



## GHANA'S TEXTILE AND APPAREL VALUE CHAIN: ANALYSIS OF ENABLING BUSINESS ENVIRONMENT

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### ABSTRACT

**Purpose:** This study explores critical factors that create the operating conditions within which Ghana's textile and apparel value chain operates.

**Design/methodology:** A qualitative case study approach was used to conduct the study. The study design adopted was a documentary analysis of multiple sources to develop an in-depth understanding of the value chain's ecosystem.

**Findings:** The results of the study revealed that Ghana's strategic location, government policies, and natural resources, among several others, were the enabling factors of the textile and apparel value chain. Implication for further research, practice and policy development and implementation in Ghana and other developing countries is outlined.

**Research Limitations:** It focused on analysing the enabling environmental factors of the textile and apparel value chain at the industry level.

**Practical Application:** This paper serves as a useful guide for brands that are seeking a place to source merchandise and potential domestic and foreign investors seeking to establish businesses.

**Social Implication:** There is a need for more resilient plans and strategies by the government to ensure the continuous growth of the industry to further unlock more investment opportunities for this significant sector of Ghana's economy.

**Originality/Value:** The study brings to bear the strengths and opportunities of the textile and apparel industry within the Ghanaian economic space as well as provides valuable literature on the textiles and apparel industry value chain in Ghana.

**Keywords:** *Apparel. ecosystem. Ghana. value chain. textiles.*

### INTRODUCTION

The textile and apparel industry is the cornerstone of many economies worldwide (Lehr, 2021; Raj et al., 2017) It is a structurally diverse and globalized industry that engages in a range of activities such as apparel, technical and smart textiles to meet consumers' needs and expectations (Lehr, 2021). It is the typical starter industry for countries engaged in export-orientated industrialization (McMillan, & Zeufack, 2022). The industry's impact on economic growth was spearheaded by the industrial revolution, which led to improved mechanized large-scale production processes, high employment rates, increased productivity, and capital investment among today's giant economies in Europe and US (Athreya, 2022). In contemporary times, through employment and trade, the industry is

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very vital to countries such as Vietnam, Mauritius, Cambodia, Sri Lanka, and Bangladesh, and has contributed significantly to their economic progress (Keane & Willem te Velde, 2008). For instance, in Bangladesh, the apparel industry employs about 40% of all manufacturing workers in Bangladesh of whom the majority are women (Sarker, 2018). According to the ILO (2020), the garment industry in Asia and the Pacific region employed around 65 million workers or 75 per cent of all garment workers worldwide. The industry provides export opportunities for low and middle-income countries that can exploit their labour cost advantages (Athreya, 2022; Mausumi & Rahman, 2018). This coupled with the relatively low start-up investment cost and labour-intensive nature of the industry provide jobs for many citizens including unskilled labour (Nordas, 2004; Brenton et al., 2007). These conditions facilitate productivity, high GDP, and the generation of revenue and foreign exchange thereby, leading to the growth of these economies for national development Cho & Saki (2022).

Ghana's textile and apparel industry is experiencing new levels of growth after years of decline, following the enabling environment being created for the textile and apparel value chain (Republic of Ghana, 2017). In the era of rapid globalization, systemic competitiveness has become increasingly important (Kaplinsky & Morris, 2001). Entry into particular markets allows for sustained income growth, and to achieve this, there is the need to understand the dynamic factors within the country's textile and apparel value chain. The dynamics of Ghana's textile and apparel industry have been under-explored (McMillan, & Zeufack, 2022). More importantly, studies on the enabling environment of Ghana's textile and apparel value chain are limited. This situation could be difficult for potential investors to consider Ghana as a destination to invest in. Similarly, brands or buyers that are constantly searching for garment manufacturing firms to source from are likely to look elsewhere, especially countries with information on the apparel value chain analysis. Investment in any nation's economy, especially for developing countries like Ghana is critical to the economic growth of the nation. New research to focus on this area as the benefits of any commodity's value chain analysis cannot be overemphasized.

Value chain analysis is costly to conduct due to the various stages of the supply chain, and more difficult and capital-intensive when the supply chain is globalized. Most of the studies on apparel value chains were funded by large entities (e.g., ILO, 2015; Netherland Centre for the Promotion of Imports from Developing Countries (CBI) et al., 2019). Nonetheless, this research focus on aspects of the apparel value chain providing some insight and provide in-depth knowledge that would be useful for Ghana's context. Scholarly works on the outlook of Ghana's textile and apparel industry over the years have been done. The industry's profile, characteristics, imports and exports levels, supportive government policies (Quartey, 2006; Japan International Cooperation Agency,

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JICA, 2008) as well as issues of challenges (Quartey, 2006; JICA, 2008; Sarpong et al., 2011; Fianu et al., 2014), industrial decline (Amankwah-Amoah, 2015), and skill-based competence and competitiveness level (Senayah, 2018) facing the textile and apparel industry in Ghana have also been explored. Further research on the opportunities in the value chain's ecosystem that create an enabling environment for the chain to thrive is necessary. These distinct studies together could form a somewhat industry-level analysis of Ghana's textile and apparel value chain. Therefore, the present study sought to analyse the enabling environment of Ghana's textile and apparel value chain.

