent	23.5%	76.5%	0.0%	100.0%
To some extent	To	Count	21	10	19	50
		Expected Count	20.7	22.5	6.9	50.0
		Percent	42.0%	20.0%	38.0%	100.0%
Total		Count	57	62	19	138
		Expected Count	57.0	62.0	19.0	138.0
		Percent	41.3%	44.9%	13.8%	100.0%

Table 13. Chi Square test result for communicating mitigation project plan and workers opinion on clarity of directions

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	86.289 ^a	4	<.001
Likelihood Ratio	95.768	4	<.001
Linear-by-Linear Association	22.711	1	<.001
N of Valid Cases	138		

a. 1 cells (11.1%) have expected count less than 5. The minimum expected count is 2.75.

4.2.7. Transparent communication of mitigation project plan and team cooperation

Teamwork and team cooperation are keys for success in factory environment. Analysis of this research data showed the existence of strongly significant relationship between communication of the mitigation project plan and team members cooperation in the work environment, with $\chi^2(1, N=138)=38.3, P<0.001$. Cross tabulation table for these two variables indicated also the presence of strong relationship between the two variables. In the cross-tabulation table, among the group of workers who think that the firm has transparently communicated mitigation plan, 50% believe that

Ethiopia’s termination from AGOA decreased the way the team members cooperate to get things done, while the remaining 50% said that the team cooperation decreased to some extent. Therefore, communication of factory’s mitigation plan seems not contributing to maintaining or increasing team cooperation and hence, the factory should find something else to increase the team cooperation, which could be a team building workshop. Table 14 and 15 below summarizes findings from analysis

Table 14. Cross tabulation for communication of factory’s mitigation project plan and workers opinion on team cooperation

			Do you think that Ethiopia’s termination from AGOA decreased the way your team members cooperate to get things done?			Total
			Yes	No	To some extent	
Do you think that the firm have transparently communicated the mitigation plans to counteract impact of termination of AGOA opportunities?	Yes	Count	10	0	10	20
		Expected Count	7.1	5.8	7.1	20.0
		Percent	50.0%	0.0%	50.0%	100.0%
	No	Count	29	10	29	68
		Expected Count	24.1	19.7	24.1	68.0
		Percent	42.6%	14.7%	42.6%	100.0%
	To some extent	Count	10	30	10	50
		Expected Count	17.8	14.5	17.8	50.0
		Percent	20.0%	60.0%	20.0%	100.0%
Total	Count	49	40	49	138	
	Expected Count	49.0	40.0	49.0	138.0	
	Percent	35.5%	29.0%	35.5%	100.0%	

Table 15. Chi-Square test for communication of factory’s mitigation project plan and workers opinion on team cooperation

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	38.265 ^a	4	<.001
Likelihood Ratio	42.067	4	<.001
Linear-by-Linear Association	.000	1	1.000
N of Valid Cases	138		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.80.

Regression analysis conducted to figure out causes for lower cooperation among factory workers after Ethiopia's termination from AGOA. Accordingly, workers experienced decreased wage seems less motivated and less cooperating in the workplace. Regression analysis presented in table 16 below shows strongly significant (p value less than 0.001) cause effect relationship between the dependent Variable: Do you think that Ethiopia's termination from AGOA decreased the way your team members cooperate to get things done and the independent variable: (Constant), Have you experienced any decrease of wage/income due to Ethiopia's termination from AGOA?

Table 16. Regression analysis between wage/income decrease and workers cooperation

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.545	1	12.545	19.966	<.001 ^b
	Residual	85.455	136	.628		
	Total	98.000	137			

a. Dependent Variable: Do you think that Ethiopia's termination from AGOA decreased the way your team members cooperate to get things done?

b. Predictors: (Constant), Have you experienced any decrease of wage/income due to Ethiopia’s termination from AGOA?

4.2.8. Workers’ opinion on adequacy of mitigation project strategies and decrease of wage/income

Strongly significant relationship noticed ($\chi^2(1, N=138) = 37.4, P < 0.001$) between two variables such as wage/income decrease and workers’ opinion on adequacy of mitigation measures. Cross tabulation table indicated that among group of factory workers who experienced wage/income decreases following Ethiopia’s termination from AGOA, only 33% feel that the mitigation strategies were not adequate, while the remaining feel that the mitigation strategies are fully adequate (11.4%) or to some extent (55.7%) adequate. However, among workers group who have not experienced wage/income decrease, 60% feel that the mitigation strategies are adequate and 20% feel that it is to some extent adequate, while only 20% believe that the strategies are not adequate. The result indicated that the workers might have evaluated the adequacy of the mitigation strategies from the perspective of its return to their income/wage. Table 17 and 18 below summarizes the cross-tabulation table and chi square tests.

Table 17. Cross tabulation for wage decreases and workers opinion on adequacy of the mitigation project strategies

		Do you feel that the mitigation strategies are adequate enough to counteract the impact of AGOA termination?			Total	
		Yes	No	To some extent		
Have you experienced any decrease of wage/income	Yes	Count	10	29	49	88
		Expected Count	25.5	24.9	37.6	88.0
		Percent	11.4%	33.0%	55.7%	100.0%

due to Ethiopia's No termination from AGOA?	Count	30	10	10	50
	Expected Count	14.5	14.1	21.4	50.0
	Percent	60.0%	20.0%	20.0%	100.0%
Total	Count	40	39	59	138
	Expected Count	40.0	39.0	59.0	138.0
	Percent	29.0%	28.3%	42.8%	100.0%

Table 18. Cross tabulation for wage decreases and workers opinion on adequacy of the mitigation strategies

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	37.409 ^a	2	<.001
Likelihood Ratio	37.619	2	<.001
Linear-by-Linear Association	32.220	1	<.001
N of Valid Cases	138		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 14.13.

4.2.9. Workers' opinion on adequacy of mitigation project strategies and workers opinion on firm success

A cross tabulation analysis was also conducted between two variables such as workers opinion on adequacy of mitigation project strategies and success of firm after termination of AGOA. Accordingly, among workers group who believe that the mitigation project strategies are adequate, 50% believe that the factory may succeed and 25% believe to some extent that the factory may succeed, while 25% lack confidence on the success of the factory with the mitigation project strategies. However, majority (48.7%) of factory workers do not expect that the firm would succeed, among groups of workers who also not believe that the mitigation project strategies are not adequate. As we have also seen in the above section, most workers (60%) who experienced

wage/income decrease after Ethiopia’s termination from AGOA also believe that the mitigation strategies are not adequate. Chi – square test conducted between these two variables have also indicated presence of strongly significant relationship, ($\chi^2(1,N=138)=35.7, P<0.001$). Therefore, wage/income decrease might still be the reason for workers to believe that their firm would not succeed. Table 19 and 20 below summarizes the findings from the analysis.

