2000 Annual Forum

at Glenburn Lodge, Muldersdrift

THE STATUS OF EMPLOYMENT IN THE SOUTH AFRICAN CLOTHING SECTOR - DIVERTING A "RACE TO THE BOTTOM"

Keryn House and Augustine J Williams
Department of Trade & Industry, South Africa

Table of Contents

List of Tables

List of Graphs

List of Graphs (Continue)

THE STATUS OF EMPLOYMENT IN THE SOUTH AFRICAN CLOTHING SECTOR - DIVERTING A "RACE TO THE BOTTOM"

By Keryn House and Augustine J Williams

Keryn House and Augustine J Williams (Gus) are officials of the Department of Trade & Industry. This paper is written in the writers' personal capacity for presentation at TIPS Annual Conference 2000.

Abstract

This paper serves to reflect a shift in the nature of employment in the South African clothing sector.

The shift is an amalgamation of the following trends:

- Subcontracting of workers by firms
- Subcontracting of production to firms that might be legally registered but that are not captured by official data sampling
- Subcontracting of production to firms that are not registered
- An increase in unrecorded production in households, encompassing production that is linked into formal recorded retail sales as well as into formal unrecorded street and flea market sales.

The trends in trade, the local retail sector, capital expenditure, investment, company registrations and productivity are also discussed to illustrate the extent of the structural changes in the sector as the context for these employment shifts.

The paper concludes by highlighting the concern that this change in the nature of employment in the clothing industry is an important potential threat to sustainable employment growth.

1. Introduction

The story of the status of employment in the South African (RSA) clothing industry as told in the media, is one of a shrinking sector characterised by downsizing, retrenchments and closures of factories. The work presented in this paper reflects a different picture, though not entirely satisfactory, since what is emerging to be a significant change in the nature of employment in the clothing industry is also seen as an important potential threat to sustainable employment growth in this sector.

Because many of these trends are not yet shown in published works as they are still evolving, this paper is a work in progress which highlights the need for the establishment of simple but new monitoring mechanisms aligned to the emerging manufacturing models and processes which are now becoming evident in this sector. It is necessary to draw on official and unofficial data sources to paint this picture.

The paper will present the range of data sets available regarding the current status of employment, extract evidence of previous emerging trends from published works, and then consider corresponding trends in trade and investment in the sector as related to employment.

Finally, the paper will offer a conclusion about the status of employment and offer possible strategies to avoid the undesirable "race to the bottom" which is already evident in some parts of the industry.

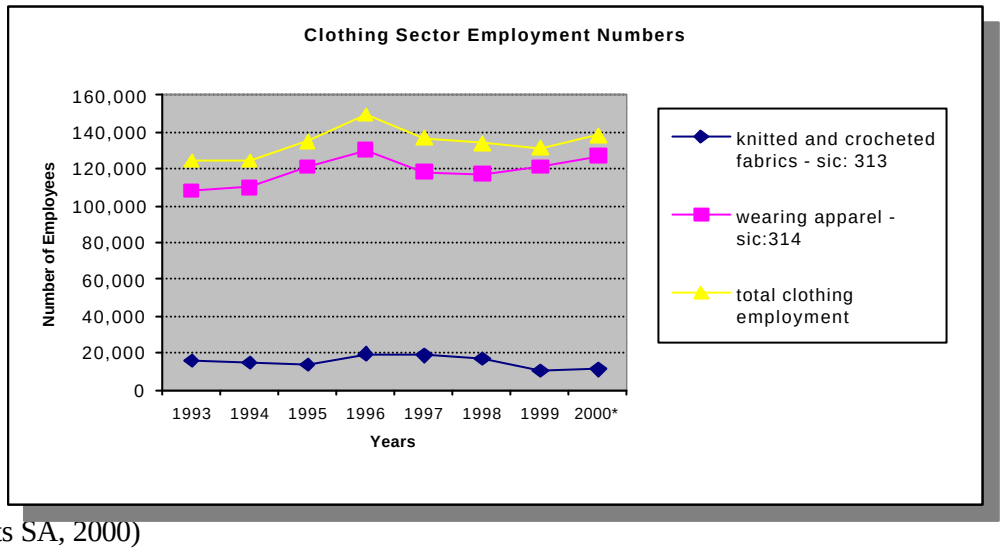
2. An Analysis of Published and Unpublished Data on Formal and Informal Employment in the Clothing Sector

This section presents the array of data available on the employment levels of the sector, some of which dates back to the initial work of this paper in late 1999 as well as more recent additions.

Official data sources show the following employment trends in clothing:

2.1 Data from Statistics South Africa (StatsSA)

Graph 1 : Clothing Sector Employment



(Source: Stats SA, 2000)

According to the above graph total clothing employment is the summation of knitted and crocheted fabrics and wearing apparel.

The employment series is constructed from the following table:

Table 1: Number of Employees in the Clothing Sector

	1993	1994	1995	1996	1997	1998	1999	2000*
Knitwear (sic: 313)	16015	14567	13682	19158	18484	16719	10210	11226
Clothing (sic: 314)	108280	109971	121263	130061	118340	116980	121281	127123
Tot. Cloth Empl.	**124295**	**124538**	**134945**	**149219****	**136824**	**133699**	**131491**	**138349**

* This is the figure from Statistical Release P0271, March 2000, as it is the latest data available
** The increase in 1996 is a result of inclusion of employment numbers in the TBVC states
*** The annual figure that has been used is that of June each year, as it is in line with ILO recommendations
*** The sources used are various P0242.1 and P0271 Reports, from Statistics South Africa

From the above table one can calculate year-on-year employment losses and gains. These can be represented as follows:

Table 2: Year – on – Year % Change of Employees in the Clothing Sector

	1994	1995	1996	1997	1998	1999	2000*	Total
Knitwear (sic: 313)	-9.04	-6.08	40.02	-3.52	-9.55	-38.93	9.95	-17.14
Clothing (sic: 314)	1.86	10.27	7.26	-9.01	-1.15	3.68	4.82	17.42
Tot. Cloth Empl.	**0.20**	**8.36**	**10.58**	**-8.31**	**-2.28**	**-1.65**	**5.22**	**12.10**

For the knitwear sub-sector, the overall employment effect seems to be negative, with employment shedding occurring in 1999 of 38.9 % (i.e. 6509 job losses). On the contrary the clothing sector had employment losses in 1997 and 1998 respectively. However, the overall employment effect is positive.

According to StatsSA, there was a recorded growth in clothing sector employment between 1994 and 1999 of 6 400. However, this is misleading because the 1994 figure did not include Bantustans. It is therefore appropriate where possible, to compare trends from 1996, when Bantustans were included.

Between 1996 and 1999, the decline in formally recorded employment in the clothing sector was 18 300. This decline appears to be exaggerated and not an accurate reflection of actual job loss, but a reflection of a shift in the nature of employment. The shift is an amalgamation of the following trends:

i) Subcontracting of workers by firm
ii) Subcontracting of production to firms that might be legally registered but that are not captured by StatsSA sampling
iii) Subcontracting of production to firms that are not registered
iv) Increase in production in households, production that is linked into formal recorded retail sales as well as into unrecorded street and flea market sales.

Before exploring this shift further, a review of other official data sources is provided to present a wider base for analysis. The picture shows a need for the development of one agreed data source for employment, especially in those sectors that have undergone severe restructuring, leading to a complete change in the industry profile.

2.2 Industrial Development Corporation

The Industrial Development Corporation (IDC) record that the clothing sector has the second highest employment growth from March 1998 to March 1999 at 9.5% growth, representing 9.4% of total manufacturing employment at 125 437 employees as of March 1999.

Table 3: Growth in Sub-Sectoral Employment (March 1998 vs. March 1999)

Sector	Mar 98-99 % increase	% of manufacturing employment Mar 99	Rank increase
Total Manufacturing	-1.5%	N/A	N/A
Leather & leather products	13.5%	0.5%	1 (highest)
Wearing Apparel	9.5%	9.4%	2
Footwear	-1.5%	1.6%	12
Textiles	-17%	4.7%	25 (lowest)

(Source: Core Economic Indicators Third Quarter 1999, IDC (Stats SA, IDC))

Whilst seasonally adjusted total manufacturing employment remained stable from the fourth quarter of 1998 to the first quarter of 1999, the total manufacturing sector still lost 18 374 jobs (1.4% of sectoral employment) in the year to March 1999. But labour productivity resumed an upward trend although at slower rates of increase than in 1994-1997.
Discrepancy with Stats SA data has been identified.

Noticeable in these statistics is that the IDC show leather products as being the largest percentage growth in employment March 1998 - March 1999 (approximately 15%). There are no leather car seat employment statistics available from official sources. Given the significant increase in leather car seat exports, there should be a correlation. Due to similarities in skill requirements, clothing machinists can be transferred to this sector with minimum training, so it is a possibility that this sector is absorbing some labour from clothing and footwear.

2.3 Industrial Council Statistics

The Industrial Council figures for clothing employment and number of firms show a continual decline from 1990, with the data of September 1998 indicating total of 67 243 employees in 773 firms.