## **OVERVIEW OF GHANA'S TEXTILE AND APPAREL INDUSTRY**

Ghana's textile and apparel industry deals in the production of cotton fibres, yarns, fabrics, garments and soft furnishings for local consumption and exports. The dry, savannah climate of the northern parts of Ghana supports the cultivation of cotton. There are ginneries for processing cotton fibres such as Wienco Cotton Ghana Limited, textile mills for producing yarns and fabrics such as Volta Star Textiles Limited, and converters for producing dyed and printed fabrics. The converters include Tex Styles Ghana Limited (GTP, Woodin, Vlisco), Akosombo Industrial Company Limited, Printex, and Key Textiles Company Limited. There are traditional firms involved in the hand weaving of fabrics such as *kente*, and designing of fabrics like batik and tie & dye fabrics. Numerous jobbers are involved in the purchase of the finished fabrics from textile mills and selling or retail to micro apparel enterprises and consumers for onward refinement into apparel and interior textile products.

Although Ghana is noted for having a large number of SMEs producing custom-made apparel, there are apparel enterprises involved in the mass production of ready-to-wear (RTW). These firms, mainly large and medium enterprises include Dignity DTRT Apparel, Sixteen47, Cadling Fashion, Sleek Garments, and Alfie Designs. There exist diverse apparel outlets such as physical shops, boutiques, open-air markets, and online shops (social media and web-store) involved in the sale of RTW. One common Ghanaian traditional RTW is the *smock*. Due to the structurally diverse nature of textile and apparel operations, the industry is supported by several other technical players in areas of research, ICT, human resource management, finance, procurement, and transportation among others. These players are found at all levels of the textile and apparel value chain.

The industry is supported by the government, educational units, non-governmental organisations, and international trade policies. The government supports the industry by developing and implementing policies aimed at restructuring and improving the industry. It has also created national quality assurance infrastructure to ensure the quality of textile

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and apparel products, the safety of consumers, and improvement in business practices. The educational units involving both formal and informal systems ensure the continued production of skilled labour for the industry. Formal education, undertaken in institutions (from the basic to tertiary level) provides theoretical and practical training. Informal education also takes place through apprenticeship or tacit learning to acquire practical knowledge. Moreover, unskilled people who are interested in working in the industry do so by working in mass-production firms, where they are trained on the job to acquire the necessary sewing skill.

Additionally, works by researchers from multidisciplinary fields of study help to find solutions to the industry's problems by promoting good business practices and directing policy development. The introduction of favourable international trade policies removes market barriers and opens access to diverse markets. This facilitates exports and revenue generation for the industry and economy. The industry was once a leading player in the country's industrial sector but suffered a decline and near collapse over the years. However, it is experiencing new levels of growth following changes and development in the textile and apparel value chain's ecosystem. The next section discusses these enabling ecosystem factors.

### **Value Chain Analysis**

The value chain concept describes the activities which are undertaken to bring a product or service from conception, through the different stages of production, distribution to consumers, and final disposal after use (Porter, 1985). The textile and apparel value chain is buyer-driven (Elrod, 2017; Lehr, 2021). Buyer-driven chains are characterised by labour-intensive and consumer goods industries with large trading companies, merchandisers, and retailers playing key roles in the establishment of production networks (Abecassis-Moedas, 2006). Activities in a value chain are grouped into primary activities and supporting activities. Porter (1985) distinguished different stages of the process of supply (inbound logistics, operations, outbound logistics, marketing and sales, and after-sales service), the transformation of these inputs into outputs (production, logistics, quality and continuous improvement processes), and the support services the firm required to accomplish this task (strategic planning or firm infrastructure, human resource management, technology development and procurement). The various activities which are performed link the chain (Kaplinsky & Morris, 2001).

