

The Production and Exportation of Garments under the AGOA Initiative: Challenges Facing Garment Producers in Ghana.

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Abstract

The study investigated the problems faced by garment producers in the production and exportation of garments under the AGOA initiative. The proportionate random and purposive sampling techniques were used to select 100 non-exporters and 10 exporters respectively from Accra and Tema. Data was collected using a well structured interview questionnaire and observation guide. The Statistical Package for Social Sciences (SPSS) was used to analyze the data and the results presented in frequency and percentage distributions, bar charts and cross-tabulations. The non-exporters lacked finances; market; skilled and reliable workers; information and sensitization; and had difficulty in adhering to the guidelines of the initiative. The problems faced by the exporters were cumbersome export processing procedures; customs officials' lack of education on AGOA; high cost of production; lack of raw materials to satisfy buyer specifications; and lack of good quality packaging materials. The Chi-square one-variable method indicated a relationship between the type of training and problems encountered in the production of garments under the AGOA initiative. It is suggested that garment producers form clusters and pool their resources together to effectively deliver good quality garments on schedule.

Keywords: Challenges, Garment production, AGOA

1. Introduction

Garment manufacture is generally considered to be one of the “starter industries” for a country’s industrial developments, a labour intensive and systematic form of manufacture which does not depend on heavily sophisticated technical skills or technology. Most developed countries like France, China and America, developed their economies through the clothing and textiles industry. For instance Frings (1999) stated that Paris became the capital of fashion because it had the necessary resources and a creative atmosphere, giving the “needle trade” the much deserved respect. The clothing industry can therefore be a strong economic force in any country’s development when given the needed attention. Available statistics from the Ghana National Tailors and Dressmakers Association (GNTDA, 2010) indicated that the total number of garment producers in Ghana is estimated at approximately fifty thousand (50,000) and above, with about 70% involved in small scale production and 80% women. The industry therefore has a great potential in helping reduce poverty through the reduction of the rising unemployment rates in Ghana especially with the introduction of the African Growth and Opportunities Act (AGOA). On May 18th 2000, President Clinton signed into law the historic Trade and Development Act 2000 labelled the African Growth and Opportunities Act (AGOA). The law allows duty-free and quota-free access to the U.S. market, products from eligible Sub-Saharan African countries until 2015. AGOA is designed to help African countries develop their economies through trade and seeks to promote: increased trade and investment between the United States and Sub-Saharan African countries; economic development in Sub-Saharan Africa and increased access and opportunities for U.S. investors and businessmen in Sub-Saharan Africa. Ghana was declared eligible for the Apparel and Textile benefits under AGOA in 2002 (www.agoa.gov). In the apparel industry in the US, a great deal of labour is needed to make clothing and at a greater cost as compared to other countries. Apparel manufacturers in the U.S. are therefore moving their factories to countries where labour is less expensive, yet the retail garment industry in the U.S. is growing (Webb-Lupo & Lester 1987). The apparel industry in the U.S. is therefore a gold mine, and Ghana has a comparative advantage to explore the opportunities of this industry especially with the introduction of the AGOA. Wangwe (1990) cautioned that the conventional advantage of low labour costs in Africa is being outweighed by the increasing importance of other competitive characteristics such as large production capacity, high production efficiency, product /service quality and just-in-time delivery. The W.A.T.H (2003) reported that, U.S. commercial buyers routinely search the globe for the suppliers who can reliably deliver high quality garments at competitive prices and with short lead times. Products that do not meet buyer standards are likely to be rejected upon receipt and returned at the expense of suppliers. Kyeremateng (2003) revealed that, the main backbone of AGOA is Volume, Quality, Speed and Competitive prices. This throws a challenge to garment producers in Ghana to be able to withstand fierce competition from other eligible countries who have a proven history of reliable supply like South Africa and Lesotho.