2.4 Industry Federations data

Textile federation statistics show clothing as 119 922 employees, knitting as 14 744 (i.e. total 134 666) and textiles 57 037 employees as at September 1998. The drop from 1997 to 1998 appears to be mainly in the knitting sector where the data indicates that 4 195 jobs have been lost while in clothing only 679 were lost over the period 1997-1998. This may explain the trend better, since the knitting sector is partly textile (capital-intensive) and partly labour-intensive, and it also tends to be the more price-sensitive area of clothing (most of the knitting products are clothing). However, it is also possible that the Stats SA sample is not including any of the transnational investors in the business of knitted clothing manufacture.

2.5 Provincial Government Departments

Provincial government statistics on employment are generally not available. Individual databases of investors and clients are available and these indicate a large number of small and micro businesses in operation, which would most likely not be reflected in official statistics. There is a clear move to outsourcing, informalisation and contract labour/casualisation. There is also some evidence of industrialist that relocate to neighbouring states.

2.6 Regional Profiles of the Clothing Sector Employment

In all aspects, the trend in the nature of employment appears to be very different between the three centres studied, namely the Western Cape (WC), Kwazulu-Natal (KZN) and Eastern Cape (EC):

Western Cape is the largest formal clothing employer with more of a corporate flavour and a more fashion-oriented production. There is an increasing trend towards informalisation and outsourcing, with some relocation to other SADC states. October (1996) writes that the Cape is highly segmented with developed large- and medium-sized firms combined with a weak and uncompetitive small firm sector. Many small firms are sub-contractors with weak technological and design capacity. This, as well as the concentration of employment and production, and the absence of institutional forms of co-operation, makes WC clothing industry different from industrial districts in the developed economies.

Kwazulu-Natal is the second-largest formal clothing employer with a greater level of entrepreneurialism and a lower end, mass-market production and a tendency towards informalisation, with close linkages to decentralised areas. The trend towards employer organisation membership is very strong, with a move to contract labour. Prinsloo (1996) writes that the Durban-based clothing industry has a greater entrepreneurial base and less of a corporate flavour. There is a greater diversification into the lower end of the market, supported by its large CMT base and its locational advantage, the industry has a strong network into the informal and wholesale hawker market. These serve the local informal trade as well as the long-haul buyers from Gauteng and the former Bantustans.

Eastern Cape is the smallest formal clothing employer (excluding employment of the previous TVBC states) with a trend towards new investment, especially from Asia. The Eastern Cape manufacturing base is largely in the decentralised areas and is not linked into the urban areas as is the case in KZN. Besides the low wages of the decentralised areas, the attraction for foreign investment is the under-utilised port (important for high export levels), with the largest incentive coming from the quota-free access to USA & EU and the new preferential trade access. This investment trend is expected to start in KZN shortly but is unlikely to be as sharp as in the Eastern Cape.

Gauteng has the third largest formal employment in the clothing sector. Given the earning power of Gauteng's population, this tends to be a region that has strength in small upmarket boutique manufacturing.

A more detailed analysis follows on Western Cape and Kwazulu-Natal, the two largest formal employers in RSA.

Data on the Western Cape's clothing sector shows the following trends:

Table 4: Number of Firms and Employees in the Western Cape Clothing Industry

Date	No. of Factories	No. of Employees
1935	30	3500
1940	40	4772
1950	104	13 204
1960	166	19 787
1970	253	37 743
1980	332	53 421
1990	433	54 267 (highest)
1994	538 (highest)	46 868
1998*	360	39512
May 1998***	368	41 230
April 1999***	350	38 014
May 1999***	350	37 611

Source: Industrial Council for the Clothing Industry (Cape). Note: Since 1989 firms employing less than 5 employees have been granted automatic exemption from Industrial Council Agreements and are not normally included in Industrial Council statistics. Figures provided by the Industrial Council in 1994 have therefore been amended to include establishments less than 5 workers.
* Source: Hood, T. "Cape Clothing Review", Pursuit Magazine, May/June 1999
** Source "The Clothing Link", Cape Clothing Association Newsletter May/June 1999

Table 5: Average Firm Size in the Western Cape Clothing Industry

Year	Average Number of Employees per Establishment
1935	117
1940	119
1950	127
1960	119
1970	149
1980	160 (largest)
1990	125
1994	87 (smallest)
1998*	110
May 1998**	112
April 1999**	109
May 1999**	108

(Source: Industrial Council for the Clothing Industry (Cape). Note: These figures include knitting

factories. Note: The figures provided by the Industrial Council have been amended to include factories with less than 5 employees.
* Source: Hood, T. "Cape Clothing Review", Pursuit Magazine, May/June 1999
** Source "The Clothing Link", Cape Clothing Association Newsletter May/June 1999)

Average clothing firm size in Industrial Council members in the Western Cape appears to have picked up again from the latest figures inserted into tables above, though not as high as the highest in 1990. It is noteworthy that although employment was the highest in 1990, the size of the firms was much smaller than the largest figure, which was in 1980. This substantiates the trend from big to small and medium business in the Industrial Council members. This trend appears to be levelling out now in formal companies, while informalisation now appears to be increasing.

Hood (1999) writes that the informal clothing sector in Cape Town has mushroomed to at least 1500 firms employing up to 40 000 workers - as much as the formal sector. Cape Metropolitan Council figures show only 16 000 in the clothing and textile sector in informal employment. (Hood: 1999)

Hood (1999) also writes that in the Western Cape, informal clothing manufacturers grew rapidly in response to a number of factors, including:

i) Increasing regulation of the formal sector, encouraged by labour laws and other restrictions
ii) A rise in entrepreneurialism
iii) Retrenchments in the formal clothing sector
iv) Retrenchments in others sectors, notably teaching, where retrenchment packages were used to set up small CMT operations
v) A need for flexibility in working time by working mothers
vi) Higher labour and production costs crippling larger companies and forcing closure of factories
vii) Complete labour flexibility, sharply lower wages and costs, no security for workers, no annual leave or sick pay and no income tax.

Hood classifies the informal sector of the Western Cape clothing industry into 2 categories :

i) Home industries (survival, work from home, often against municipal regulations with between 1 and 50 machinists)
ii) Small- and medium- sized enterprises (not registered with bargaining council but pay taxes, VAT & RSC levies, 5 to 20 machinists, average 15, the largest area being Mitchells Plain)

October (1996) writes of the concept of "flexible specialisation" as being seen in the Cape in some of the large clothing firms:

i) These are federated groups of large, loosely allied enterprises
ii) Also "solar" firms holding smaller enterprises in steady orbits; and internally decentralised workshops

He writes that there is a high exit rate of small firms even though they dominate the industry.

According to October, the small firms in the Western Cape do not participate in associations, which is important for policy-makers to take into consideration, due to the possible lack of representivity of the official stakeholders, especially in this sector, when engaging in consultations at NEDLAC and other forums.

In most cases, CMT's appear to be merely labour brokers. Export is rare, but they are highly competitive as compete on capacity. Since the Western Cape CMT's have largely the same wage regime as large firms, they have limited economic advantages. Their advantages are limited to production flexibility and savings on overheads.

The types of operations contracted out by manufacturers include:

i) Operations that require highly specialised equipment and skilled labour such as printing pleating, weaving and dyeing. This allows for greater efficiencies. This trend is on the increase as is sub-contracting to other fully integrated manufacturers, indicating that firms are moving to specialisation in products

ii) Operations that are simple and labour intensive (CMT). This results in savings on machinery, premises and other overheads. This trend appears to be on the decline.

iii) Design houses, which indicate a trend to outsourcing of design due to cost of travel for designers, fashion publications and purchasing of prototypes, volatility of fashion, the environment conducive to design and buyer interaction and economies of scale.

It is recognised that the presence of large retailers in the Western Cape, as well as manufacturers' total reliance on these distribution channels has impacted on the size and structure of firms in the industry, the state of the region's design capacity, its quality standards, the emergence of highly dependent sub-contracting relationships as well as the inability of manufacturers to build or maintain their brand names. However, this has had a positive effect on fashion and quality, but negative effects on profit levels and the growth of small manufacturing.

Prinsloo (1996) writes of the Durban clothing industry employment, that 4% of firms have more than 500 employees and they account for about 30% of the employment in these 388 firms in the Natal Industrial Council. 77% of firms comprise of 100 employees or less.

Table 6: Size Distribution of Clothing Firms by Number of Employees in Durban (1996)

Size of Firm	Number of employees	Percentage Representation
Micro	0-25	37%
Small	26-100	40%
Medium	101-50	18%
Large	251-500	2%
Very large	>500	4%

(Source: Prinsloo (1996))

Notable is that 70% of production occurs from June to December, especially October to November, therefore the need for flexibility of employment is seen to be ideal. However, with the entry into export markets, this intense reliability on local sales cycles becomes less prevalent.

Firms have actually developed strategies to tailor the demand for labour due to the local retail cycle reliance, and they include

i) Overtime work during peak times (costly and inconvenient)

ii) Hiring on short contracts over the peak period

iii) Putting staff on short time during quiet periods (avoided due to reduction in pay)

Typical structural linkages and specialisation of the industry:

i) A firm that takes on CMT work only

ii) A firm that takes on CMT work in addition to own line of production
iii) A firm that has its own production and which does not take on CMT work
iv) A firm that has its own line of production, and that subcontracts some of its work to CMT firms, consciously or due to capacity limitations
v) A firm which has a textile or clothing production arm with or without subcontracting
vi) A firm that has no production activity (a wholesaler). It finds buyers, selects styles and makes patterns, orders fabric and trimmings, and liases with CMT operators who perform the assembly.
vii) A retailer with in-house production capacity, which usually accompanies the subcontracting of work to CMT's.