Table 19. Cross tabulation for workers’ opinion on adequacy of the mitigation project strategies and opinion on success of the firm

		Do you expect that your firm will succeed after termination from AGOA?			Total	
		Yes	No	To some extent		
Do you feel that the mitigation strategies are adequate enough to counteract the impact of AGOA termination?	Yes	Count	20	10	10	40
		Expected Count	20.3	8.4	11.3	40.0
		Percent	50.0%	25.0%	25.0%	100.0%
	No	Count	10	19	10	39
		Expected Count	19.8	8.2	11.0	39.0
		Percent	25.6%	48.7%	25.6%	100.0%
	To some extent	Count	40	0	19	59
		Expected Count	29.9	12.4	16.7	59.0
		Percent	67.8%	0.0%	32.2%	100.0%
Total	Count	70	29	39	138	
	Expected Count	70.0	29.0	39.0	138.0	
	Percent	50.7%	21.0%	28.3%	100.0%	

Table 20. Cross tabulation for workers opinion on adequacy of the mitigation project strategies and opinion on success of the firm

Value	df	Asymptotic Significance (2-sided)
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Pearson Chi-Square	35.746 ^a	4	<.001
Likelihood Ratio	44.978	4	<.001
Linear-by-Linear Association	.631	1	.427
N of Valid Cases	138		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 8.20.

4.2.10. Workers’ opinion on adequacy of mitigation projects and change in quantity of deliverables

Analysis was conducted to understand the relationship between workers opinion on adequacy of mitigation project strategies and change in quantity of deliverables by the factory workers. Chi-square test indicated that the existence of significant relationship between the two variables, ($\chi^2(1, N=138)=84, P<0.001$). Cross tabulation analysis indicated that among group of workers who feel that the mitigation strategies are adequate enough to counteract the impact of AGOA termination, all (100%) agree that their job performance in terms of the quantify of deliverables was not affected. However, among group of workers who feel that the mitigation strategies are not adequate enough to counteract the impact of AGOA termination, 25.6% also feel that their job performance in terms of the quantify of deliverables was affected, while the rest believe that it was not affected. The finding here indicates that the feeling of adequacy of mitigation project strategies contributes to maintaining the quantity of deliverables. Table 21 and 22 summarizes findings from cross tabulation and chi -square test.

Table 21. Cross tabulation for workers opinion on adequacy of the mitigation project strategies and change in quantity of deliverables

Do you feel that rumors surround Ethiopia’s termination from AGOA affected your job performance in terms of the amount of deliverable you do every day?

Total

		Yes	No	To some extent		
Do you feel that the mitigation strategies are adequate enough to counteract the impact of AGOA termination?	Yes	Count	0	40	0	40
		Expected Count	8.4	22.9	8.7	40.0
		Percent	0.0%	100.0%	0.0%	100.0%
	No	Count	10	29	0	39
		Expected Count	8.2	22.3	8.5	39.0
		Percent	25.6%	74.4%	0.0%	100.0%
	To some extent	Count	19	10	30	59
		Expected Count	12.4	33.8	12.8	59.0
		Percent	32.2%	16.9%	50.8%	100.0%
Total	Count	29	79	30	138	
	Expected Count	29.0	79.0	30.0	138.0	
	Percent	21.0%	57.2%	21.7%	100.0%	

Table 22. Chi-square test for workers opinion on adequacy of the mitigation project strategies and change in quantity of deliverables

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	83.990 ^a	4	<.001
Likelihood Ratio	106.634	4	<.001
Linear-by-Linear Association	2.843	1	.092
N of Valid Cases	138		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 8.20.

4.2.11. Workers' opinion on adequacy of mitigation projects and quality of deliverables

Among factory workers who feel that the mitigation project strategies were adequate, 75% agree that they are maintaining the quality of work on the products. However, 25% in this group agree that the quality of work is affected. Among factory workers who feel that the mitigation project strategies were not adequate, 74.4% agree that the quality of work affected while only 25.6%

believe that the quality of work is maintained. Therefore, this indicates the presence of strong relationship between workers' opinion about adequacy of mitigation project strategies and the quality of deliverables, which was also confirmed by a chi square test ($\chi^2(1,N=138)=19.2$, $P<0.001$). The result is summarized in table 23 and 24

Table 23. cross tabulation table for workers opinion on adequacy of mitigation project strategy and quality of deliverables

		Do you feel that Ethiopia's termination from AGOA affected the quality of your deliverables at work?			
		Yes	NO	Total	
Do you feel that the mitigation strategies are adequate enough to counteract the impact of AGOA termination?	Yes	Count	10	30	40
		Expected Count	19.7	20.3	40.0
		Percent	25.0%	75.0%	100.0%
	No	Count	29	10	39
		Expected Count	19.2	19.8	39.0
		Percent	74.4%	25.6%	100.0%
	To some extent	Count	29	30	59
		Expected Count	29.1	29.9	59.0
		Percent	49.2%	50.8%	100.0%
Total	Count	68	70	138	
	Expected Count	68.0	70.0	138.0	
	Percent	49.3%	50.7%	100.0%	

Table 24. Chi square test for workers opinion on adequacy of mitigation project strategy and quality of deliverables

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	19.248 ^a	2	<.001
Likelihood Ratio	20.115	2	<.001
Linear-by-Linear Association	3.828	1	.050
N of Valid Cases	138		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 19.22.

4.2.12. Workers' opinion on adequacy of mitigation projects and effect of rumor on job performance

Analysis of data showed strong correlation with significantly strong relationship ($\chi^2(1, N=138)=43.6, P<0.001$), between workers opinion on adequacy of mitigation project strategies and effect of rumor on quality of deliverables. Cross tabulation analysis conducted for the two variables have also indicated that higher proportion (50%) of workers agree on low effect of rumors among those who fully agree that the firm had carried out adequate mitigation project strategies. However, the proportion of workers who agree that the quality of their deliverables are decreased was high (51%) among those group of workers who don't think that the firm has conducted adequate mitigation measures. Among a group of workers who think that the mitigation strategies are to some extent adequate, very high proportions (83.1%) believe that the rumors surrounding Ethiopia's termination have not affected the quality of their deliverables. In general, the study found out strong correlation between having a sense of adequacy of mitigation measures and effect of rumors on the quality of deliverables. Table 25 and 26 provided detailed summary of analysis below.

Table 25. Cross tabulation result for workers opinion on adequacy of mitigation project strategies and effect of rumors on the quality of deliverables.

			Do you feel that rumors surrounding Ethiopia's termination from AGOA affected the quality of your deliverables at work?			Total
			Yes	No	To some extent	
Do you feel that the mitigation strategies are adequate enough to counteract the impact of AGOA termination?	Yes	Count	10	20	10	40
		Expected Count	8.7	22.9	8.4	40.0
		Percent	25.0%	50.0%	25.0%	100.0%
	No	Count	20	10	9	39
		Expected Count	8.5	22.3	8.2	39.0
		Percent	51.3%	25.6%	23.1%	100.0%
	To some extent	Count	0	49	10	59
		Expected Count	12.8	33.8	12.4	59.0
		Percent	0.0%	83.1%	16.9%	100.0%
Total	Count	30	79	29	138	
	Expected Count	30.0	79.0	29.0	138.0	
	Percent	21.7%	57.2%	21.0%	100.0%	

Table 26. Chi Square test for workers opinion on adequacy of mitigation project strategies and effect of rumors on the quality of deliverables.