Hellin and Meijer (2006) stated that as the product moves from one player in the chain to another, it is assumed to gain value. Therefore, the value chain needs to be disaggregated into its strategic components or major activities for better a understanding of each

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component's impact on cost and value (Zamora, 2016). This can be achieved by analysing the value chain and this is known as value chain analysis. Value chain analysis is used to examine and evaluate specific systems within firms, industry clusters, and entire industries, as well as activities that are increasingly spread over several countries referred to as global value chains (Zamora, 2016). While earlier value chain analysis literature tended to focus on the firm as the main production unit in the case of H&M (H&M Group Sustainability Report, 2018), more recently, studies have used value chain analysis that goes beyond the boundaries of the firm to capture that of the industry such as Myanmar (ILO, 2015) and Jordan (CBI et al., 2019) garment sectors. Thus, value chain analysis is a framework for analysis of both firm-level, industry-level and global-level competitive strengths and weaknesses thereby, allowing for the identification of sources of competitive advantage.

Value chain analysis begins with the mapping of the market to identify and examine the various roles and relationships of different chain actors (McCormick & Schmitz, 2001). The market map of a typical textile and apparel value chain shows primary chain actors, support actors/service providers, and enabling environment/ ecosystem factors. Primary chain actors involve input suppliers (such as fibres, yarn, fabric, accessories, packaging material, as well as equipment and tools suppliers), garment producers, wholesalers and retailers. Support actors/service providers are business or extension services that provide support to the value chain, and these include market information providers, research and development, financial, transport, accreditation (Zamora, 2006), procurement, and ICT services. The enabling environment/ ecosystem is the critical factor that creates the operating conditions within which the value chain operates, and these include policies and regulations, infrastructure, institutions, and processes that shape the ecosystem. Although these factors are beyond the control of the value chain actors, it is important to study these factors to determine the trends affecting the chain and the drivers of these trends, thus identifying opportunities for lobbying for policy change or development (Hellin & Meijer, 2006).

In Ghana, government policies and infrastructure in the past that created enabling environment for the textile and apparel value chain include the Ghana Free-Zone Act, 1995 which allows imports and exports on a duty-free basis, Textile/Garment cluster Network, Textile/Garment Training Centre, Presidential Special Initiative (PSI)-Export Action Programme on Textiles and Garment, tariff, refined administrative procedures, and credit facilities. Other initiatives focusing on the patronage of made-in-Ghana goods are National Friday Wear, Wear Ghana and Ghana Month Initiatives. These aforementioned national policies together with global policies such as trade liberalisation and AGOA have been some of the enabling factors for the textile and apparel value chain.

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However, there is a gap in how these policies including Ghana's Medium-term National Development Policy Framework (MNTDPF): Agenda for Jobs II (2022 – 2025) have influenced the textiles and apparel value chain. Hence, the purpose of the study was to determine Ghana's textile and apparel value chain and analyse the enabling business environment of the textiles and apparel sector.

## **METHODS**

There are no stringent procedures as to how value chain analysis should be conducted (Morris & Staritz, 2017); it may include both qualitative and quantitative approaches (Zamora, 2016). The most important feature is to use methods that build up an understanding of the various players in the value chain and how they interact with each other (Morris & Staritz, 2017). In light of this, we employ a qualitative case study approach in this study. This method is considered the most appropriate due to the research design: case study and people analytics goal of the research.

Case studies are undertaken through detailed, in-depth data collection involving multiple sources of information such as interviews, observations, audiovisual and digital material including social media materials, reports, and documents (Creswell & Poth, 2018). The reliance on a single source of data is typically not sufficient to develop an in-depth understanding of a complex phenomenon. Documentary analysis was used to collect data from a variety of sources. The first set of data was drawn from recent public videotaped interviews of five key actors in the textile and apparel industry as well as three government officials. These interviews presented in the form of short documentary films were selected from the public domain specifically, broadcasting networks and official government institution portals. Supplementary data were derived from documents and archival sources. These include government reports, local news portals, as well as business and industry reports and magazines. The videotaped interviews were transcribed verbatim, and these together with the supplementary data were subjected to thematic content analysis. The major similar ideas that surfaced from the data were organised categorically into themes, described and discussed. The findings were presented qualitatively in a readable format with some direct quotes from interviewees.

## **RESULTS AND DISCUSSION**

### **Ghana's textile and apparel value chain enables environmental factors**

This section discusses the factors that create an enabling environment for Ghana's textile and apparel value chain to thrive. These factors include Ghana's strategic location,



political and democratic stability, government policies and regulations, natural resources including energy resources, Information Communications Technology (ICT) infrastructure, transport system, customs administration, human capital, ready market, finance, and insurance.