Firms in this region tend to be vertically disintegrated, hiving off components and specialising. Firms are mutually vulnerable because of the vertical disintegration and interlocking production structure About 50% of the firms registered with the industrial council were members of the Natal Clothing Manufacturing Association (NCMA) at the time of the study.

The key weakness of the Durban clothing industry, according to Prinsloo's findings, is its passivity. There is a tendency to react to changes in the environment and related crises rather than acting in line with a clear long-term strategy. There is also a lack of collaborative solutions.

Although the Isithebe industrial area is one of the success stories in decentralisation in RSA, companies at the time of the study were facing difficulty. Geared towards the low end of the market, through the incentives that kept production costs low, these firms have to compete with clothing from low-wage countries such as China. (Prinsloo, 1996)

Further insight into the Durban trends in employment, can be found from the Durban Manufacturing Centre (DUMAC), who maintain a database of their clients, but it is small and NCMA is used for most statistics. Reference is made to the strong trend towards the growing membership of the Confederation of Employers of Southern Africa (COFESA) amongst the clothing companies in Durban. This is the only registered confederation of employers (120 000 employers with a workforce of 2.4 million) and is a cross-sectoral federation providing legal advice on industrial relations issues with a special reference to employer protection under the new labour legislation. It is understood that the federation encourages companies to retrench or fire all staff and re-employ them as contract labour. The COFESA members comprise mostly small companies, and of the total 1998 membership base, 135 clothing companies were identified. (DUMAC, 1999)

There is a concern that NCMA stats still include many companies that have actually closed down, so the federation stats are in fact inflated. It appears that although the trend to informalisation is strong in Durban, not enough jobs are there to absorb the losses from closures. (DUMAC, 1999)

More recently, Fakude (2000) found that a number of firms in Kwazulu-Natal have deregistered from the industry's bargaining council in the past three or four years, but there is evidence of as many existing employers still operating as were before when the firm levels was at its peak in the bargaining council. He identifies two parallel trends which have been occurring in the sector in recent years: Formal job losses have occurred due to firm closures and retrenchments, with a simultaneous significant informalisation of employment in the sector.

3. Changes in the Structural Profiles and Strategies Adopted by Firms

A study of 4 338 firms (equally split between small, medium and large) by StatsSA

commissioned by the DTI in 1999 on employment changes in the clothing, textile and leather industry, found that one-fifth of enterprises were subcontractors for other manufacturers, especially in the clothing sector and more prevalent in small to medium-sized businesses. Outsourcing of production was reported by 18% of the respondents, and most common in the textile and clothing sectors, especially the larger firms. (StatsSA, 1999)

"A total of 222 enterprises reported that they outsourced manufacturing as well as acting as subcontractors. Small and medium-sized businesses accounted for most of the firms which combined outsourcing and subcontracting, at 92 (41%) and 95 (43%) respectively of the total of 222. Clothing firms accounted for over two-thirds (69%, of 154) of the enterprises that outsourced and subcontracted. In other words, when outsourcing "downwards" and subcontracting "upwards" are occurring simultaneously, then clothing firms are found to be involved more often in this configuration (as expected) than textile and leather firms. Textiles accounted for a further 62 firms and leather for only seven." (StatsSA, 1999)

This is evidence of what appears to have been a developing trend in the clothing sector over the past 10 years if one considers the references to increasing fragmentation in this paper dating back to the early 1990's. The reasons for the extent and nature of the structural change and the implications for the future of the sector are key in the policymaking process.

Altman (1997) writes of the Hierarchy of Production within firms. From her study of large clothing factories, it emerged that there are 4 basic configurations of spatial plant hierarchy in firms that decentralised:

i) Some or all assembly was decentralised to one or more plants with variations in skill levels. Design, marking, grading and distribution were centrally located. Work was allocated to factories by skill content
ii) Some or all assembly was decentralised to one or more plants with workers of similar skill. Design, marking, grading and distribution were handled centrally.
iii) Most functions were decentralised. A head office was maintained in the metropolitan centre for merchandising, customer service, etc.
iv) All functions, including head office, were relocated to homelands or Wage Determination Areas (WDA's)

From Altman's survey, over 50% of firms adopted a hierarchy of plants, consistent with model (i). Approximately 29% adopted model (ii), having decentralised to take advantage of reduced wages, but producing similar items in each plant. In over 80% of firms that had decentralised, most high skill functions such as design, marking, grading and distribution, were performed in the headquarters. Only 2 firms, both foreign, located all operations in a single plant in Isithebe, KZN. The conclusion can be made that the internalisation of the subcontracting function was common amongst firms interviewed for this study.

Based on Altman's work and in viewing the current status in the sector, the writers can conclude that the major strategies being followed by RSA clothing employers appear to be shifting:

Table 7: Dominant Strategies of Large RSA Clothing Producers from 52 Interviews held 1990-1 with Current Observations by the Writers

Strategy	Degree of Use	1999/2000 (added)
Domestic Decentralisation	Pursued	Pursued
Age and Racial Displacement	Pursued	Less apparent
Directly Unproductive Profit-seeking Activities	Pursued	Less apparent
Technological Change	Pursued but not dominant	Pursued in large firms & exporters & TNCs
Foreign processing	Not pursued	Pursued in SADC & SACU
Informalisation	Not pursued	Dominant
Casualisation	Not pursued	Pursued
Skills Development	Not pursued	Accelerating
Creative Marketing (local & export)	Not pursued	Early stages
Process Innovation eg . Supply Chain Management	Not pursued	Minimal
Domestic outsourcing**	-	Dominant
Specialisation (in-house &external contract work)**	-	Pursued
ICT Applications (Ecommerce and EDI)**	-	Early Stages
Collaboration amongst firms)**	-	Accelerating

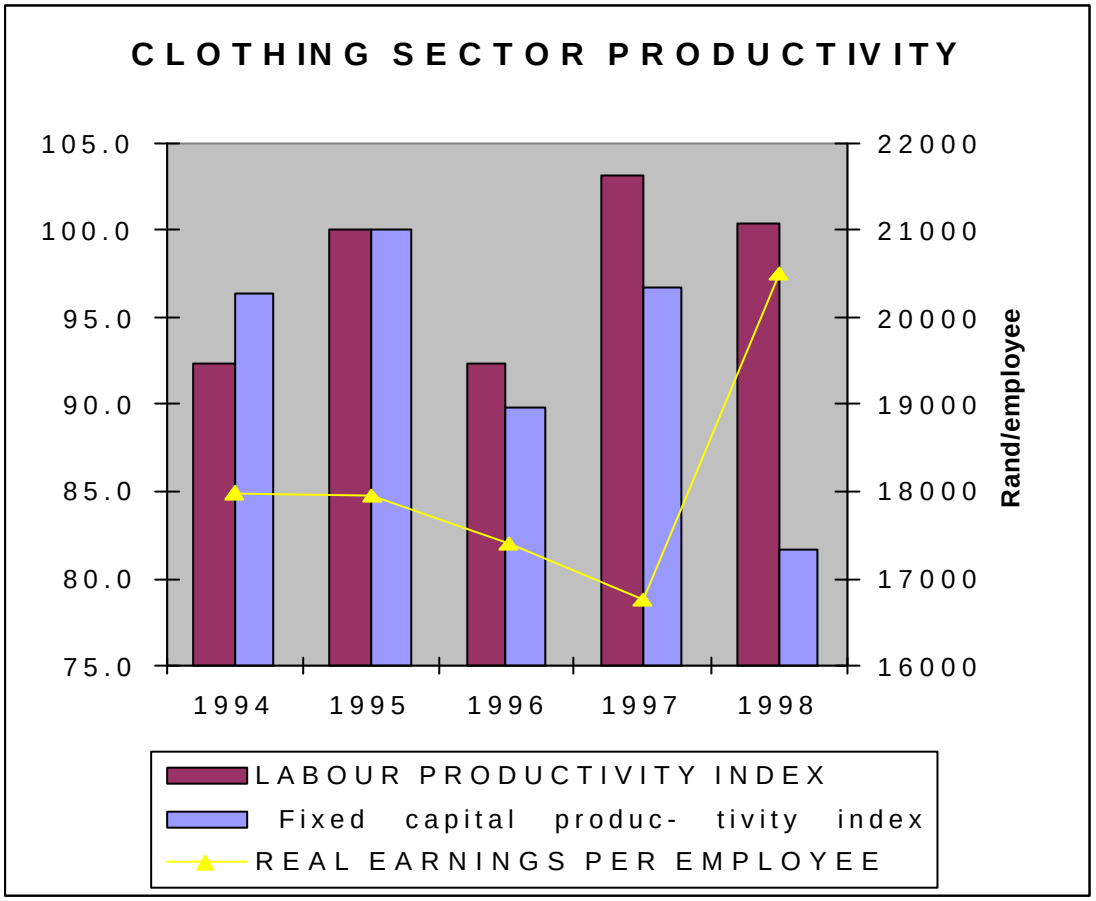
(*Definition of a DUP: "ways of making a profit by undertaking activities which are directly unproductive (in terms of producing goods and services)...Insofar as such activities use real resources, they result in a contraction of the availability set open to the economy" (Altman; Bhagwati 1982: 989) DUP's may include: tariff evasion/tariff destroying lobbying or smuggling; premium-seeking (import licenses); revenue-seeking (slices of tariff revenue); tariff seeking by protectionists; lobbying for 'de-regulated' labour markets; monopoly-seeking.
EDI: Electronic Data Interchange (Web based and non-Web based) e.g. Communicating electronically with local and export buyers, agents or manufacturing platforms such information as designs, colours, order status and replenishment stock requirements.
TNC: Transnational Corporation. These are entities which have global manufacturing operations based largely in Asia and who are positioning themselves in largely decentralised areas of RSA and SADC to take advantage of existing and new market access opportunities.
**New addition by the writers 1999/2000.)