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	43.560 ^a	4	<.001
Likelihood Ratio	52.970	4	<.001

Linear-by-Linear Association	2.476	1	.116
N of Valid Cases	138		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 8.20.

Though the qualitative interview made with the factory management revealed existence of positive outcomes from the mitigation or alternative strategies, factory workers still seem to be affected by continuous rumors coming out related to AGOA. Survey indicated that 60.9% of participants are affected by frequent rumor related with AGOA, which is threatening their job security and benefit. Due to rumors, 21% of workers have revealed that the amount of deliverable they are producing every day was affected and they are producing less as a result of rumors. 24.6% have also indicated that the amount of their deliverable was affected to some extent due to rumors related with AGOA. Study also find out that continuous and frequent rumors have also contributed to affecting punctuality of factory workers. In this study, 17% of participants reported that they are less punctual in the post- AGOA termination period due to continuous rumor, while also additional 30.4% reported that their punctuality was to some extent affected. In addition, 22.5% of participants have also indicated that rumors have affected the quality of work they were delivering in the post AGOA-termination period. Additional 20% of participants have also indicated that their quality of work is to some extent affected by frequent rumors.

4.2.13. Involvement in mitigation project strategy design and workers' opinion on firm's commitment to provide quality products

Strongly significant relationship was noticed between workers involvement in mitigation strategy design and workers opinion on firm's commitment to provide quality products. The chi square test have resulted strong relation between these two variables, which is ($\chi^2(1, N=138)=55.5, P<0.001$). Cross tabulation analysis conducted between these two variables have also indicated presence of

strong relationship. Among group of workers who agree that they have been involved in the mitigation strategy design, 78.3% believe that the company’s commitment to provide competitive products have not decreased. However, considerable high proportion of workers believed that the company’s commitment to provide competitive products have decreased, among the group of workers who did not agree that they have participated in mitigation project strategy design. Among those group of workers who agree that they have been involved to some extent in mitigation project strategy design, majority (66.7%) agree that the company commitment to provide competitive goods have not decreased. In general, the analysis result showed significant correlation between workers involvement in mitigation projects and workers trust on their firm’s commitment in continuing to survive in the market in providing competitive and quality goods. Table 26 and 27 below summarize analysis results for the two variables from SPSS.

Tabel 27. Cross tabulation table for workers involvement in mitigation project strategy design and workers opinion on company commitment to provide quality product

		Do you think that termination from AGOA has decreased your company’s commitment to provide competitive products?				
		Yes	No	To some extent	Total	
Do you feel that you have been involved in mitigation strategy design?	Yes	Count	15	54	0	69
		Expected Count	17.0	47.0	5.0	69.0
		Percent	21.7%	78.3%	0.0%	100.0%
	No	Count	19	20	0	39
		Expected Count	9.6	26.6	2.8	39.0
		Percent	48.7%	51.3%	0.0%	100.0%

To some extent	Count	0	20	10	30
	Expected Count	7.4	20.4	2.2	30.0
	Percent	0.0%	66.7%	33.3%	100.0%
Total	Count	34	94	10	138
	Expected Count	34.0	94.0	10.0	138.0
	Percent	24.6%	68.1%	7.2%	100.0%

Tabel 28. Chi square test result for workers involvement in mitigation project strategy design and workers opinion on company commitment to provide quality product

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	55.480 ^a	4	<.001
Likelihood Ratio	55.453	4	<.001
Linear-by-Linear Association	12.976	1	<.001
N of Valid Cases	138		

a. 2 cells (22.2%) have expected count less than 5. The minimum expected count is 2.17.

4.2.14. Alternative Mitigation Projects and role on enduring the factory

Key informants in Top New Garment indicated that their firm was one of the few severely affected factories in Bole Lemi Industrial Park due to Ethiopia's eligibility termination from AGOA scheme effective January 2022. The termination had resulted immediate impact on the factory. Unlike many other factories impacted by AGOA, top new garment factory preferred to stay in production and export by implementing different mitigation projects and maintaining factory workers during

the crises period. The key informants discussed the following mitigation projects which were designed and implemented to help the factory endure the impacts.

Mitigation project 1 - Clearing orders: When the AGOA termination was effected in January 1, 2022, the factory had already millions of cloth orders already received from customers in USA which should have to be produced and exported. Only short windows provided to clear all pre-orders before the export window closed. The factory assigned a project manager to deal with this problem and get it solved. The objectives of the mitigation project were: 1) analyze the volume of orders and strategizing finishing production and export within the given one month window period; and 2) assess the work volumes and urgency of production by other factories operating in Bole Industrial Park and explore opportunities if other factories could help in production of the orders of top new garment. The project came up with the following two strategies to clear all orders:

- i) Starting a new overnight shift in top new garment factory: Created awareness to the factory workers on the objective of short term mitigation project, which was to increase double volume of production by introducing overnight shift. Workers were inspired by additional allowance this would bring to them and as a result the factory launched a new over night shift.
- ii) Sub-contracting production to other factories: The other main strategy implemented in the “clearing out orders of mitigation project” is to sub-contract the production activities to other idle factories in the compound to meet the short window pre-ordered export clearance period. Accordingly, the mitigation project manager and its team members have managed to deal terms with the sub-contracting factories in the first few days of January and helped the sub-contracted production activities start in the

identified 2 sub-contracted idle firms starting the first week of January 2022. With this the factory have managed to clear all its pre-ordered production and exports in January 2022 and some in February 2022.

Mitigation project 2 - Sub-contracting in: The firm could not get new orders from usual customers in USA following termination of AGOA effective January 2022. As a result, the factory have initiated a new mitigation project to fill the gap until a new customer or market will be obtained. The new mitigation project of the factory was taking sub-contract agreement from other apparel manufactures in Bole Lemi industrial park and continue production activities. The manager of the company have acted as a project manager for this new initiative and effectively led a team to look for factories who have extra orders and want to sub-contact. Accordingly, the factory managed to get three firms who are willing to sub-contract. However, the amount obtained was only one third percent of the company's manufacturing capacity. As a result, they could not engage all staff to work. The factory was forced to lay off two third of its workers. The factory have managed to sustain operation with this arrangement in February 2022. The factory did this by keeping only third of the work forces while others are staying home getting paid without working. However, in March and April 2022 the factory was forced to stop manufacturing at all due to lack of firms sub-contracting to top new garment factory. As a result all machineries stayed idle. In the meanwhile, the factory was paying salary to workers while all were staying at home. The income incurred in Jan 2023 with the clearing order mitigation project increased the factory capacity to pay laid off staff. However, most workers were not happy with this as their income decreased due to lack of overtime works. Almost third of the workforce have resigned during this period.