1.1 Statement of the Problem

The African Growth and Opportunities Act (AGOA) offers opportunities for African countries including Ghana to take advantage and explore the economically highly rated \$10 trillion U.S. market. Most Ghanaian goods are substantially eligible for export under the AGOA with the biggest identified opportunity being in the export of garments. The government of Ghana obtained the AGOA Textile visa required for exporting garments to the United States under the AGOA in 2002. With this, all garment producers in Ghana are automatically eligible to produce for export under the AGOA provided they are able to satisfy the conditions specified. However, garment producers in Ghana appear not to have been able to respond quickly and benefit from this opportunity. Imirhe (2004) reported that even though many garment producers registered to export garments under the initiative, very few have been able to export their goods. Available statistics at the Ministry of Trade, Industry and PSI (MOTI & PSI) as at December 2010, indicated that only thirty-six (36) garment producers, representing approximately 0.01% of the over 50,000 garment producers in Ghana, had been able to produce and export garments under the AGOA initiative since its introduction. The Graphic Business (2013) confirmed this by indicating that in the past, Ghana tried garment manufacturing under AGOA which was not competitive. One major question that comes into focus is “what are the reasons (challenges) for the very low rate of participation of the AGOA initiative by garment producers in Ghana?” These are worthwhile investigating.

1.2 Purpose of the Study

The main purpose of this study was to investigate the challenges faced by garment producers who had produced and exported garments to the U.S. under the AGOA (exporters); and the challenges faced by garment producers who had intentions to produce and export to the U.S. under the AGOA but had not been successful (the non-exporters). It is also a follow up to a research conducted by Biney-Aidoo & Antiaye (2013) which assessed the production capacity of the same group of respondents in relation to AGOA conditions. The specific objectives of the study were to:

- a. Investigate respondents’ age; educational and professional background; and length of work experience.
- b. Determine the respondents’ knowledge of the conditions that qualify one to be a producer and exporter of garments under the AGOA.
- c. Ascertain the problems respondents encountered in the production and exportation of garments under the AGOA.
- d. Find out the strategies being put in place by the respondents to overcome the problems encountered.

2. Methodology

Using the case study approach, an exploratory research survey was conducted to generate both qualitative and quantitative data. This approach is useful for evaluating the problems faced by respondents under AGOA. The population for this research was garment producers located in Accra and Tema, who had taken advantage (Exporters) or had the intention to take advantage of the AGOA initiative (Non-Exporters). These areas are located in the Greater-Accra Region of Ghana and it is believed that the results of the study reflects the situation in the entire nation.

2.1 Sample Size and Sampling Technique

2.1.1 Sample A – Non-Exporters

Statistics obtained from the MOTI and PSI on garments and textiles identified 258 garment producers, all over the country who had registered under the PSI on garments and textiles, in 2008. Two hundred (200) garment producers out of the 258 were located in Accra and Tema and constituted the population for the first group of respondents. Out of the 200 producers, 176 were in Accra and 24 were in Tema. The proportionate sampling technique was used to select 50% of each group. The list was numbered one (1) and two (2); one (1) and two (2) and so on. Each individual number two (2) was selected in both the Tema and Accra lists for the study. There were therefore 88 respondent from Accra and 12 from Tema making a total sample size of 100 non-exporters.

2.1.2 Sample B - Exporters

Statistics obtained from the Customs Excise and Preventive Service (CEPS) where the AGOA visa stamp is obtained and the MOTI and PSI indicated that 36 garment producers were involved in the production and exportation of garments under the AGOA, as at December 2010. From the list of 36 members, 30 were located in Accra and Tema and constituted the population for the second group of respondents. Three (3) out of the thirty (30) were used for the pretesting and the rest (27) were selected as the sample for the second group of

respondents (the exporters). However, only ten (10) could be reached for the data collection exercise and all efforts to contact the rest (17) failed. The list obtained from the CEPS and MOTI did not have the contact addresses of the exporters and so it was very difficult to reach them. However, with the help of personnel at CEPS, MOTI, GNTDA and some of the exporters, the researcher was able to contact the 10 exporters for the data.