3.1. The Determinants of Job Losses

Altman (1997) refers to the "accounting decomposition approach" used by Cline (Altman : 1997 /1990 : 95-97) and la Torre (Altman : 1997 /1984 : 72) in assessing job loss causes from productivity, demand and imports. She writes of the RSA contributors to clothing sector job losses as not being due to rising labour productivity because RSA labour productivity actually fell in the early 1990's, unlike some other international cases such as OECD job losses. It is, however, interesting to note the positive trend in clothing sector productivity in the most recent

years, which may now partially counter this finding.

Graph 2: Clothing Sector Productivity



(Source: NPI, 1999)

Also of note in Altman's work is that the discrepancy between productivity increases in industrialised countries' apparel, which rose by only 26.1% between 1970 - 1989 and a productivity growth of 85.7% for all manufacturing and 51.1% for light manufacturing over the same period, is attributed by Mitter (1986) to changes in the organisation of production, and more particularly to a rise in outsourcing.

Altman further states that RSA domestic demand, having grown by 9.8% between 1989-1992, would have contributed to employment growth (CSS 1993). She therefore concludes that imports were the most important contributor to job loss. Import penetration rose to 43% of the local market in 1991, up from 18.7% in 1988. Altman also attributes the majority of the reduction in employment to the Government's Structural Adjustment Programme (SAP), as the loss of the domestic market was not compensated by export expansion where, over the same period, export intensity by volume increased only marginally.

3.2. Relocation

The relocation of firms in the clothing sector has had an effect on employment levels. Though little documented evidence exists on relocation in the clothing sector, there are examples which show certain manufacturing operations have made a strategic decision to move their factories over the border, resulting in both positive and negative results.

Altman (Altman, 1997, p.84: Tomlinson and Addleson 1987; Addleson et al. 1985) found that factors influencing the decision to locate production are:

i) Wage costs
ii) Incentives on inputs
iii) Extent and militancy of unionisation
iv) Involvement in special export agreements & market access
v) Other regulatory elements and/or incentives

Most notable in the RSA clothing sector have been factory relocations from Durban and Cape Town to Mozambique and Malawi based on the preferential access they have enjoyed into the RSA markets in this sector. The type of production in these firms appears to be more commodity based and local (RSA) market oriented, but trends towards export manufacturing (to third country destinations) is becoming evident. The SADC multilateral agreement due to be initiated in September 2000 is expected to lead to greater integration of production, especially pipeline integration, with countries competing according to their competitive capability in each stage of the value chain.

3.3 Policy Observations Based on the Data Analysis

In 1994, a significant quantity of clothing production took place in large and medium factories. By 1999, the following trends have been observed:

The industry has fragmented, with large formal firms sub-contracting significant production and/or sub-assembly to medium and small firms and households. Consequently, compared to 1995, a far greater proportion of production and sub-assembly occurred in medium and small firms. There has also been a significant growth in production of clothing in households. Provided it takes account of the current incentive for some of this activity to remain unrecorded, hence it can be expect that in future them Manufacturing Census will reflect this structural shift in production.

It appears that much of the activity of, and associated employment in, small firms and households are not recorded. This is also complicated by the fact that registrations to Industrial Councils are decreasing. Apart from the exemptions that firms are obtaining from the IC's, there is a large and growing body of firms that are evading the tenets of national labour legislation, by effectively firing their workers and rehiring them as "independent contractors". In doing so, there is a statistical decline in the numbers of "employees" which is misleading, because people are still employed, albeit under different contractual relations, while no real change in productive activity has taken place.

The employment losses that appear on the surface (i.e. official statistics) are therefore not always the true picture of the trends in the sector. Employment has come about as these labour intensive industries restructure and as the process popularly termed the "casualisation" of labour runs its course. In the clothing industry, it appears that the decline in formal employment in large factories has been matched in large part by the growth of smaller, unregistered businesses and by the growth of retrenched workers working from home in activities that are closely linked to formal sector activities.

The majority of the unrecorded economic activity in clothing is for the domestic market. Most export production appears to be done in-house by the large- and medium-sized formal firms. This is because of a number of factors, in particular the requirement that foreign buyers maintain tight auditing of the production process. The high export volumes and complex export delivery

logistics are also more difficult to achieve with outsourced production.

Because of their lack of export experience, mind-set, marketing, management and worker skills and relationships with supply chain partners, not all large integrated domestic firms will be in a position to massively expand exports in the short-term. A large portion of Government's supply-side support measures is indeed structured to support the needs of this manufacturing sector and have been in place now for some time. Major changes to policy and strategy should not be necessary to provide the support that this sector requires to take advantage of the export markets.

It does not seem likely in the short-term that small, informal and unregistered firms can sustain massive employment growth in garment production. Taking the degree of unrecorded activity into account, total employment may have actually increased during the 1990s. However, the quality of jobs, as measured by remuneration, has been lowered. Membership of Trade Unions in the sector has been declining, as larger firms shed jobs and outsource production to firms, many of which may not be unionised and/or registered.

A marked development is the increase in investment by, and employment in, foreign owned clothing firms, mainly of Asian ownership, which are using South Africa as an export platform due to the quota free access into the large USA market.

3.4. "The Race to the Bottom"

This term is used by the writers to refer to the trend which appears to have already begun in this sector in RSA, whereby firms engage in a price war precipitated by rapidly rising competitive pressure in the local market, exacerbated by low total retail sales growth. Prices are driven down by retail demands, given retail's historical power in the RSA retail/manufacturer relationship. Within the context of this downward pressure, manufacturing firms then choose to make structural changes to adjust their operating costs to accommodate the new price levels or to sustain no price increases year on year from buyers in the local retail sector. Some manufacturers are also engaging in importing (trading) to complement manufacturing turnover and achieve the type of prices retailers are demanding.

At the same time, the retail sector also appear to be themselves engaged in a type of "price war" due to low consumer demand and alternate routes for cheap imports being utilised to undercut competitors in the market and set new benchmarks for prices of commodity products. Retail have been forced into a restructuring of their own activities very much like the manufacturers, in order to survive.

Though this is in itself the topic of another whole study in the retail sector of RSA, the writers consider it appropriate to show that briefly, the following two situations can cause a price war (Rao, 2000)
1. When prices in a market are seen by one seller as too high, or
2. When one seller is willing to buy market share at the expense of current margins.
Price wars are becoming more common because managers see it as an easy, quick and reversible action to increase sales dramatically in a stagnant market. In RSA, with the choice of imports being increasingly more real to retailers, and with alternate routes for cheap commodity imports being exploited, the setting is ripe for this type of activity. An interesting development that serves to support this observation is the growing export orientation of RSA retailers to search out new markets beyond RSA borders.

Dunne's (2000) study of South African clothing retailers' perceptions of the local manufacturers serves to provide insight into the criteria retailers use in choosing between imports and local

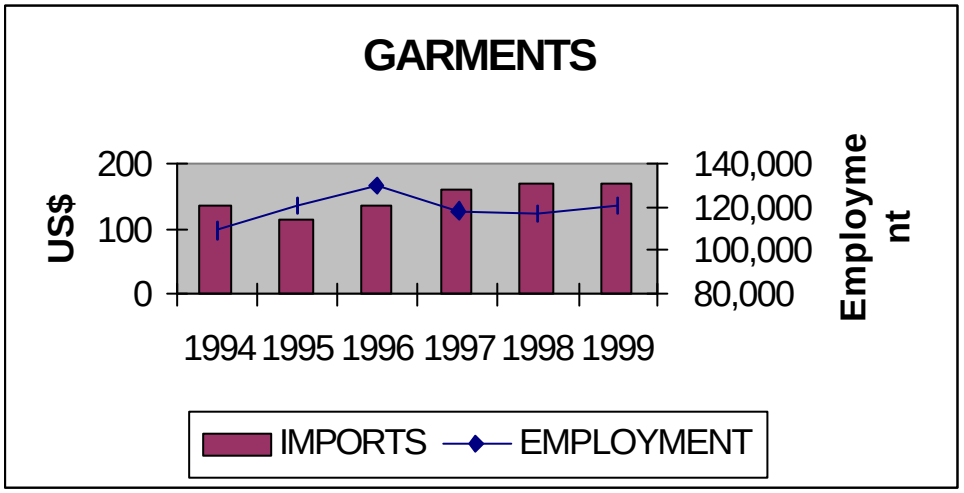
merchandise. She concludes by stating: " Retailers are having to redefine their focus to compete in increasingly pressurised markets, and at the same time are having to take cognisance of customer demands for better prices and quality, all this within an environment of greater consumer awareness of rapidly changing global fashions."