Mitigation project 3 – looking for optional markets: The firm have assigned a project manager to lead the mitigation project three, which is looking for alternative markets elsewhere. Consultant

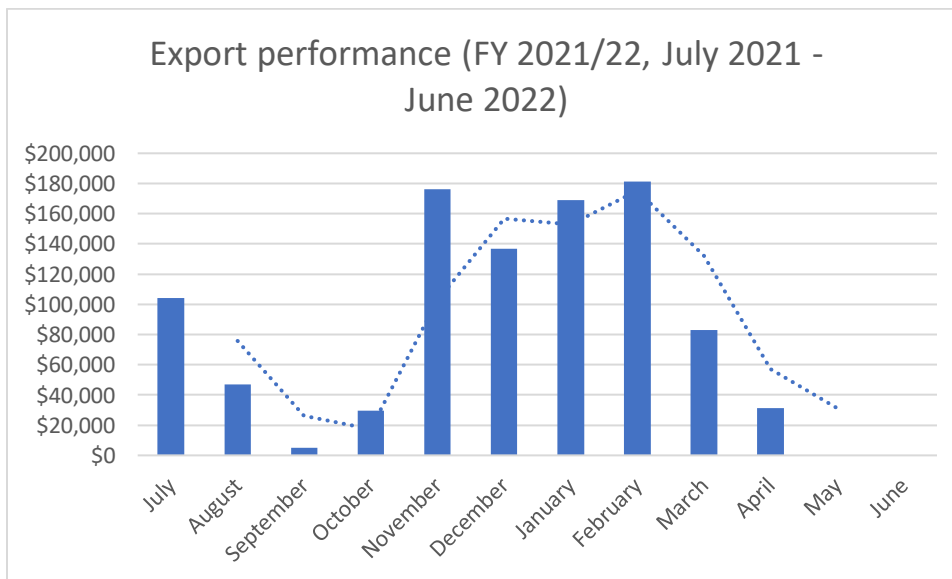
international project manager was recruited by the firm to implement mitigation project three. This mitigation project was launched in Feb 2022 and in operation since then. The mitigation project three team have proposed three markets: 1) staying in USA market , 2) looking for a new market in Europe and 3) looking for a new market in Dubai. A mitigation project team members have approached potential customers in Europe and Dubai, however, they learned that the demands were lower for their factory products in these markets. As a result, the key informant said that the factory was not interested in changing the market from USA to Europe or Dubai, though it was still on table along with looking Dubai markets as an option to embark as a last resort. But before that, the assigned project team has struggled to find another customer in USA markets who will be willing to share the cost of taxes to enter the USA markets. The team was lucky enough at the end and found a new customer who is willing to share taxes. Currently (in May 2022) the factory has received orders from the new customer in USA and started production in 15 production lines out of 18 lines. By the time recruitment of workforces is ongoing to replace the resigned workforce. When recruitment would be completed, the factory would start full scale production.

Mitigation Project 4 – Increasing workers efficiency: This is a planned mitigation project to restore pre-AGOA income of the factory. As described above under mitigation project 3, though the newly acquired customers shares the tax cost with top new garment factory, the factory still losses considerable amount of its income in tax as compared to pre-AGOA removal season. Therefore, the factory strategically thought to increase efficiency of its own workers to produce more number of apparels per day, so that to offset tax expense from higher volume of production. For this the firm have targeted to increase the efficiency of workers from producing 53 apparels per day per person now to something around 65 apparel per day per person. The factory have already recruiting international project manager to lead this process and about to launch the project

4.2.15. Export performance of top new garment factory

Top new garment started export in the current fiscal year. It exports to America market using the AGOA opportunity and its one of the few most impacted factories in Bole Lemi industrial park by Ethiopia's eligibility termination from AGOA. Top new garments export performance showed an increase in the first two months after Ethiopia's termination from AGOA (January and February 2022) and decreased on the following two months (March and April 2022). The observed increases in the first two months were due to increased volume of export to clear all pre-orders from customers in USA as understood during the qualitative key informant interview. However, in March and April 2022 the export have sharply decreased due to lack of new order from the customers in USA following termination of Ethiopia's eligibility status from AGOA. The traditional customers of the factory were not willing to buy the products from top garment with a new price which added taxes according to the key informant, neither willing to share the taxes burden with the top garment. These customers have turned their face to other sub-saharan African countries like Kenya to acquire apparels without taxes to USA.

Figure 2. Export performance of top new garment



Chapter Five: Conclusion and Recommendation

5.1. Conclusion and Recommendation

5.1.1. Chapter Overview

This is the last chapter of the project work. Concisely it presents summary of key finding from workers survey, qualitative data analysis and secondary data. It will also presents conclusions, and key recommendations.

5.1.2. Summary of Findings

Top new garment was successful in terms of implementing mitigation project which helped the factory thrive amid major crises experienced due to termination of Ethiopia from AGOA opportunities effective January 2022. The factory was able to clear all pre-AGOA termination orders within short period of time by implementing a mitigation project. The factory also became trustable and dependable to its worker's by maintaining its work force and engaging them in different mitigation project implementation activities amid the crises period.

Survey of factory workers have indicated key factory contributed to the factory workers commitment to stay and contribute to implementation of mitigation projects. A chi square test showed strongly significant relationship (with P value <0.001) among the below listed variables related to workers.

- Communication of mitigation plan and quantity of deliverables by workers
- Transparent communication of mitigation plan and quality of deliverables

- Transparent communication of mitigation plan and workers' opinion on firm success
- Transparent communication of mitigation plan and workers' opinion on firm goal
- Transparent communication of mitigation plan and team cooperation
- Workers' opinion on adequacy of mitigation strategies and decrease of wage/income
- Workers' opinion on adequacy of mitigation strategies and success of firm
- Workers' opinion on adequacy of mitigation projects and change in quantity of deliverables
- Workers' opinion on adequacy of mitigation projects and quality of deliverables
- Workers' opinion on adequacy of mitigation projects and effect of rumor on job performance
- Involvement in mitigation strategy design and workers' opinion on firm's commitment to provide quality products

Therefore, firm's communication to workers about the mitigation projects have helped larger proportion of workers who have been subjected to the mitigation plan orientation session to remain engaged in their work which have contributed to the success of mitigation projected implemented by the factory between January 2022 and May 2022. Even with decreased wage

Qualitative information obtained from the the studied top new factory management team members indicated that the factory was severely impacted by termination of AGOA, as the factory basically targets tax free USA markets through AGOA. According to them, after consecutive months of sharp decline in financial metrics, at the end mitigation projects undertaken to obtain a new customer in USA markets who is willing to share tax expenses have worked. In the meanwhile the factory have been also carrying out different mitigation projects such as contracting out productions to meet the export window for pre-ordered products after January 1, 2022 and

contracting in extra-orders of other companies operating in the park so that avoid idleness. Review of export performance of the factory have also showed a sharp decrease after January 2022, but with the new export arrangement hopes are high that the mitigation project would resume the export starting May 2022.

5.1.3. Conclusion

The mitigation projects implemented by top new garment factory have decreased the extent of the negative impact on the factory, workers and industrial park in general. Increasing awareness to workers on mitigation project plans have increased workers' participation and engagement in implementation of mitigation projects. Workers who adequacy of mitigation projects to deal with the crises, were more engaged and contributing to the achievement of the factory goals. The factory have implemented at least three mitigation projects to deal with the crises, in which all were effective at different times. However, the mitigation project related with finding a new partially taxed and relatively competitive market in USA was highly successful and sustainable. The factory was initiating a new project to enhance the workers efficiency in terms of increasing their production per person per day in order to compete and stay in the new market.