2.2 Instruments for Data Collection

Two (2) instruments were used to collect the data from the respondents.

2.2.1 Structured Interview Questionnaire

Two different sets of structured questionnaire, one for the non-exporters and the other for the exporters with both open and close-ended questions were used to collect the data from the two groups of respondents.

2.2.2 Structured Interview and Observation Guide

A structured interview and observation guide was prepared and used to observe the machinery used in the production of the articles and also to determine whether respondents had documented records of production as specified in the rules. Fifty percent (50%) of the non-exporters were randomly selected using a simple random technique. The exporters were not included because it was assumed that once they had been able to export under the initiative they did not have problems with the conditions of documentation.

2.3 Data Analysis

Responses on completed questionnaire were statistically analyzed using the Statistical Package for Social Sciences (SPSS) software. Frequency, percentage distributions, graphs and cross tabulation were used to describe the data obtained. The observations made by the researcher on types of machines used in production were laced with responses from respondents in the write up.

2.4 Hypotheses

Among the non-exporters, it was hypothesised that there would be no relationship between the type of training received to become a garment producer and problems faced in the production of garments under the AGOA.

3. Findings and Discussions

3.1 Age Distribution of Respondents

Table 1: Percentage distribution of Respondents by Age

| Age | Non-Exporters (%) | Exporters (%) |
|--------------|-------------------|---------------|
| 20 – 29 | 5 | 0 |
| 30 – 39 | 38 | 20 |
| 40 – 49 | 43 | 60 |
| 50 – 59 | 10 | 20 |
| Total | 100 | 100 |

The non-exporters were aged between 20 and 60 plus years. Forty-three percent (43%) were between the ages of 40 to 49 years, 38% were aged between 30 and 39 years, 10% were between the ages of 50 to 59 years, 5% between 20 to 29 years and finally 4% were 60 years and above. The exporters were between the ages of 30 and 59 years, six (60%) were between ages 40 and 49 years; followed by two (20%) each in age ranges 30 and 39 years and 50 and 59 years. The majority of the respondents (81% of the non-exporters and 60% of exporters) were in their prime and productive years (30-49). Fianu and Acquaaah- Harrison (1999) observed that majority of the garment producers are found in this age range because sewing is a strenuous task which adversely affects the eyes and the spine. It also demands long hours of hand and eye coordination. These occupational hazards become more pronounced as one advances in age. Most garment producers are therefore not actively involved in sewing after 50 years of age. It is therefore not surprising that majority of the respondents in each group were found to be between 30 and 49 years. The majority of respondents were within the age range of 40 to 49 years (43 of non-exporters and 60% of the exporters). This might be for the fact that by the age of 40 years, many

garment producers would have gained a lot of experience, established themselves in the trade and are ready to take their sewing businesses a step higher such as producing for the international market.

3.2 Educational Level of Respondents

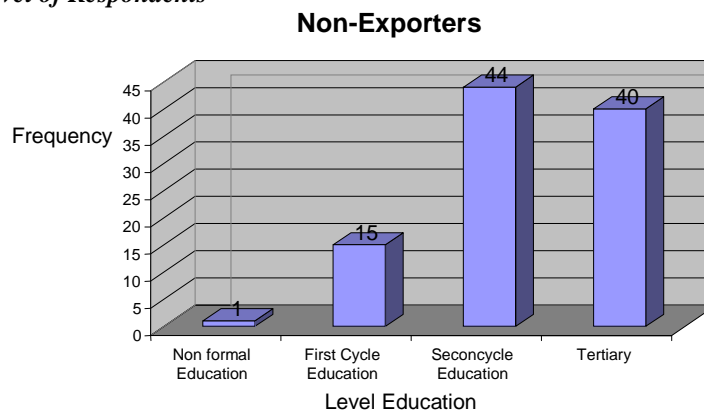


Figure 1: Frequency Distribution of the Non-Exporters' Education

All the non-exporters were literate except one. While 44% had second cycle education, 40% had tertiary education and 15% had first cycle education.