The effect is a fragmentation of the manufacturing sector, characterised by lowering of formal employment levels and a growth of household industries and small, unregistered factories.

Later in this paper, the writers propose alternate industrial strategies to avoid the erosion of the sector, by firms choosing not to engage in a continued "race to the bottom" in the ongoing lowering of the price benchmark by this "price war" type behaviour. The consumer's interest should also be considered in these strategies, both the existing and the new strategies.

4. Trade Trends and Employment : Imports & Exports

Graph 3: Clothing Imports

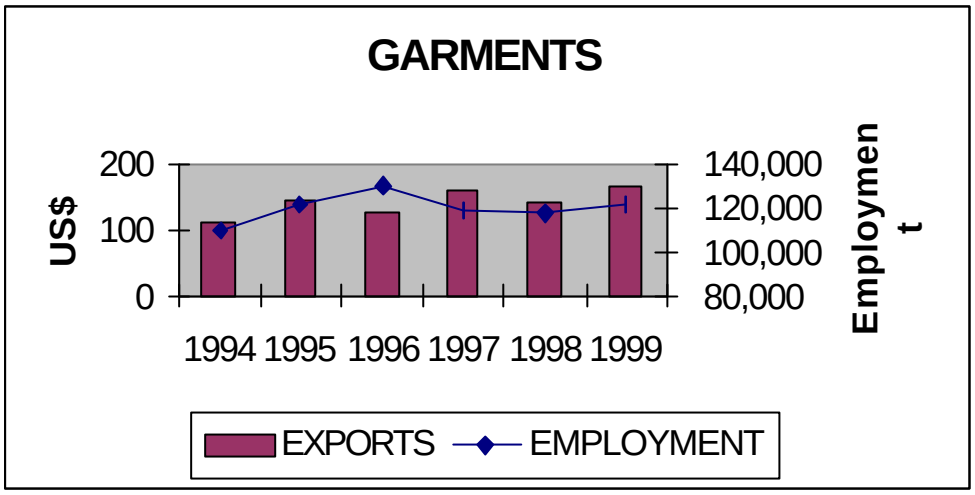


(Source: SARS, 2000)

According to official import statistics, there has been a slight increase in imports of garments since 1996.

There does not seem to be a clear correlation between employment trends and imports. However, analysis has indicated that the growth in imports has been at the lower value-added end of the product spectrum. Therefore it is likely that firms producing fibres, fabrics, textile products and garments in those specific market segments would have been subjected to increased imported competition.

Graph 4: Clothing Exports



(Source: SARS, 2000)

The trade trend analysis here should be regarded as preliminary, since no account is taken of alleged irregularities in trade. Even so, it can be deducted that clothing export growth has been minimal in US dollar terms according to official export statistics.

A large proportion of national clothing exports emerge from foreign-owned firms in decentralised areas. Forecasts suggest that the main export growth over the next year is likely to be from these firms and locations. It should be remembered that the transnational firms are often fully integrated and operate globally with very established market linkages in the USA. Expanding RSA output is generally a production optimisation decision taken at head office at any given point in time. RSA owned firms have only recently been tentatively testing export markets and have to develop these over a period of time.

The above will have an impact on potential future strategies for the Clothing sector.

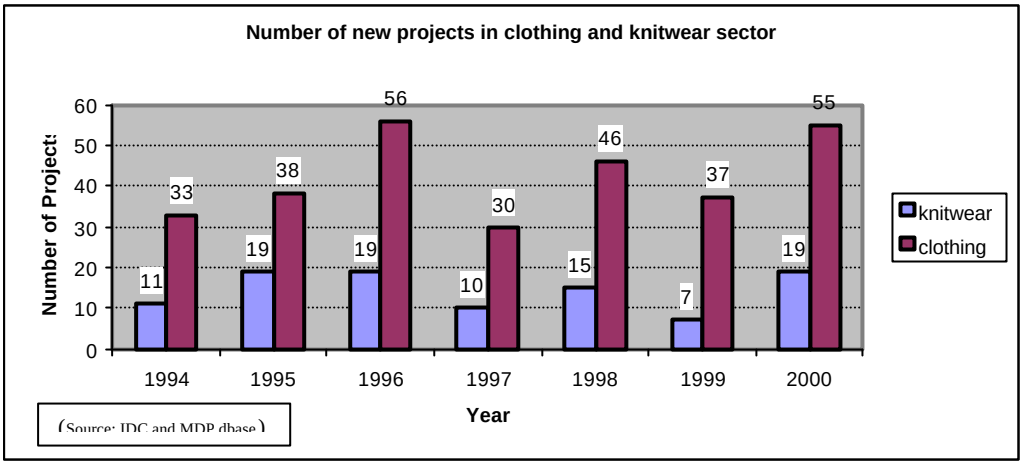
5. An Empirical Analysis of Employment and Investment in the Clothing Industry

Now the focus turns to addressing the question of what level of investment the knitwear and clothing sector attracted and what was the resultant employment effect? In answering this question investment data from the Industrial Development Corporation (IDC) and the Manufacturing Development program (MDP) have been merged.

The method that was used to merge the data involves the creation of common fields and the merging of the data under these fields. See the Appendices for a detailed discussion of the methodology.

The total new investment projects that were received for investment in the knitwear and garment sector were as follows:

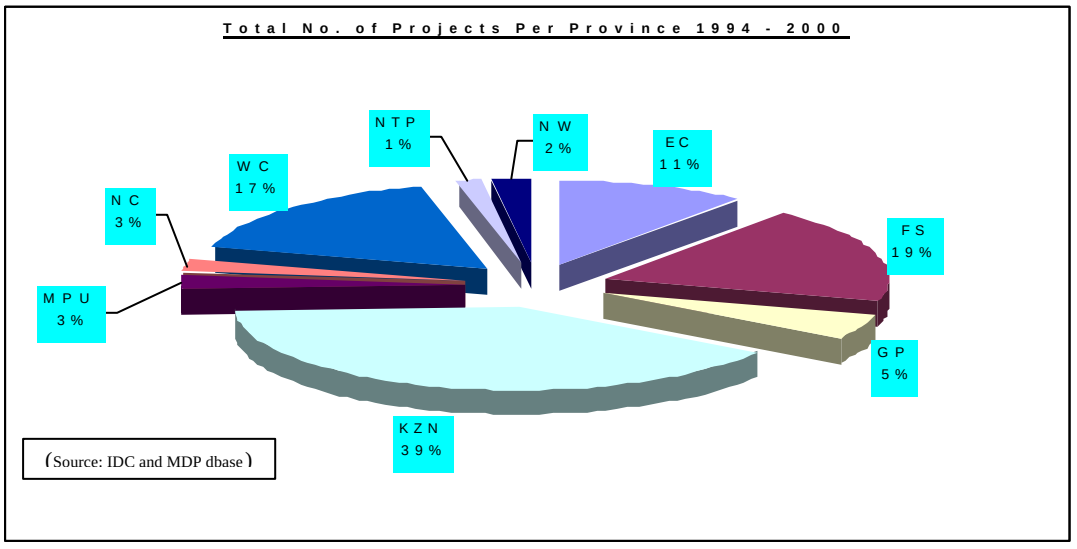
Graph 5: Number of New Projects in the Clothing & Knitwear Sector



From the above it is clear that in the year 1996 and 2000 the clothing sector has received the most new investment projects, namely 56 and 55. The lowest number of new projects was in 1997 with 30 projects for the clothing sector. With respect to the knitwear the highest amount of new projects recorded is 19 that were in 1995, 1996 and 2000 respectively. The lowest number of projects was received in 1999.

The provincial breakdown of the total number of projects per province can be represented as follows for the period 1994 to 2000:

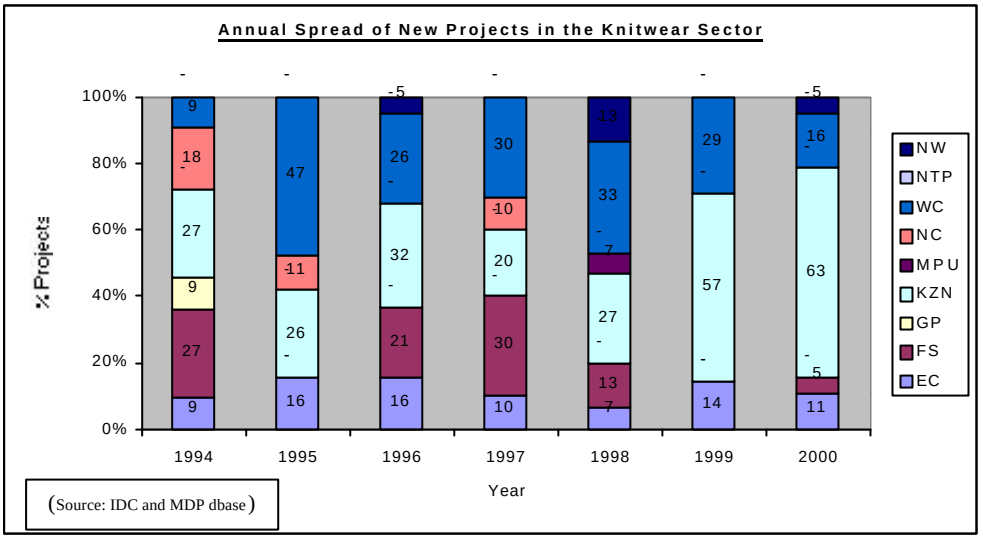
Graph 6: Clothing and Knitwear Investment Projects Per Province