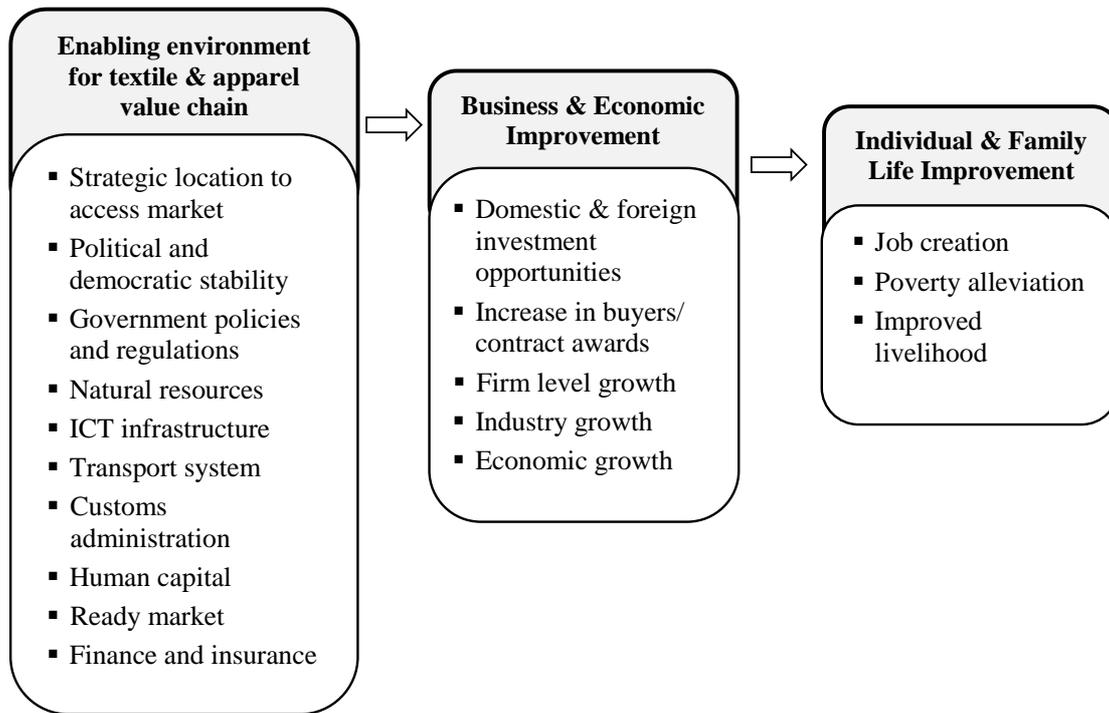


Figure 1: Enabling environment model of Ghana's textile and apparel value chain

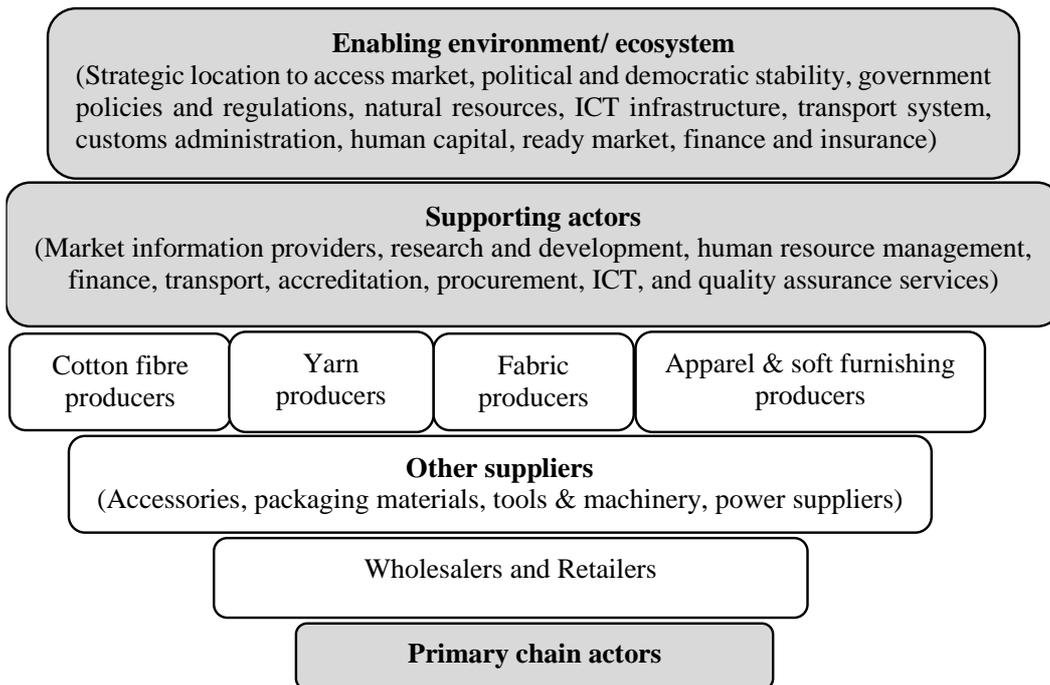


Figure 2: A snapshot of Ghana’s textile and apparel value chain

**Strategic location in the West Africa sub-region and the world:** Ghana, for a very long time has been referred to as the “gateway to Africa”. Ghana’s strategic position in the West Africa sub-region and the world (Figure 1) makes it a good location to invest, produce and distribute goods quickly at a good cost. It is geographically closer to the centre of the earth than any other country (World Population Review, 2022), with an average flying time of 8 hours to the Americas and Europe (Ghana Investment Promotion Centre, GIPC, 2022). One government official noted:

*Ghana’s strategic location being the centre of the world makes it unique as a logistics hub and so it is also a good attraction for investors who want to look at it to export to Latin America, North America and Europe.*

This was confirmed by another official:

*Ghana remains the gateway to accessing the ECOWAS (Economic Community of West African States) market of over 350 million people. Geographically located in the centre of the world with access to the major global market centres and hosting the largest seaport in the West Africa sub-region, Ghana offers a shorter lead time to the EU and US markets.*

Another government official expressed this sentiment:

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*I believe Ghana's strategic location with a good complement of infrastructure and logistics, makes Ghana the most ideal location for developing a vibrant dynamic textile and garment industry on our continent.*

An industry key actor indicated:

*If you are an apparel sort of manufacturer, shipping times, moving from Asia versus moving from West Africa into the developed countries. You can easily shave about 10%, 15%, or 20% of your shipping times when you ship from Ghana.*



[Image source: Burning Compass, 2022]

Figure 3: Ghana's strategic location in the West Africa sub-region and the world

**Political and Democratic Stability:** Ghana is one of the most stable countries in the West Africa sub-region. It has witnessed eight (8) peaceful government transitions and has had five (5) democratically elected presidents since its transition to multi-party democracy in 1992. Ghana was adjudged 1<sup>st</sup> and 2<sup>nd</sup> in West Africa and Africa respectively in the 2022 Global Peace Index (Institute for Economics & Peace, 2022) and 5<sup>th</sup> in the 2016 democracy index (Economist Intelligence Unit, 2016). Ghana also has the right legal and regulatory framework for doing business in West Africa and it is committed to pursuing reforms that increase foreign direct investment. It was ranked 2<sup>nd</sup> in West Africa in the 2021 Rule of Law Index (World Justice Project, 2021). A government official said:

*We are politically stable and we are a thriving democracy which is very important for investments. We also offer a safe and secure working environment. Yes, it is true investors want to make money, but they want to be able to stay alive to enjoy the fruit of their labour. We also have a fair equitable and transparent judicial system which is very important for resolving disputes that come up in business.*