The least level of education amongst the exporters was second cycle 6(60%) and four (40%) had tertiary education (see figure 2). A general look at the statistics for both groups indicates that the majority of the respondents had second cycle followed by tertiary and then first cycle education. Those who had second cycle and tertiary education fall into the high class and middle-class dressmaking category as identified by Adams (1974) who was cited by Fleischer (1998). It is apparent that to be able to excel and measure up to international standards in every business endeavour, one's education should be slightly higher than the first cycle level in order to be analytical in the venture. This is clearly demonstrated by the fact that the exporters had slightly higher levels of education than the non-exporters and so had been able to take advantage of the Agoa

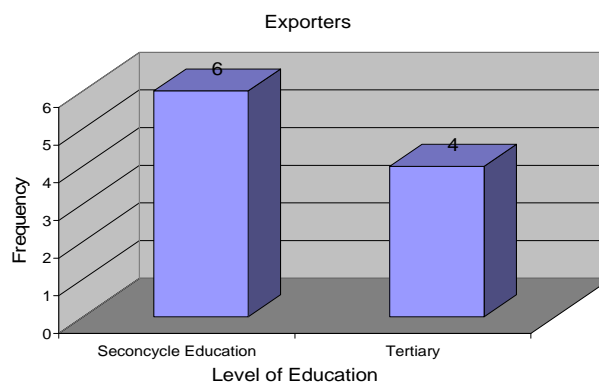


Figure 2: Frequency Distribution of Exporter's Level of Education

3.3 Professional Training of Respondents

Table 2: Professional Training of Respondents

| Type of Training | Non-Exporters (%) | Exporters (%) |
|-------------------|-------------------|---------------|
| Apprenticeship | 34 | 10 |
| Vocational School | 33 | 50 |
| Self Trained | 13 | 0 |
| No training | 14 | 40 |
| Total | 100 | 100 |

Among the non-exporters, 34% learnt to sew through the apprenticeship system, 33% attended vocational schools, 19% were self trained (had the natural flair for sewing and read related books to gain experience) while 14% had no training (did not have any knowledge or skills in sewing) Five (50%) of the ten exporters attended formal vocational schools, one (10%) learnt to sew through the apprenticeship system and four (40%) had no

training (did not have any knowledge or skills in sewing). Majority of the non-exporters (67%) and exporters six (60%) learnt to sew either through the apprenticeship system or through formal vocational schools. Vandyck (2002) observed that professional training of a seamstress or tailors in Ghana is acquired through apprenticeship and formal vocational schools. It was further noted that 14% non-exporters and four (40%) exporters had no professional training with regard to sewing but possessed management and entrepreneurial skills which enabled them to employ and coordinate the services of skilled personnel to produce high quality garments. For example, they employed skilled designers, pattern makers, cutters, machinists, quality control staff etc. to fit into the various departments of the entire production line. They therefore made sure that the right standards were adhered to. Kyeremanteng (2004) stated that the American market is highly competitive and prefers business oriented people who essentially possess or are willing to possess the kind of entrepreneurial drive the AGOA act demands. Perhaps this explains why the exporters (40%) had no professional training with regards to sewing but had been successful in taking advantage of the AGOA initiative.

3.4 Length of Work Experience



Figure 3: Frequency Distribution Length of Work Experience

Twenty-nine percent (29%) of the non-exporters had been sewing for between 11 to 15 years, 27% for between 5 to 10 years, 18% for between 16 to 20 years, 9% each had been sewing for 21 to 25 years and 25 plus years while 8% had been in the business for less than 5 years.