5.1.4. Recommendation

- Provide mitigation project plans awareness to all workers
- Invest on workers skill to increase workers efficiency as an attraction to foreign direct investment
- Improve workers wage for better motivation and efficiency
- Invest on modern technologies to increase firm competitiveness on global markets

- Initiate a new mitigation project to increase export destination markets in other countries or find additional new customers in USA
- Increase awareness of factory workers on good practices of introducing mitigation projects as a crises management strategy

5.1.5. Further Studies

The factory workers indicated that the salary and benefit packages are extremely low. Key informants mentioned that the salaries are calculated based on the studied efficiency level of Ethiopian factory workers. Therefore further and continuous research needed to upgrade the skill of Ethiopian workers and improve the work environment and process to increase efficiencies which will gradually influence for salary improvement. Continuous studies and research are also important to increase competitiveness of Ethiopian products in international markets

This study was conducted in the first four months following termination of AGOA. However, now it has been almost more than a year and few months since termination. Further study needed on sustainability of mitigation projects implemented by factories in the industrial park to cop with market crises due to AGOA termination.

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Annex I. Survey questionnaire

Consent Form

My name is Ashenafi Alemu. I am MA student in Project management at Addis Ababa University, School of Commerce. The purpose of the interview is to understand the impact of Ethiopia's termination of Ethiopia's eligibility from AGOA scheme – particularly the impact on Bole Lemi industrial park. In addition, the study will figure out any impact mitigation strategies being carried out by the management of the firm. This interview will last approximately 20 to 30 minutes.

Your participation in this study is entirely voluntary. If you consent to participate, your personal information will be kept confidential.

Feel free to skip writing your name. For the rest of the questions, please circle the appropriate letter.

Questions

1. What is your name_____

2. What is your age?
 - a. 18 – 22 years
 - b. 22 – 26 years
 - c. 26 – 30 years
 - d. 30 – 40 years
 - e. 40 – 50 years
 - f. Above 50 years old

3. What is the highest education level you completed?
 - a. Completed Primary School (Grade 8th)
 - b. Completed High School
 - c. Technical and Vocational (10 + 1)
 - d. Technical and vocational (10 +2)
 - e. Technical and Vocation (10+3)
 - f. Diploma
 - g. Undergraduate (first degree)
 - h. Graduate (Second degree)
 - i. PhD or more

4. For how many years have you been working in Bole Lemi Industrial Park?
 - a. 0 - 2 years
 - b. 2 - 4 years
 - c. 4 - 6 years
 - d. More than 6 years

5. Are you married?

- a. Yes
 - b. No
6. Do you think that the firm has communicated the employees about the impact of Ethiopia's termination from AGOA?
- a. Yes
 - b. No
7. If yes to Q6, how was the communication made?
- a. Through supervisors
 - b. All staff meeting
 - c. Notice board
 - d. Text messages
 - e. Other
8. If yes to Q6, are you clear about the impact of Ethiopia's eligibility termination from AGOA on the firm?
- a. Yes
 - b. No
 - c. To some extent
9. Do you think that Ethiopia's termination from AGOA would affect your tenure in the firm?
- a. Yes
 - b. No
 - c. I don't know
10. If Yes to Q10, in your opinion how would it affect your tenure in the firm?
- a. Job loss

- b. Wage/salary decrease
- c. Removal of benefit scheme
- d. I don't know

11. Have you received any personal communication from the firm regarding change in your job contract or benefit schemes?

- a. Yes
- b. No

12. Do you think that the communication made by the firm about AGOA termination and changes are enough?

- a. Yes
- b. No
- c. To some extent

13. Do you feel that Ethiopia's termination from AGOA affected your job performance in terms of the amount of deliverable you do every day?

- a. Yes,
- b. No
- c. To some extent

14. Do you feel that Ethiopia's termination from AGOA affected your punctuality to the work?

- a. Yes
- b. No
- c. To some extent

15. Do you feel that Ethiopia's termination from AGOA affected the quality of your deliverables at work?

- a. Yes
- b. No
- c. To some extent

16. Have you experienced any decrease of wage/income due to Ethiopia's termination from AGOA?

- a. Yes
- b. No

17. Do you feel that you are getting frequent rumor about undesirable impact of Ethiopia's termination from AGOA on your job security or benefit scheme?

- a. Yes
- b. No
- c. Seldom

18. Do you feel that rumors surround Ethiopia's termination from AGOA affected your job performance in terms of the amount of deliverable you do every day?

- d. Yes,
- e. No
- f. To some extent

19. Do you feel that rumors surrounding Ethiopia's termination from AGOA affected your punctuality to the work?

- d. Yes
- e. No
- f. To some extent

20. Do you feel that rumors surrounding Ethiopia's termination from AGOA affected the quality of your deliverables at work?
- a. Yes
 - b. No
 - c. To some extent
21. Do you think that the firm shares up to date information to counter act the emerging rumors surrounding termination from AGOA?
- a. Yes
 - b. No
 - c. To some extent
22. Do you think that the counteracting information provided by the firm are adequate enough to eliminate rumors?
- a. Yes
 - b. No
 - c. To some extent
23. Do you feel that your job is less secured due to termination of Ethiopia from AGOA?
- a. Yes
 - b. No
 - c. To some extent
24. Do you think that the firm have transparently communicated the mitigation plans to counteract impact of termination of AGOA opportunities?
- a. Yes
 - b. No

c. To some extent

25. Do you feel that the mitigation strategies are adequate enough to counteract the impact of AGOA termination?

a. Yes

b. No

c. To some extent

26. Do you feel that you have been involved in mitigation strategy design?

a. Yes

b. No

c. To some extent

27. Do you think your role would contribute to achieve the mitigation strategies of the firm

a. Yes

b. No

c. To some extent

28. Do you think that you are now working less work as compared to the period before Ethiopia's termination from AGOA?

a. Yes

b. No

29. Do you feel that a smaller number of team members are on work after Ethiopia's termination from AGOA?

a. Yes

b. No

30. Do you feel that Ethiopia's termination from AGOA affected your energy to come up with new and better ways of doing things
- Yes
 - No
 - To some extent
31. Do you think that the firm still effectively utilizes your skill and abilities
- Yes
 - No
 - To some extent
32. Do you think that Ethiopia's termination from AGOA decreased the way your team members cooperate to get things done?
- Yes
 - No
 - To some extent
33. Do you think that termination from AGOA has decreased your companies commitment to provide competitive products?
- Yes
 - No
 - To some extent
34. Do you expect that your firm will succeed after termination from AGOA?
- Yes
 - No
 - To some extent

35. Can you now clearly explain the business goal of your firm to others?

- a. Yes
- b. No
- c. To some extent

36. Do you think that your firm leaders have established a clear direction to your company after termination of export to USA in AGOA?

- a. Yes
- b. No
- c. To some extent

37. Do you think that termination from AGOA have eliminated your hope to move in the career paths in the firm

- a. Yes
- b. No
- c. To some extent

38. Do you feel that termination from AGOA has affected how you are treated as an employee?

- a. Yes
- b. No
- c. To some extent

39. Before Ethiopia's termination from AGOA, do you feel that your company is the best place to work and recommend friends to join?