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**Government Policies and regulations:** Ghana's textile and apparel industry is one of the most strategic and significant sectors of the economy because of its export and employment potential. The industry employs a large number of people and successive governments have proactively facilitated the expansion of the industry through several policies. Among these are import duties exceptions for plant and machinery, corporate tax discounts of up to 50% within the economic trade zones, liberal foreign exchange regulation, and tax holidays. Since 2019, the government has introduced zero-rated value-added tax on locally manufactured textiles to ease cost pressures on the industry. The establishment of special economic zones in Tema and Accra also boosts the industry. One government official remarked:

*Our vision is to make Ghana the leading manufacturing hub for garments and textiles in Africa and our value proposition is based on some strategic considerations. We have a strong dynamic economy that offers attractive incentives and returns on your investments.*

An investor in the apparel sector stated:

*The government of Ghana over the years have shown a real desire to make textiles and apparel a priority industry. I think they recognise the potential for employment that exist in this industry and there are some very good programmes in place such as the free zone act which we benefited from, and the tax holiday which allows us to invest in the company in the early years.*

Ghana is a member of the Multilateral Investment Guarantee Agency (MIGA) which promotes foreign direct investment into the country to support economic growth. Ghana also enjoys tariff-free access to EU and US markets with initiatives like African Growth and Opportunity Act (AGOA). Moreover, Ghana has one of the most competitive minimum wages in the West African sub-region at \$2.11 per day (GIPC, 2022). An investor in the apparel sector noted:

*Fortunately, because of Ghana's competitive cost structure coupled with the AGOA duty-free access to the US, we can be very competitive here cost-wise while doing it the right way. That is, paying people a wage that is good which lifts them out of poverty; gives people benefits that don't cut corners on sustainability and environmental aspects. And so from that standpoint, we feel Ghana has been the right choice as a location for us and is a great location for the future I'm sure there will be many more companies like us in the near term and we will grow tremendously as well.*