Figure 4: Frequency Distribution of Length of Work Experience

Among the exporters, four (40%) each had been in the profession for 11 to 15 and 16 to 20 years while one (10%) respondent each had been sewing for 5 to 10 years and less than 5 years. Majority of the non-exporters (47%) and exporters eight (80%) had been sewing as professionals between 11 and 20 years. This confirms the data on the age of the respondent which revealed that as garment producers matured in the vocation, they gained the

experience to take their businesses a step higher (such as producing for the international market). However, from the data it appears that even though 18% of the non-exporters had the highest number of work experience (21 years and above), they had not been able to take advantage of the AGOA initiative. This may be due to the fact that even though longer years of work experience may be an advantage in qualifying as a supplier of garments under the initiative, it is not considered as part of the conditions for production and exportation. This observation supports the CCA's (2003) and W.A.T.H.'s (2003) assertion that importing to the U.S. is a complex and difficult process. For this reason, producers should hire experienced consultants to facilitate the process. One respondent remarked that at her age of 52 years, she did not have the strength to be "running around" in order to satisfy all the AGOA conditions.

3.5 Knowledge of Rules & Regulations of AGOA

Apparel manufacturers wishing to become suppliers to major U.S. Companies must satisfy certain conditions under the AGOA before they are given an order. To qualify therefore, it is very important to know the qualification procedure and also, the specific conditions that must be satisfied. The respondents were asked whether they knew the rules and what the rules were. With regards to the non-exporters, 64% knew the rules and regulations and 36% did not. All the ten (100%) exporters knew the rules and regulations of AGOA. This may be one of the reasons why they were able to export to the US under the AGOA.

3.6 Problems Encountered in the Production and Exportation of Garments under the AGOA

Data from the two groups of respondents were analyzed and discussed differently since challenges were likely to be different for those who had taken advantage and those who are yet to take advantage of AGOA.

3.6.1 Problems Encountered By Non-Exporters

Table 3: Percentage Distribution of Problems Faced by Non-Exporters

| Problems | Percentage |
|--|-------------------|
| Difficulty in adhering to guidelines of the initiative | 70 |
| Lack of finance | 37 |
| Lack of market | 32 |
| Lack of skilled and reliable workers | 25 |
| Lack of information and sensitization | 15 |
| Total | 179 |

Percentage more than 100, due to multiple answers

While 70% mentioned difficulty in adhering to the guideline of the initiative as the problem they faced, 37% mentioned lack of finance. This was followed by lack of market (32%), lack of skilled and reliable workers (25%), and lack of information and sensitization (15%).

From the statistics, it is not surprising that 70% of the non-exporters mentioned difficulty in adhering to the guidelines of the initiative as their problem. From the literature it could be realized that the rules and regulation that one has to satisfy in order to take advantage of AGOA are very demanding and cumbersome. The non-exporters were not accustomed to mass production and so did not have the technical knowhow to satisfy the standards of volumes, quality, speed and competitive prices under the AGOA. For example, they did not have enough workers with requisite skills, and also the specific types of machines and therefore, production capacity and quality were below expectation. Biney-Aidoo & Antiaye (2013) found that most garment producers in Ghana used; very basic machinery and equipment to produce, unskilled workers and the free-hand method of designing and cutting clothes. The CCA (2003) mentioned that, the rules of origin for textile and apparel products are more complex than the rules of other AGOA products.

The lack of finance was another major problem the non-exporters faced (37%). They mentioned that they were willing to acquire all the necessary equipment, employ more skilled labour and put in all the necessary investments to be able to qualify as producers under the AGOA initiative. It was however, very difficult to obtain loans especially from the banking institutions because most banks demanded business plans, collaterals and high interests. This finding is consistent with Biggs et al's assertion that financing is the greatest obstacle to the successful completion of such large orders placed by U.S. retailers. The African exporter has no experience financing exports and using letters of credit. Export financing therefore remains a major hindrance to small and medium scale enterprises. Some of the respondents even mentioned that initially they thought they could easily access the AGOA facility. However, after attending seminars regarding what should be done before one could take advantage of AGOA, they decided to forget about pursuing it further because they realized that it would

mean investing a lot of money.