The provinces that have attracted the highest number of projects is KwaZulu Natal (156 projects), Free State (73 projects) and Western Cape (57 projects). In other words together these three provinces has received 75% of the total projects from 1994 to 2000. The other 25% have been spread between the remainder of the provinces, as follows Mpumalanga (10 projects),

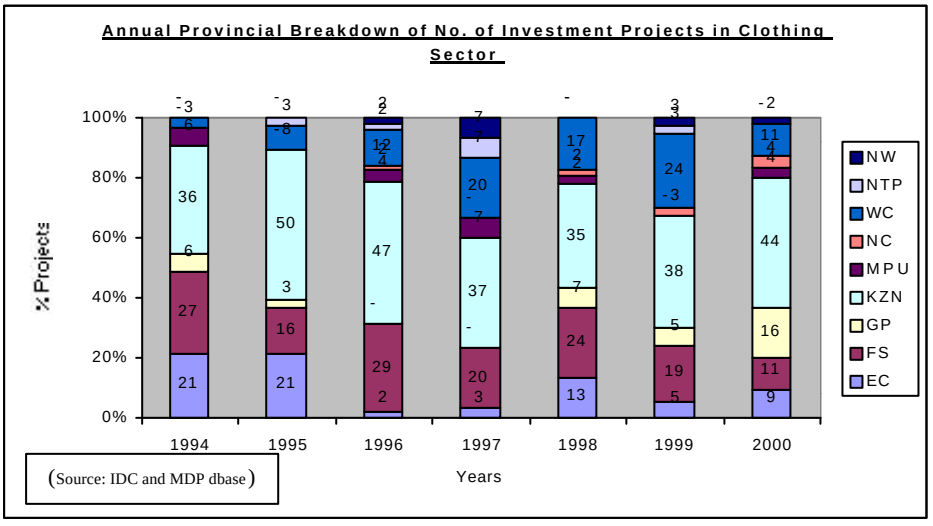
Northern Cape (10 projects), Northern Province (5 projects), North-West (9 projects) and Gauteng (18 projects). The analogue of the above graph is the annual breakdown of the projects per province considered for knitwear and clothing respectively.

Graph 7: Annual Spread of Number of New Knitwear Investment Projects



The graph of the annual spread of number of new knitwear investment projects can be viewed on the next page. From the graph it is evident the decreasing proportional share of the number of new investment projects in the Western Cape and the Free State, coupled with an increasing proportionate share of investment in Kwazulu Natal.

Graph 8: Annual Spread of Number of New Clothing Investment Projects

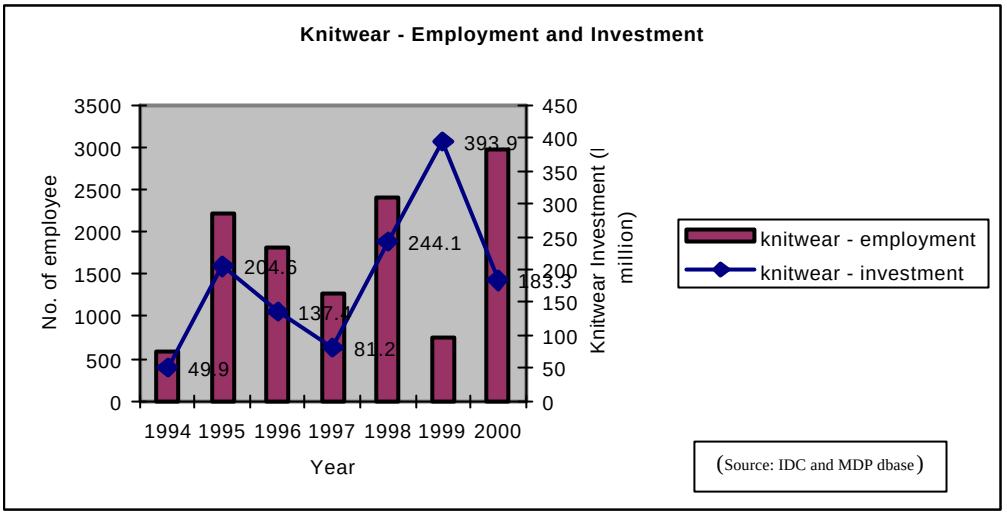


From the above graph Kwazulu Natal received the most new projects, followed by the Free State, and notable is Gauteng's increasing share of projects in 2000.

The next question that jumps to one's mind is what the level of investment was that was associated with these new projects and what was the relationship with employment. In answering

these questions, see the graphic presentation underneath of the knitwear sector on employment and investment. For the purpose of this paper an assumption is made here that a causal link exist between investment and employment.

Graph 9: The Relationship between Employment and Investment in the Knitwear Sector

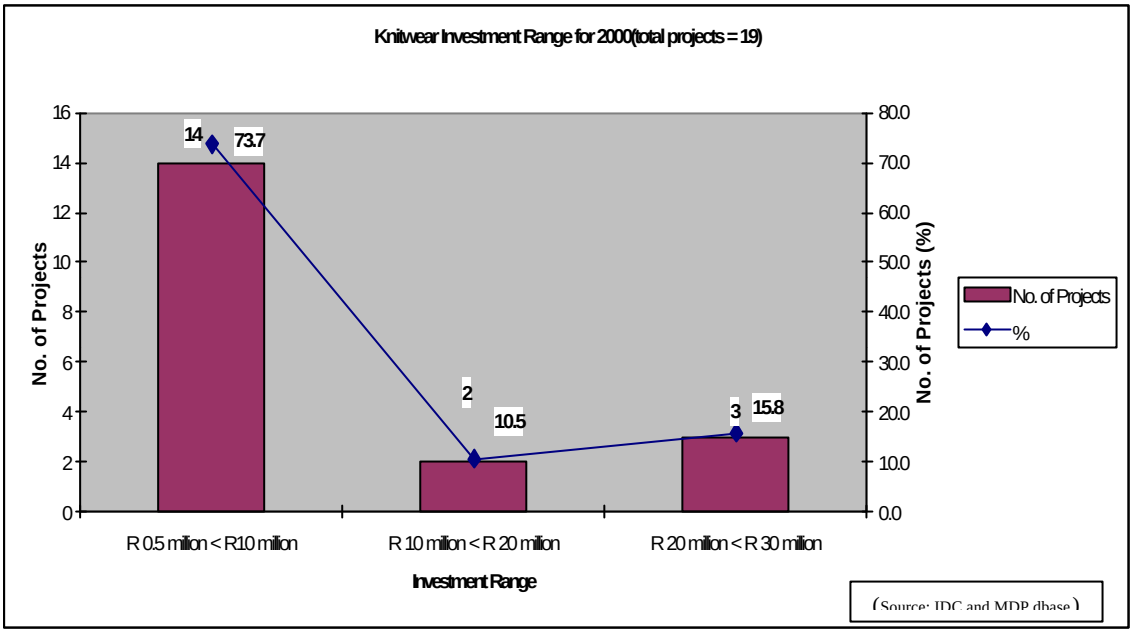


For the knitwear sector, investment in 1994 was a mere R49.9 million and 576 jobs were created. Employment seems to respond positively with investment up to 1998 (a positive response meaning that as investment increases employment increases and as investment contract employment contracts). However, in 1999 something unusual has happened with the positive relationship between investment and employment. There was a huge increase in investment of R 393,9 million, but the employment increase effect was negligible in that year. Also the huge increase in investment was not offset by a proportionate huge increase in employment. If one looks further we see in the year 2000 a lower level of investment coupled with a much higher employment creation. Looking at the year 2000 a fall in investment resulted in a much higher proportionate increase in employment, contrary to what has happened in 1999. This clearly calls for a further enquiry to explain this occurrence.

Further investigation with regard to 1999 has revealed that there was one large investment of approximately R350 million and the remainder consisted of six smaller investments that is less than R10 million. The important lesson here is where you have a sub- sector that is dominated by smaller investment the employment creation effect of a large investor that enters the sub-sector is marginal. The statement does not hold in the case where the large investment is producing an intermediary product. If we go back to Table 2 we saw that in 1999, 38.93% job losses occurred in the knitwear. Could it be the case that larger investment that is more capital intensive is substituting more capital for labor, hence a contraction in your employment opportunities.

