

Development of Competitive Advantage for the Apparel Manufacturing Industry of South Africa

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Abstract : The Multi-Fibre Arrangement (MFA) which regulated all trade in the Apparel Manufacturing Industries (AMI) for four decades was dissolved in 2005. Since 2005, the Apparel Manufacturing Industry of South Africa (AMISA) has been battling to adjust to an environment of liberalised trade, mainly due to strategic, infrastructural and skills factors. In developing competitive advantage strategy for the AMISA, the study aimed to do the following (1) to apply Porter's diamond model's determinant "Factor Condition" as framework to develop competitive advantage strategies. (2) Examine the effectiveness of government policy Industrial Policy Action Plan (IPAP 2007) in supporting AMISA. (3) Examine chance events that could be used as bases for competitive advantage strategies for the AMISA. This study found that the lack of advanced skills and poor infrastructure are affecting the competitive advantage of AMISA. The then Clothing, Textiles, Leather and Footwear Sector Education and Training Authority (CTLF-SETA) has also fallen short of addressing the skills gap within the apparel manufacturing industries. The only time that AMISA have shown signs of competitive advantage was when they made use of government grants and incentives available to only compliant AMISA. The findings have shown that the apparel retail groups have shown support for the AMISA by shouldering raw material costs, making it easier to manufacture the required apparel at acceptable lead times. AMISA can compete in low end apparel, provided quick response is intensified, the development of local textiles and raw materials is expedited.

Keywords : compliance rule, apparel manufacturing industry, factor conditions, advance skills, industrial policy action plan of South Africa

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