The problem of lack of market was mentioned by 32% the non-exporters. U.S. buyers constantly conduct a thorough search around the globe to select the garment producer from any of the eligible countries who had the capacity to produce the best quality of volumes of garments at the least possible price (W.A.T.H 2003). It is therefore likely that even though some Ghanaian producers might have fulfilled all the necessary conditions, they still did not have the market. This may be because other producers in other eligible countries were rated higher in terms of capacity of production and were therefore chosen. This supports the W.A.T.H (2003) assertion that garment producers with large production capacity, high production efficiency, high worker productivity, quick delivery and access to low cost shipping have the greatest advantage in the global market place.

The respondents also had problems with lack of skilled labour. They mentioned that it was difficult to have skilled workers to help in the production of good quality garments to satisfy their buyers. It was revealed that, respondents' workers were less skilled and this would obviously lead to problems with meeting the standards of AGOA.

The respondents also lacked information and sensitization as this was mentioned by 15% . Biggs et al (1994) found that, indigenous African manufacturers hoping to compete in the global market are often handicapped by the lack of information of the complexities of foreign retail systems. They lack familiarity with the positioning of retailers and knowledge of which retailers offer the greatest potential as customers. Also they do not have information on foreign retail systems. Typically, exports must be shipped as complete packages and meet all buyer specifications in terms of labelling, packaging materials, printed materials etc. Available evidence suggests that the failure of many African firms to develop distribution channels for export through direct contacts with foreign buyers puts them at a severe disadvantage compared to firms in other parts of the world who have been more successful at gathering information and feedback. Perhaps, this was why 36% said they did not know the rules of Agoa.

3.7 Measures to be taken by Non-Exporters to increase AGOA Advantage.

Table 4: Strategies to Be Taken by Non-Exporters

| Strategies to be taken | Percentage |
|--------------------------------|-------------------|
| Increase financial capital | 48 |
| Increase labour | 26 |
| Expand production area | 22 |
| Increase machinery | 14 |
| Acquire more knowledge on AGOA | 2 |
| Total | 112 |

Number more than 100, due to multiple responses

Forty-eight percent (48%) of the non-exporters reported that they had to increase financial capital to be able to take advantage of the AGOA. They explained that they needed to expand their production facilities so that they could produce in large quantities and increase the quality of their products under the AGOA. To achieve this target they had to employ more skilled workers, use the requisite types and numbers of machinery and acquire a bigger production space. A lot of money would be needed to achieve such targets.

Increase in labour was second with 26% while expansion of production area was third with 22% of respondents mentioning it. Increase in machinery was next (14%) while only 2% respondents indicated acquisition of more knowledge. From the answers given it can be said that the strategies to be taken will generally increase the level of production from small to medium and large-scale production. Perhaps this was why the number of respondents who wished to increase financial capital was in the majority (48 respondents). One needs to have a lot of financial capital to be able to increase labour, buy more machinery and also embark on any expansion of current production facility. The non-exporters were therefore faced with these challenges because without financial capital, the other measures would be very difficult to achieve. The Institute of Economic Affairs (IEA) (2002) stated that in Ghana these days, the banks are inflexible in their demand for collateral from micro and small enterprises and therefore access to finance especially for these enterprises is virtually impossible, not to mention the high interest rates of such facilities. Fianu and Acquah- Harrison (1999) quoted Ninson (1991) who stated that the terms and conditions for securing loans are unaffordable to the small-scale entrepreneur in Ghana.

3.8 Problems Encountered By Exporters in the Production of Garment under the AGOA.

Table 5: Problems Faced by Exporters in the Production of Garments

| Problems | Percentage |
|---|------------|
| Lack of finance | 40 |
| High cost of production | 40 |
| Lack of required raw materials to meet buyer specifications | 20 |
| Inability to meet buyer deadlines | 20 |
| Lack of skilled and reliable labour | 20 |
| Total | 180 |

Percentage more than 100, due to multiple answers

Lack of finance and high cost of production were each mentioned by 4(40%) of the exporters. The rest, lack of required raw materials to meet buyer needs; inability to meet buyer deadlines and lack of skilled and reliable workers were each mentioned by 2(20%) exporters.