- a. Yes
- b. No
- c. To some extent

40. After Ethiopia's termination from AGOA, do you feel that your company is the best place to work and recommend friends to join?
- a. Yes
 - b. No
 - c. To some extent
41. Do you think that the company pay policy is affected after Ethiopia's termination from AGOA?
- a. Yes
 - b. No
 - c. To some extent
42. Do you plan to work for the firm for one or more year from now
- a. Yes
 - b. No
 - c. To some extent

Annex II. Key Informant Discussion Leading Questions

Consent Form

You are being invited to participate in a study being conducted in Bole Lemi Industrial Park. The purpose of the interview is to understand the impact of Ethiopia's termination of Ethiopia's eligibility from AGOA scheme – particularly the impact on Bole Lemi industrial park. In addition, the study will figure out any impact mitigation strategies being carried out by the management of the firm. You are selected to participate in this interview purposively given your management role in the firm. If you decide to participate, you will be asked to give your verbal consent which states that you understand the purpose of the study that any questions you have about the study have been answered, and that you agree to participate. This interview will last approximately 20 to 30 minutes.

Your participation in this study is entirely voluntary. You can refuse to participate or can withdraw from the study at any time. Such a decision will not affect anything, either now or in the future. If you consent to participate, your personal information will be kept confidential. We are maintaining

strict control over all data and will not share your name or information with anyone outside of our project team.

If you have any questions, please ask, and we will do our best to answer them. If you have additional questions in the future, please contact [Ashenafi Alemu. Phone number: 0924098208

Leading Questions

1. May I ask you to tell your name, your highest education level, position and service years in Bole Lemi Industrial park?
2. Can you please explain how your firm was benefiting from AGOA? If the firm was exporting to USA with the AGOA opportunity, please explain how the trend in export volume and income was changed over years?
3. What changes have been made in your firm as a response to Ethiopia's termination from AGOA and how would that affect the firm's income, production volume, quality, labor force and local suppliers?
4. What mitigation measures are in place to decrease the impact of Ethiopia's termination from AGOA and sustain your business manufacturing opportunities? And how would evaluate the effectiveness of your mitigation strategies?
5. Do you think that shifting to local markets or exploring other global markets could be mitigation strategies? What challenges and opportunities can you see in these markets? How do you think your firm could adjust to come out as competitive in these markets?

Annex III. Bole Lemi Industrial Park export performance, with details of all factories

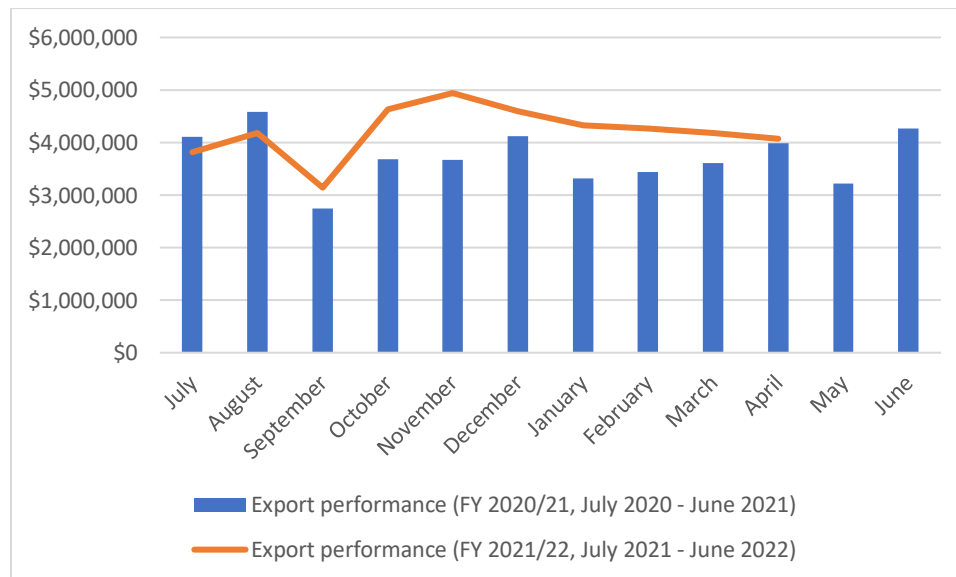
Bole Lemi Industrial Park export performance

This section will present the overall performance of Bole Lemi industrial park as it comprises factories which export to a mix of global markets destinations including USA, Europe, China, and Dubai. Analysis of secondary data obtained from industrial park showed increased export performance of the park in FY2021/22 as compared to FY2020/21. However, the export trend showed a slight decrease since January 2022 in coincidence with the period Ethiopia was terminated from AGOA. The data for FY 2021/2022 was found for the period of July 2021 to April 2022. The export data was not ready for May 2022 and June 2022 and therefore, it was not included for this analysis. The financial metrics have in general indicated a better performance of Bole Lemi industrial park as general in fiscal year (July 2021 to June 2022) as compared to its export performance in the previous fiscal year (July 2020 to June 2021), except for the observed lower accomplishments in July 2021 and August 2021 where the export was lower by 7% and 9% respectively as compared to July 2020 and August 2021. According to the key informants, the lower performance in the earliest two months of the fiscal year were accounted to low performance of three factories, such as New wide Garment Ethiopia Branch Company, Sumec Eth.Textile & Manufacturing Plc, and KEI Industrial Engineering Consultancy PLC. These three factories have

incurred \$589,164 in the July and August 2020. However, in the following months of FY2021/22 the export made by new factories such as Top new garment and shangtex has helped to narrow the gap created due to three factories which performed low.

The export performance of the Bole Lemi industrial park since January 2022 went in opposite direction to the trend observed in the previous year. In the previous year, a gradual increase in export from January 2021 to April 2021. However in the current year we saw a gradual slight export decrease from January 2022 to April 2022 in alignment with the period Ethiopia terminated from AGOA. During this four months period, Bole Lemi’s industrial park overall export have decreased by 5.8% in April 2022 as compared to January 2022. According to Key informants interviewed from park administration, the decrease during this period could most likely be due to the termination of Ethiopia eligibility from AGOA.

Figure 2. Bole industrial park export performance



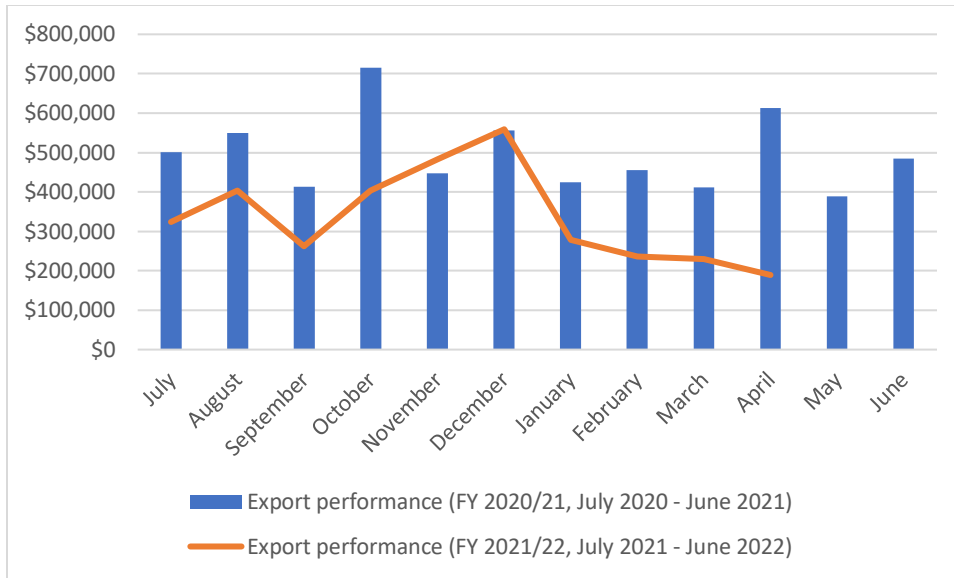
Export performance by factories in Bole Lemi Industrial Park

