World Academy of Science, Engineering and Technology International Journal of Economics and Management Engineering Vol:9, No:08, 2015

Competitive Advantage Challenges in the Apparel Manufacturing Industries of South Africa: Application of Porter's Factor Conditions

Authors: Sipho Mbatha, Anne Mastament-Mason

Abstract: South African manufacturing global competitiveness was ranked 22nd (out of 38 countries), dropped to 24th in 2013 and is expected to drop further to 25th by 2018. These impacts negatively on the industrialisation project of South Africa. For industrialization to be achieved through labour intensive industries like the Apparel Manufacturing Industries of South Africa (AMISA), South Africa needs to identify and respond to factors negatively impacting on the development of competitive advantage This paper applied factor conditions from Porter's Diamond Model (1990) to understand the various challenges facing the AMISA. Factor conditions highlighted in Porter's model are grouped into two groups namely, basic and advance factors. Two AMISA associations representing over 10 000 employees were interviewed. The largest Clothing, Textiles and Leather (CTL) apparel retail group was also interviewed with a government department implementing the industrialisation policy were interviewed The paper points out that while AMISA have basic factor conditions necessary for competitive advantage in the clothing and textiles industries, Advance factor coordination has proven to be a challenging task for the AMISA, Higher Education Institutions (HEIs) and government. Poor infrastructural maintenance has contributed to high manufacturing costs and poor quick response as a result of lack of advanced technologies. The use of Porter's Factor Conditions as a tool to analyse the sector's competitive advantage challenges and opportunities has increased knowledge regarding factors that limit the AMISA's competitiveness. It is therefore argued that other studies on Porter's Diamond model factors like Demand conditions, Firm strategy, structure and rivalry and Related and supporting industries can be used to analyse the situation of the AMISA for the purposes of improving competitive advantage.

Keywords: compliance rule, apparel manufacturing industry, factor conditions, advance skills and South African industrial policy

Conference Title: ICBSOB 2015: International Conference on Business Strategy and Organizational Behavior

Conference Location : Barcelona, Spain **Conference Dates :** August 17-18, 2015