Further probing revealed that the problems mentioned are related one to another. In that, as a result of limited finance, respondents bought raw materials on retail instead of wholesale basis. The final price of the finished garments was therefore very high as compared with garments from other eligible countries, competing for the limited orders. The W.A.T.H (2003) however mentioned that decisions on where to source apparel are largely driven by cost. Production easily shifts from one country or region to the other, upon small changes in costs of one supplier, as against the other. Cost management is therefore critical to being competitive in the global market place for apparel manufacture.

There was also the lack of local raw material source. Local textiles industries were not many and they produced only cotton fabrics especially wax prints. Most of them had folded up or were about to fold up due to high cost of production and inability to compete with imports from other countries especially China. Again, if a buying company wanted a re-order, it was difficult to obtain the same raw material used. Lack of required raw material in terms of fabric type, colour, quantity, trimmings and notions is therefore a very pressing problem. This further led to the problem of inability to meet buyer deadlines as producers sometimes spent about half of the contract period looking for the necessary raw material, not to mention the use of basic machinery and unskilled labour.

3.9 Strategies Put in Place by the Exporters to overcome Problems of Production

The exporters were asked to give the various strategies they put in place in order to meet deadlines of volumes of orders placed.

Table 6: Strategies Put In Place by Exporters to Meet Deadlines

| Strategies | Percentage |
|---------------------|------------|
| Increase Labour | 70 |
| Increase capital | 40 |
| No strategies taken | 20 |
| Total | 130 |

Percentage more than 100, due to multiple answers

Seven (70%) respondents increased labour either by adding to the existing labour; or maintaining the existing labour force and running two twelve-hour shift schedules around the clock. As a result of these strategies, the exporters were able to work faster and meet the deadlines. Four (40%) increased their working capital in the form of buying raw materials and machinery while the rest two (20%) did not do anything concerning their production process. The respondents were further interviewed to find out how they got the money to increase labour and working capital even though they had complained of limited finance. They explained that once a buyer placed an order, they received some cash deposits, which were used to finance production. Another strategy was to agree with workers and pay 50 % of salaries during production and the other 50% later when the buyers paid the rest of the amount due. The respondents reported that, sometimes it was still difficult to meet the deadlines even after these strategies had been put in place, due to uncontrollable problems in Ghana like power failures, strikes, social obligations, holidays and malfunctioning ports. Other problems were natural disasters like floods, lack of good infrastructure such as poor telephone service, and poor roads and finally, transportation problems. All these affected the smooth flow of work and led to their inability to deliver on schedule. These confirm Biggs et al's (1994) findings that there are differences in business culture between the African and the American. They mentioned that, while in America, there is minimal room for flexibility in the fulfilment of a contract, in the indigenous African business culture, contracts incorporate flexibility to insure each party against shocks and delays caused by such problems as mentioned above. With such uncontrollable circumstances, it is

likely that most garment producers would always have problems with meeting deadlines.

3.10 Problems of Exportation

Table 7: Problems of Exportation

| Problems | Frequency |
|--|------------|
| Custom officials' lack education of AGOA | 50 |
| Cumbersome export procedures | 40 |
| Lack of quality packaging materials | 10 |
| No problems | 20 |
| Total | 120 |

Number more than 100 due to multiple answers

Eight (80%) of the ten exporters had problems with exportation while two (20%) did not have problems. Out of the eight (8), five (5) said that the custom officials in Ghana seemed to lack education on custom processing under the AGOA initiative, four (4) said the export procedures were too cumbersome and one (1) said the problem was the lack of quality packaging material. Those who mentioned "lack of custom officials education on the AGOA said that due to the cumbersome custom procedures, some customs officials made mistakes in the preparation of documents. For three consecutive times with regard to a particular shipment, three (3) exporters were given wrong visa stamp numbers. This delayed their delivery dates and they were slapped with fines ranging from U.S \$10,000 and U.S \$40,000. Those who had packaging problems said that the required plastic bags for packaging were simply non-existent. Their products were therefore mostly not accepted because they were regarded as below the specified standards.