The government's industrialisation policy, one district one factory (1D1F) has led to the establishment of an industrial park named *Dawa Industrial Zone*. Two hundred (200) acres of land have been dedicated as a garments village at the enclave (Glover, 2019). A government official reported:

*We have just set up a 2000-acre park. This is the largest industrial park in Ghana. We engaged with various agencies of government including the GIPC and the Ghana Free Zones Authority to set apart a dedicated enclave for the garment industry. Among the factors that went into locating the place was proximity to the port, proximity to the airport and very good access to electricity. In both the Tema free zone enclave and the Dawa industrial zone, we have invested in a private electricity distribution infrastructure with up times above 99% over the last 12 months. Now, this tends to be a significant if not the most significant factor in swaying investors as to where exactly in Ghana to locate their facilities.*

**Availability of arable land, water bodies, and good weather conditions:** There are vast lands in Ghana that are owned by traditional authorities and the government that could be allocated for cellulosic fibre production. Ghana has 8 million hectares (60%) of arable land supported by a wide network of waterbodies across the country (GIPC, 2020). According to the Food and Agricultural Organisation (2022), Ghana's agricultural land area is 136,000 km<sup>2</sup> representing 57% of the country's total land area of 238,539 km<sup>2</sup>. However, 24.4 % of this which represents 58,000 km<sup>2</sup> is under cultivation. Ghana's land, when ploughed can support the growth of several plants. This coupled with the favourable weather conditions (such as sunlight, and rainfall patterns) and abundant water bodies (such as streams, lakes, and rivers) channelled through irrigation systems to farms can enable plants to thrive.

Ghana's Northern region falls within the cotton-growing corridor of West Africa. Ghana deals in the production of cotton fibres even though the sector is not a vibrant one. Nonetheless, potential investors can look at this area as the northern part of Ghana is characterised by the right amount of warmth and aridity and thus, supports the growth of cotton. Ghana is also into the production of yarns and fabrics. It has an existing textile spinning and milling infrastructure in the Eastern region. Businesses interested in producing fabrics can still source from Ghana as other countries in the sub-region also produce cotton. One government official indicated:

*The region has about 10% of the world's cotton supply, so I think you know all across the Sahel from Mali to Chad to Burkina Faso, there is just cotton available in the region.*



Another government official said:

*Although Ghana doesn't have a very large cotton-producing industry, we are surrounded by countries that do a lot of cottons which you can really bring in here to process and then weave into fabrics, design and print. The important thing is that we have created an environment where we are competitive.*

**Energy resources:** Ghana has a variety of energy sources. Ghana's source of electricity is mostly hydroelectric power. Ghana has enhanced the speed rate of obtaining electricity by improving the review process and increasing the availability of equipment for new electricity connections (World Bank Group, 2020). In addition, more sustainable sources of power like solar, wind, and thermal have been introduced. These coupled with the discovery of oil and gas in commercial quantities have significantly increased the country's energy resources. Therefore, the production of textiles and apparel would not be interrupted by a power cut and transportation would also not be hindered. Thereby, leading to quick response.

**Information Communications Technology (ICT) infrastructure:** ICT systems connect the buyers and suppliers in the textile and apparel value chain. This requires a reliable modern telecommunications infrastructure and IT professionals. Ghana's ICT centre ensures the highest quality of global connectivity. Ghana has the highest number of fibre optic points in West Africa with a mobile penetration rate of 136% and a data access rate of 70% (GIPC, 2020). Ghana's ICT sector saw a growth of 19% between 2014 and 2020 and is one of the country's best-performing sectors over the past two decades (Agana, 2022). The financial technology industry (internet banking and mobile money) is very operational. All these resources facilitate the use of ICT in the textile and apparel value chain to improve the industry's operations by streamlining production while increasing the speed, efficiency and quality of merchandise.

**Transport system:** Ghana has an existing road network, new developments in rail transport, and efficient air, road and sea connections to the sub-region and beyond. The development of a new standard gauge railway line between Tema and Mpakadan in the Asuogyaman District in the Eastern Region and the Western Railway Line from Kojokrom to Manso is underway and is near completion (Aklorbortu, 2022). Thus, these diverse transport networks would make it relatively easier to transport materials across the nation, within the sub-region and to the international markets. For instance, cotton from Northern Ghana or Ghana's Northern neighbours can be effectively conveyed to Juapong in the Volta region where it can be processed into yarns and used for fabrics. Garments can also be made, finished, and transported via road (from the various export-

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free zones and garment villages in the Dawa industrial park) to the port and airport for onward delivery of textile and apparel goods to the international markets.