Further inquiry into the year 2000 reveals that the investment range for the 19 projects has lowest investment value of R500 000 and the highest investment value of R29.6 million. Hence, if one construct three investment intervals (i.e. R0.5 million < R10 million, R10 million < R20 million, and R20 million < R30 million) and construct a histogram it can be represented as follows:

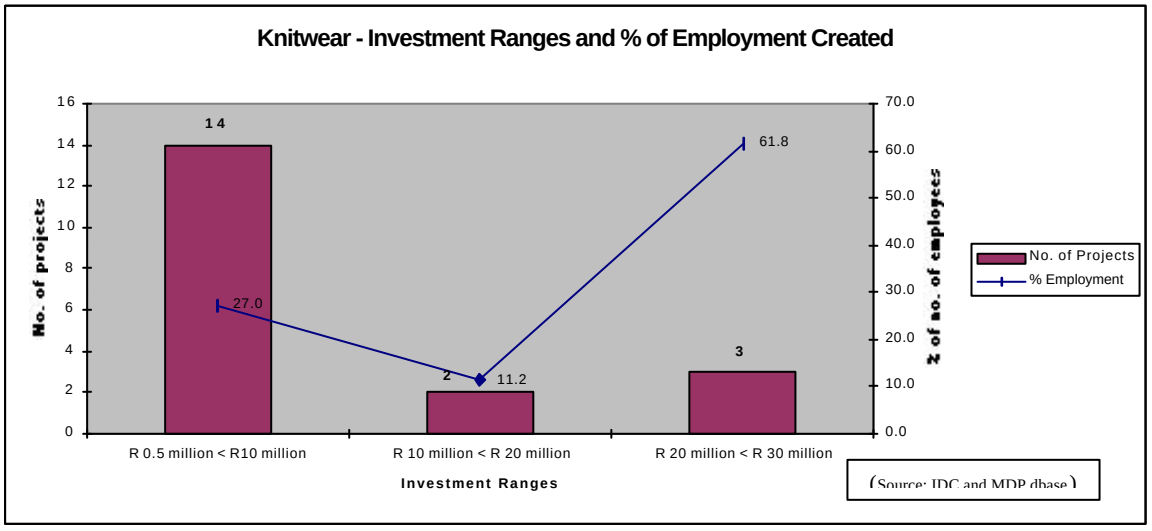
Graph 10: Knitwear Investment Ranges for Projects received in 2000



From the above graph 73.7 % (14 projects) of investment projects were in the investment range R0.5 less than R10 million; 10.5% (2 projects) in the investment range R10 million less than R20 million; and 15.8% (3 projects) in the investment range R20 million less than R30 million.

In order to pinpoint what investment range is most responsive to employment creation see graph underneath, that is plotting the investment ranges and the employment created:

Graph 11. Knitwear – Investment Ranges and % of Employment Created in 2000

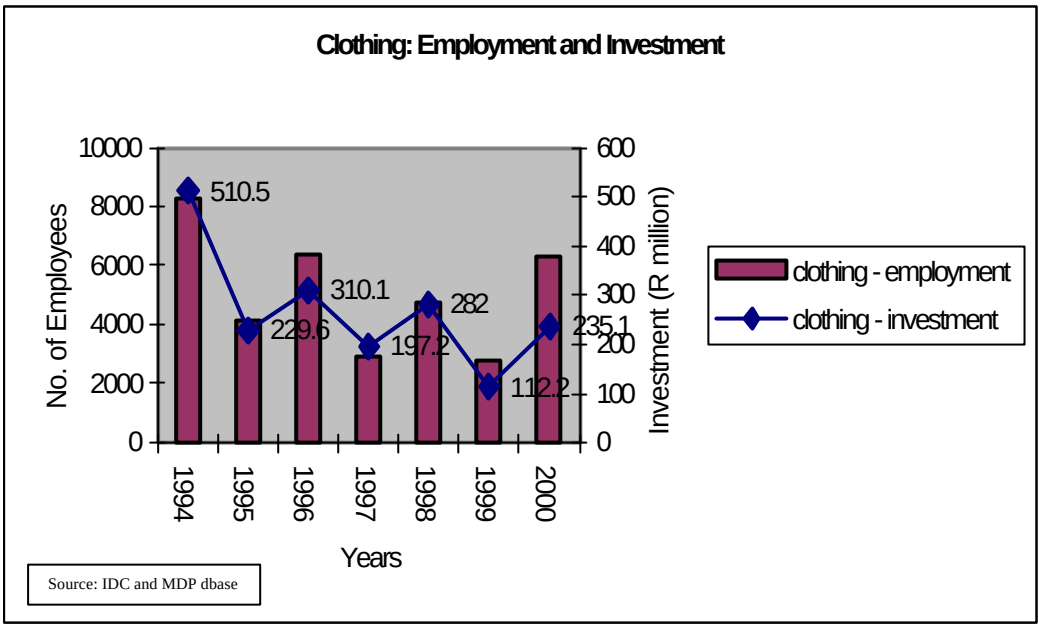


Hence, from the above one can derive that for the year 2000 investments within the investment range R20 million and less than R30 million seems to be more responsive to employment creation, as it accounts for 61.8% (i.e. 1840 new jobs) of employment in the knitwear sub sector. Whereas investment in the other two ranges – less than R10 million and less than R20 million – account for 27%(i.e. 803 new jobs) and 11.2% (i.e.334 new jobs) of employment, respectively.

5.2. An Inquiry in the Employment and Investment Relationship in the Clothing Sector

Let us consider the same question for the clothing sector that is, what is the level of investment that was associated with the new projects and what was the relationship with employment creation.

Graph 12: Clothing: Employment and Investment

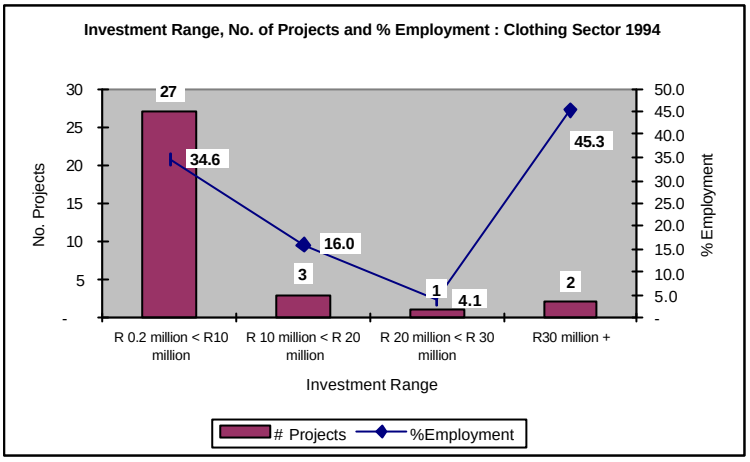


Intuitively, from the above graph it appears as if there exists a positive relationship between investment and employment. Further, interrogation reveals the following if one takes a closer look at 1996 and 2000. During each of these years, the number of projects received was 56 and 55 respectively. The level of investment is R 75 million lower in 2000 than in 1996. This means that the average size if investment per project has decreased from being R5.5 million in 1996, to R4.3 in 2000. The level of employment created is 6388 for 1996 and 6308 in the year 2000.

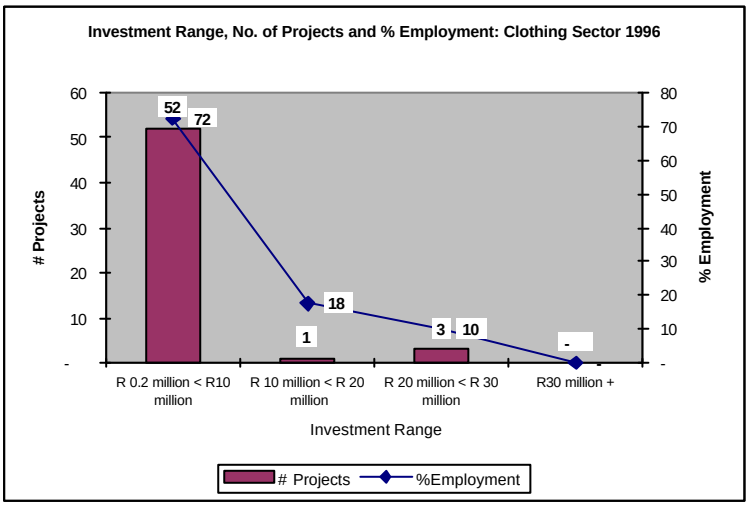
The next question that arises is, what does this occurrence imply? Is it indicative of the increasing importance that SMME's play in the sector, or is it reflective of the "race towards the bottom", or is it the case that smaller projects in the clothing sector are more geared towards job creation. A further question that one needs to address from a growth perspective is how well these SMME's are positioned to take advantage of growth opportunities through exports. At this stage of our enquiry it is too early to conclude that it is indicative of the changing structure of the industry. Hence, this calls for a further inquiry into the investment ranges and the number of new jobs that is created.