3.11 Testing of Hypotheses

Among the non-exporters, it was hypothesized that there would be no relationship between the type of training received to become a garment producer and problems faced in the production of garments under the Agoa

Table 8: Chi-Square Test Between Type Of Training And Problems Faced.

| Problems | Type of Training | | | | | Total |
|--|------------------|---------------------|--------------------|--------------|-------------|------------|
| | Apprenticeship | Vocational training | Informally trained | Self trained | No training | |
| Lack of market | 4 | 4 | | | 1 | |
| Lack of skilled workers | | | | | | |
| Lack of finance | 6 | 94 | | 4 | 3 | 17 |
| Lack of information | 7 | | | 1 | | 8 |
| Difficulty in adhering to the guidelines of AGOA | 15 | 25 | 6 | 8 | 10 | 64 |
| Total | 34 | 33 | 6 | 13 | 14 | 100 |

| Chi-square | Value | Df | Probability |
|------------|--------------------|----|-------------|
| Calculated | $\chi^2_c = 29.18$ | 16 | 0.05 |
| Table | $\chi^2_t = 26.30$ | 16 | |

$\chi^2_c > \chi^2_t$ therefore the test is significant.

The null hypothesis that there is no relationship between type of training received to become a garment producer and problems faced, in attempts to produce and export garments under the AGOA was not confirmed since the calculated chi-square was greater than the tabulated chi-square at a probability of 0.05. The alternative hypothesis was found to be true. Thus, there is a relationship between the type of training received to become a garment producer and problems encountered.

Conclusion and Recommendations

Garment production for export to the international market in general and to the U.S. under AGOA in particular means the knowledge and use of mass production technology and equipments to be able to meet the standards. Most garment producers in Ghana are however used to custom sewing and small scale production and therefore do not have the technical know-how of mass production. Large-scale production of garments is different from

custom sewing and therefore demands the application of different management and entrepreneurial skills. Also, even though some garment producers (the exporters) had been able to take advantage of the initiative, they faced a lot of challenges. In general, the challenges faced by the respondents could be attributed to the lack of financial capital. However, access to finance for small enterprises as is characteristics of most garment production firms in Ghana, is virtually impossible as most banks demand business plans, collaterals and high interests. In addition to these, garment producers in Ghana were not accustomed to working on large orders with such time constraints and therefore had problems in the fulfillment of contracts. In line with the conclusions drawn from the research, it is recommended that:

1. The results of this research are communicated to the Ministry of Trade and Industry (MOTI), the PSI on Textiles and Garments, the various trade associations and other key stakeholders. This will create awareness on the realities of the problems faced by garment producers in taking advantage of the AGOA.
2. Garment producers in Ghana could form clusters and pool their resources (money, machinery, labour and time) together in order to increase their capacity to effectively deliver orders on schedule. The formation of such groups also increases their chances of obtaining raw materials in bulk and loans from the banks.
3. The problem of human resource quality should be tackled at the educational level. The curriculum should be reviewed to include training in mass production technology and management skills. The Polytechnics for instance should be equipped with modern facilities and equipment to be able to turn out well-equipped and skilled labour with mass production techniques, to be able to handle industrial production in garment factories.
4. There should be a constant liaison between the educational institutions and the stakeholders of the garment industry. This will help obtain information on current global trends in the industry. Information can also be obtained with regards to how students should be trained to effectively deliver when they are employed in industry.
5. The list of exporters reviewed to include postal and residential addresses, telephone and fax numbers of all exporters for future reference.

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