**Customs Administration:** Ghana is home to one of Africa's largest ports, Tema. It also has the Takoradi port which is designated for textile imports. The inefficient bureaucratic processes that create bottlenecks at ports have been improved with the introduction of the paperless port system at Ghana's ports. The paperless port system was introduced by the government to transform the country's clearing system by reducing clearance time and human contacts to eradicate the previous duplication of duties by state agencies at the Port (Sawer, 2021). Hence, issues with delayed shipment and clearance characterised by extremely busy ports have been tackled. One investor in the apparel sector noted:

*The port here in Ghana is not nearly as congested and busy as some other ports that we've experienced in the past. It gives us a streamlined customs process that allows us to get materials in and finished goods out in a streamlined efficient way. That is also a big positive about the infrastructure here.*

**Human capital:** Ghana has a great human resource base, most of whom are youthful and readily available to work. Each year, tertiary institutions in Ghana produce scores of graduates, most of whom are available to work after a year of national service. The Ghana Statistical Service (2016) indicated that 68.8% of unemployed Ghanaians are within the youthful age (15-34 years). Ghana's literacy rate is 76.58% (World Population Review, 2022) making it 1st in the West African sub-region. The literacy rate of adults, 15 years and above is 79% (World Bank Group, 2022). Ghana's labour is skilful and easily trainable. They can be trained to acquire the required sewing skills. They have also been found to perfect this skill in a short time. A government official stated:

*We have a well-educated and easily trainable working force and that also is important for productivity and also for competitiveness.*

An executive officer of an apparel association noted:

*In other countries, they take up to 6 months to train people. Ghana has a proven record of using 1-3 months for training.*

One factory owner indicated:

*Within a month you have a specialist, and within 3 months they've picked up speed with quality. You know about the hoodies, the jogging pants, I mean name whatever article, we can make them here in Ghana and the quality is so high. Since we started exporting to the US under AGOA in the early 2000s, we (Ghana) have never missed a shipment.*



For entities looking to invest, existing garment enterprises can produce within the shortest possible time. A large garment factory owner stated:

*Currently, we export to the US market. We've exported over a 60million garments. We are the largest exporters when it comes to garments in Ghana even in West Africa. We started with 50 workers but currently, we have a workforce of 2500 workers.*

**Ready market:** Although Ghanaians have a preference for customised garments, there is also a market for RTW. Ghana's consumer market is growing and this situation provides a good opportunity for investing in the services sector. The growing middle class with increasing purchasing power is creating a demand for a wide variety of services. Brands producing in the country can successfully market their products locally as well. Furthermore, the operationalisation of the African Continental Free Trade Area (AfCFTA) presents a harmonised and coordinated intra-African trade with a target market of 1.2 billion people (Business World, 2020). Furthermore, since Ghana benefits from the AGOA initiative, businesses can access the US market. Additionally, Ghana is becoming an increasingly popular tourist destination (World Population Review, 2022). Ghana's tourism sector is one of the fastest-growing sectors of the economy. The booming tourism space positively affects the industry as tourists purchase locally made textile products such as *kente*, African printed fabrics, tie-dye, batik, and garments and accessories made from local fabrics such as *smock*. Furthermore, Ghana's fabrics are in the international fashion space which expands the market base for this apparel. A government official remarked:

*The vibrant traditional print and hand-woven motifs are finding their way onto the international fashion stage.*

**Finance and Insurance:** There exist financial opportunities for accessing capital (start-up capital, capital investment, working capital) for potential and existing businesses in Ghana. Such opportunities stem from government, public and private banks, non-bank financial institutions, and other non-governmental organisations. Government can lend to any other entity on the condition that it is approved by Parliament (Ministry of Finance, 2020). The Microfinance and Small Loans Centre (MASLOC) provides small and micro businesses with fast, easy and accessible microfinance, small loans and business services aimed at developing Ghanaian entrepreneurs (MASLOC, 2022). The Ghana Enterprise Agency also provides low-cost funding to support MSMEs, especially at this time of a global pandemic that has caused economic challenges (Ghana Enterprise Agency, 2021). Others include the Ghana Covid-19 Alleviation and Revitalisation of Enterprises Support (Ghana



CARES) Obaatanpa programme. As part of the Ghana CARES, the *YouStart* initiative has been introduced by the government to support youth-led enterprises (start-ups and small businesses) with soft loans to help them expand. The starter pack soft loans capture equipment acquisition and are meant for individuals, associations and groups (Ministry of Finance, 2022).