Under this section secondary data obtained for factories reported export in the current fiscal year (July 2021 to April 2022) will be briefly reviewed. Analysis have also flagged any drastic decrease from January 2022 and key informants were asked for explanation of export decrease for factories reported lower income since January 2022 to make sure whether the situation happened due to Ethiopia's termination from AGOA or other factors. Factories presented below are only those factories which reported export in the period of July 2021 to April 2021.

Arvind Lifestyle Apparel Manufacturing PLC

The export performance of Arvind lifestyle apparel manufacturing PLC was lower in FY2021/22 for most of the months (except for Nov 2021 and Dec 2021) as compared to the previous fiscal year (FY2020/2021). The current year export trend shows a steady increase from September 2021 to December 2021. However, sharp export decrease was noticed starting January 2022 to April 2022, which could largely be due to Ethiopia's termination from AGOA. In average, the firm's monthly income from export have decreased by 51% between January 2022 and April 2022 as compared to similar period of the previous year. Interview with the key informant indicated that the observed export decrease between Jan – Apr 2022 is due to termination of AGOA opportunities. As a result Arvind Lifestyle apparel manufacturing PLC which targeted USA market for its products was among the most affected in Bole Lemi industrial park due to Ethiopia's termination from AGOA

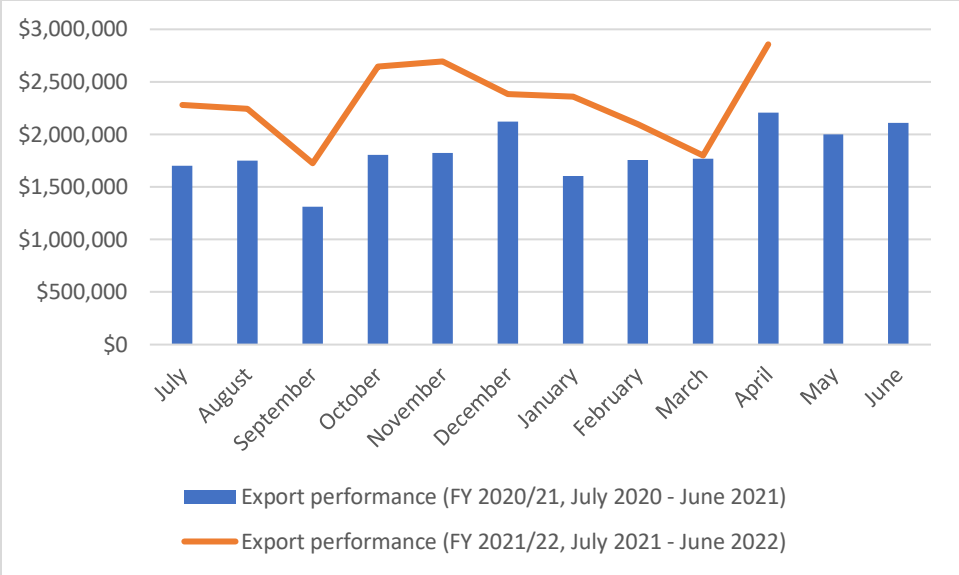
Figure 3. Arvind Lifestyle Apparel Manufacturing PLC



Jay Jay garment PLC

Jay Jay garment PLC is one of the biggest foreign currency drivers in Bole Lemi industrial park. Jay Jay exports its products mainly to European markets. Jay Jay export performance was not impacted by Ethiopia’s termination from AGOA, by virtue of its focus to markets other than USA. Jay Jay’s export performance appeared higher for all months in the current fiscal year (July 2021 to April 2022) as compared to the same period of the previous year. Jay Jay’s export performance have increased in average by 24% between Jan and April 2022 as compared to the same period of the previous year, indicating that it is not affected by termination of AGOA.

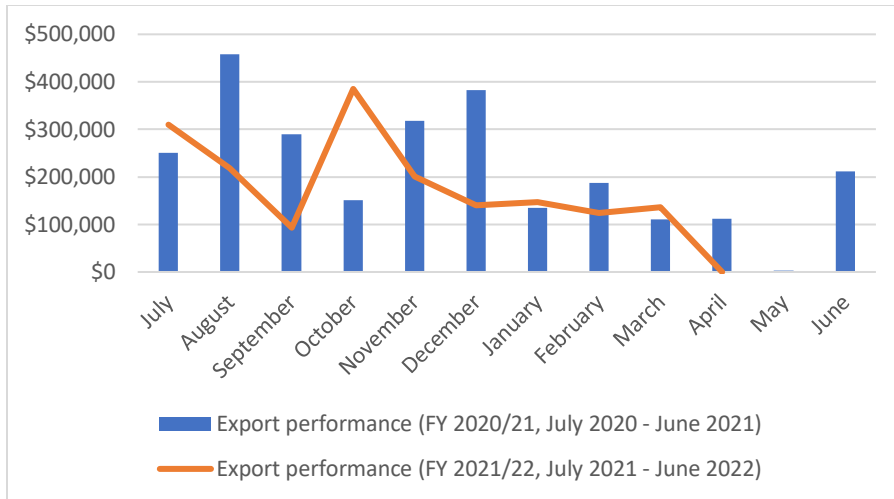
Figure 4. Export performance of Jay Jay Garment PLC



Lyu Shoutato Factory PLC

Lyu Shoutato Factory PLC have shown inconsistent performance in FY 2021/22 as compared to FY2020/21. Between July and December 2021, the factory’s export performance has appeared lower for most of the months (except for July 2021 and Oct 2021) as compared to the FY2020/21 performance. The factory’s income between Jan 2022 and March 2022 is also stable indicating for experiencing no impact from AGOA. Zero export reported for April 2022 was due to postponing the export to May due to non-AGOA reason as per the information obtained from key informant. The factory have also experienced the same situation in May 2021 where it also postponed its export to June 2021 and reported zero export in May 2021.

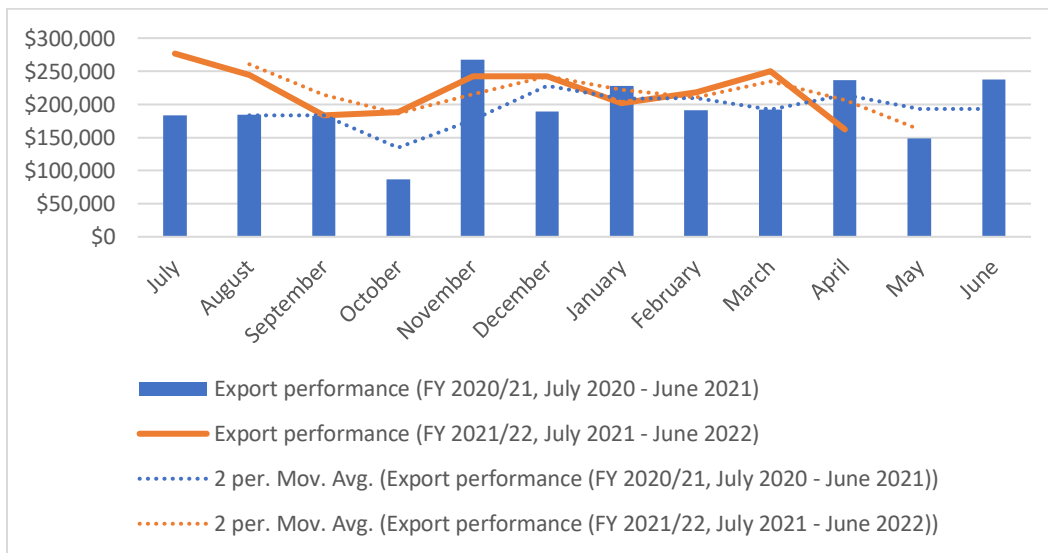
Figure 5. Export performance of Lyu Shoutato Factory PLC



Ever top sportswear PLC

Evertop sportswear PLC exports its products to Europe market and have not experienced any impact from Ethiopia’s termination from AGOA. Its export performance has also showed a consistent income in the year which appeared higher for most of the months between July 2021 and April 2022 as compared to similar period of the previous year

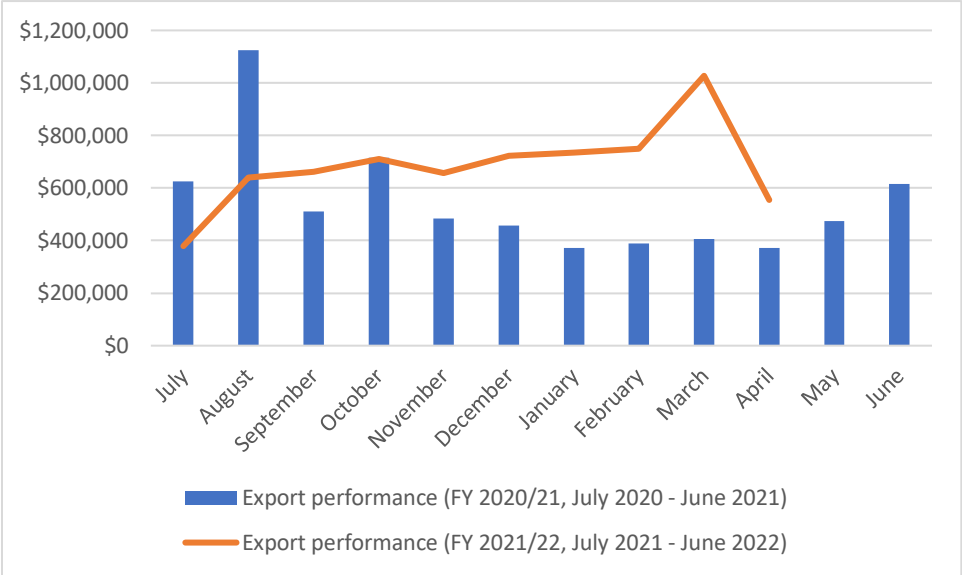
Figure 6. Export performance of Ever top sportswear PLC



Shints ETP Garments PLC

Shints ETP Garments PLC export performance looks healthy and surfaced above the previous year trend for most of the months especially starting September 2021. The trend has also showed an increasing income from export between January and March 2022, which was followed by a sharp decrease in April 2022. However, the April's income from export was higher by 50% as compared to income obtained from export in April 2021. In general, the financial metrics for shints affirms that the factory was not affected by Ethiopia's termination from AGOA. According key informant from park administration, shints targets markets in Europe and Asia for its products.

Figure 7. Export performance of Shints ETP Garments PLC

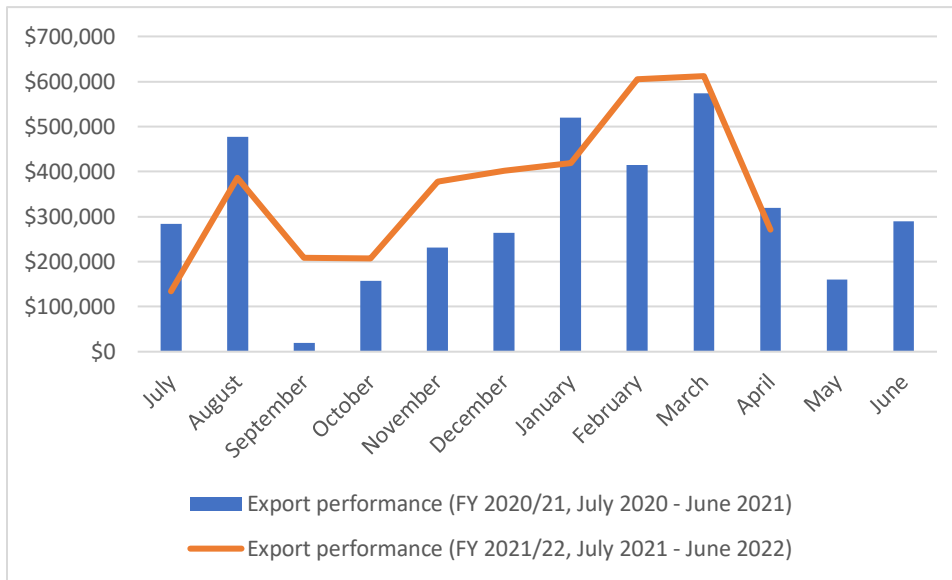


Ashton apparel manufacturing PLC

Ashton apparel manufacturing PLC was one of the few factories engaged in apparel manufacturing in Bole Lemi industrial park. Export performance of the factory seems went in similar trend, but in higher amount for most months of 2021/22 fiscal year as compared with 2020/2021. Improved export performance was also observed between January and April 2022. In average, the export

income of the factory have increased by 4% from Jan to April 2022 as compared to similar period of the previous year.

Figure 8. Ashton Apparel Manufacturing PLC



Bole Lemi Industrial park

Bole industrial park has accomplished exemplary act by attracting investors who engaged on import substitution activities. The industry park has provided two shades for factories involved in import substitution activities such as Souflet Malt and BGI. These factories have started their production in FY'22 and showed promising results. Magnificent achievement was observed by Souflet Malt as it managed to sell malts that worth \$37,537,602 since July 2021 in the local markets. In addition, BGI have also managed to avail \$87,236 worth COVID -19 protection kits to the local market. With this, both factories have helped the country save \$37,624, 838 foreign currencies. The import substitution activity was not related to the mitigation strategies the industrial park brought into action following Ethiopia's termination from AGOA. However, this are coincidental and started earlier before the period of Ethiopia's termination from AGOA.