Ghana's insurance industry has also been thriving in recent times. There are many public and private insurance and reinsurance companies that have diverse insurance packages aimed at insuring the assets of all types of businesses. With the establishment of the Complaints, Management and Advice Bureau (CMAB) of the Ghana Insurers Association, major insurance issues such as delayed payments of claims have greatly improved. Currently, the association has a membership of 29 non-life insurance companies, 20 life companies and four reinsurance companies (Baafi, 2022).

The study sought to explore the factors that create an enabling environment in Ghana's textile and apparel value chain. Although the Ghanaian textile and apparel industry has been faced with challenges in the past years that led to the decline of the industry, the industry has seen a resurgence over the past few years as a result of successive governments' efforts in making the industry an attractive sector for investment. Ghana's strategic location, political and democratic stability, government policies and regulations, natural resources including energy resources, ICT infrastructure, transport system, customs administration, human capital, ready market, finance, and insurance are the factors that enable the textile and apparel value chain to thrive. Since the industry makes significant contributions to the economy, growth achieved in the industry greatly reflects in the country's economic outlook. These factors have made Ghana one of the most attractive investment destinations in Africa. This finding verifies Ghana's rankings in the Ease of Doing Business Report, 2020, as one of the best (3<sup>rd</sup>) places for doing business in West Africa (World Bank Group, 2020) and in EY Attractiveness Report Africa, 2021 as the 2<sup>nd</sup> Foreign Direct Investment Destination in West Africa (Ernst & Young, EY, 2021). Similarly, CBI et al. (2019) found that generally the Jordanian government is committed to the development of the garment value chain. This further implies that governments in developing countries are putting in efforts to improve their textile and apparel value chains because of their investment, employment, export and economic growth potentials.

Contrary to the finding that suppliers in developing countries usually have challenges in selecting and implementing a useful ICT system resulting from a slow, unreliable internet connection at a factory especially in Africa (McNamara, 2008), the finding showed that currently, Ghana's rate of global connectivity is good with its reinforced ICT



infrastructure. From 2014 to 2020, Ghana's ICT sector has seen a growth of 19% (Agana, 2022). The government and other organisations' efforts in boosting ICT infrastructure in the country would further improve ICT-related operations in the value chain. These coupled with the training of IT personnel would support the textile and apparel value chain's activities in terms of exchanging business data promptly and speeding up production processes. Moreover, the study's findings on Ghana's readily available, large and trainable human resource base, the competitive minimum wage in the West African sub-region, and good tax policies correspond with ILO's (2015) study which found that Myanmar has available large trainable workforce, lower wages than many regional competitors, and low tax regimen. The financial infrastructure available in Ghana is also consistent with CBI's (2019)'s finding that loans from local banks are generally available to the Jordanian garment sector.

This study by identifying enabling environmental factors for attracting buyers and investors to Ghana extends the discourse on the textile and apparel value chain in developing countries. Overall, the findings of the study show that Ghana's existing policies and regulations, infrastructure, institutions, and processes have eased many pressures on the textile and apparel industry. The improved energy sources, transport network, and customs processes all play vital roles in achieving shorter lead times, an important benchmark for textile and apparel businesses. Access to wider markets contributes immensely to high profit and successful business. This situation has attracted some investors and buyers into Ghana's textile and apparel value chain. Thus, spearheading the growth of firms, the industry and the economy as a whole while promoting job creation, contributing to poverty alleviation and improvement in livelihoods in the country (see Figure 1). This confirms the assertion that the enhancement of regulatory frameworks and removal of bureaucratic barriers by African governments would improve the business environment (EY, 2021).

## **CONCLUSION**

The study presents implications for policy makers, business entities, and future research. Despite the existing factors that create an enabling business environment for Ghana's textile and apparel value chain, there is the need for more resilient plans and strategies by the government to ensure the continuous growth of the industry to further unlock more investment opportunities for this significant sector of Ghana's economy. Textile and apparel firms should make maximum use of these opportunities in the ecosystem to expand their production capacity, export capacity, and access to diversified markets. The study also serves as a useful guide for brands that are seeking a place to source merchandise and potential domestic and foreign investors seeking to establish businesses.

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These attractive incentives present in Ghana's textile and apparel value chain (see Figure 2) would help business entities to successfully penetrate the Ghanaian, sub-regional, continental and global markets while offering a return on investments. The study is limited in its scope since it focused on analysing the enabling environmental factors of the textile and apparel value chain at the industry level. Further studies can look at industry-level analysis of threats or barriers in Ghana's textile and apparel value chain. Others could focus on a firm-level analysis of value chain actors to ascertain their performance to enabling factors presented in this study.

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