Hence, the investment range, the number of projects and the percentage of employment created for the period 1994, 1996, 1998 and 2000 can be graphically presented as follows:

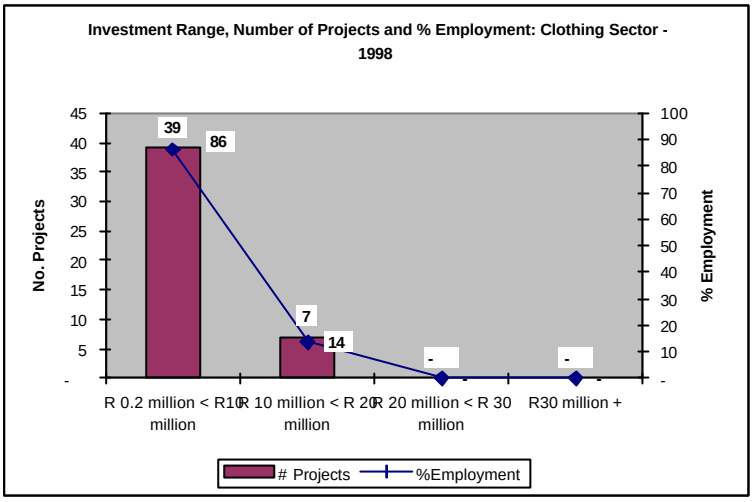
Graph 13: Investment Range, No. of Projects, and % Employment: Clothing Sector-1994



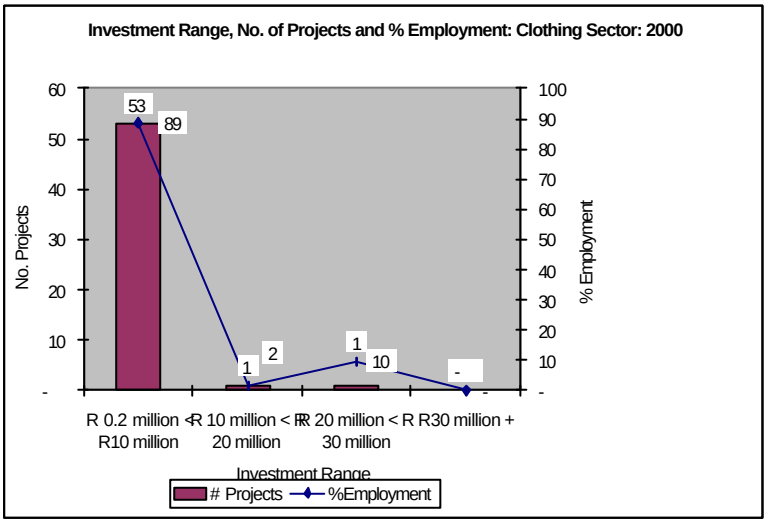
Graph 14: Investment Range, No. of Projects, and % Employment: Clothing Sector- 1996



Graph 15 Investment Range, No. of Projects, and % Employment: Clothing Sector- 1998



Graph 16: Investment Range, No. of Projects and % Employment: Clothing Sector 2000



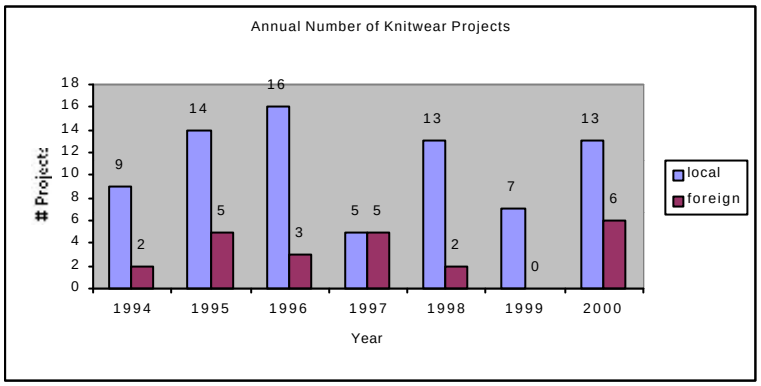
The above graphs (i.e. graph 13,14, 15 and 16) indicate that employment was created in the investment range of R0.2 million and less than R10 million. Hence, it is the investment sensitive and the employment sensitive range. So the data informs one that that investment within the R0.2 million and less than R10 million range will create the most employment. If one look at the 1994 graph it is clear that two investments that were bigger than R35 million, has created 45.3% of new jobs. On the contrary, in the year 2000 contributions from the investment range bigger than R35 million is zero. Thus, indicating that new projects in the investment range R0.2 million to R10 million is more geared towards employment creation.

5.3. Analysis of the Role of Foreign Investment in the Knitwear and Clothing Sector

5.3.1. Local and Foreign Investment in the Knitwear Sector

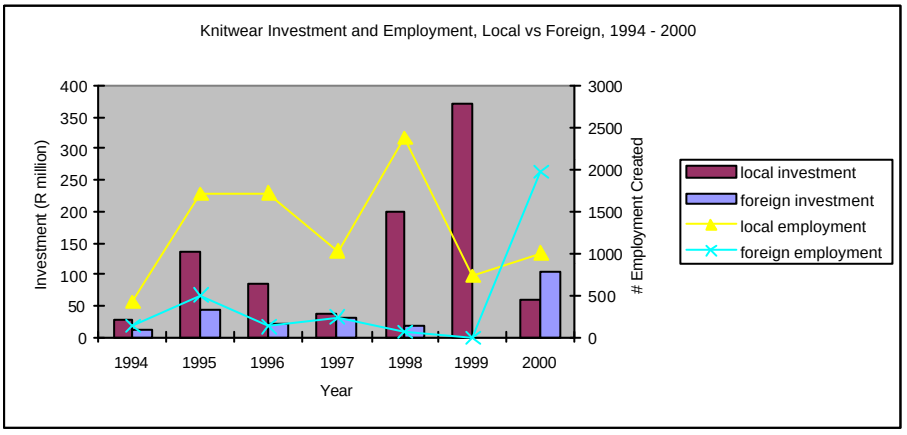
Underneath is a graphic illustration of the annual number of new local and foreign investment projects in the knitwear sector.

Graph 17: Annual Breakdown of Number of Local and Foreign Knitwear Projects



What is evident from the above chart is that in 1999 there were no foreign investment projects for the knitwear sector, however in the year 2000 foreign investors make a strong come back with 6 new projects that is higher than all the previous years.

Graph 18: Knitwear Investment and Employment, Local and Foreign, 1994 - 2000

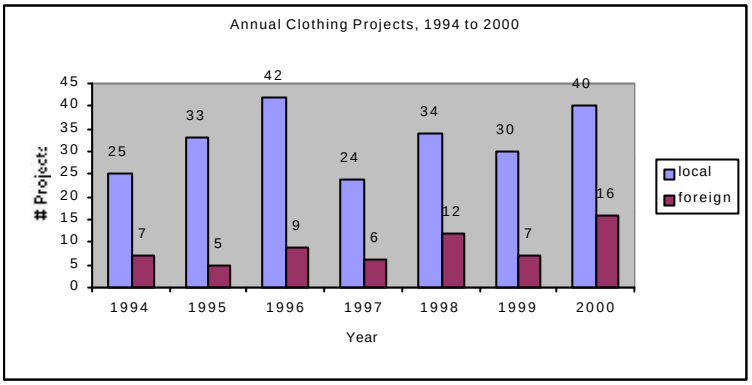


From the above graph we can see that the bulk of the employment since 1994 has been created from domestic investment. However, in the year 2000 foreign investment make a strong comeback as R104,1 million of foreign investment, created 1967 new jobs. This is also the only year that jobs created by foreign investment is higher than that of domestic investment.

5.3.2. Local and Foreign Investment in the Clothing Sector

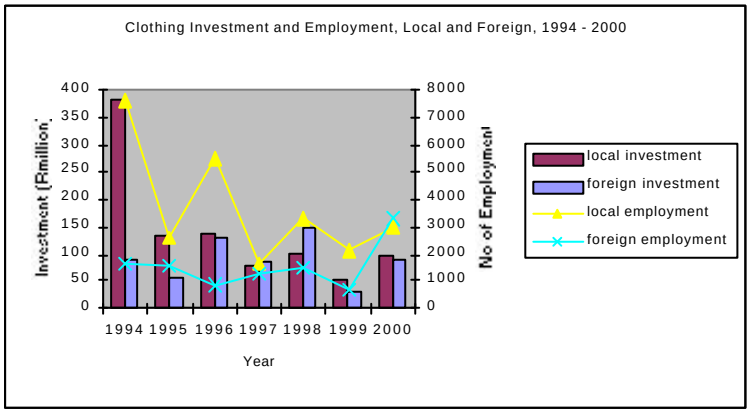
Underneath is a graphic illustration of the annual number of new local and foreign investment projects in the clothing sector.

Graph 19: Annual Breakdown of Number of Local and Foreign Clothing Projects



From the graph the clothing sector received consistent high levels of clothing projects. The number of projects are at its highest in 1996 and 2000.

Graph 20. Clothing Investment and Employment Local and Foreign, 1994 - 2000



From the graph it is evident that there was a decrease in the size of clothing investment locally that went coupled with an increase in the number of project, in other words larger number of smaller projects. This is also revealed by the 58 clothing projects that are in the investment range R0.2 million less than R 10 million. This clearly indicates the increasing importance of small and medium size manufacturers in the clothing sector.

A comparison of Newcomers & Liquidations compiled by Marketing and Planning Consulting Services (MPCS) from an analysis of DTI Companies Office data follows. The data indicates a comparative analysis of newcomers and liquidations in the textile, clothing, footwear, leather and retail sectors from 1997 to June 1999.

It is evident that the trend in the 126 newcomers in the textile and clothing sectors has been

largely in the Gauteng and Kwazulu-Natal provinces during Jan-June 1999.The same trend is evident in the 51 footwear and leather companies. The data also shows that there is a fairly consistent trend in newcomers and liquidations from 1997 to 1998 to 1999.

Table 8: Company Registrations and Liquidations in Textiles, Clothing & Footwear

	Textile & Clothing	Other	Subtotal Manufacturing	Retail	Total	Liquidations	Net Gain
1997	333	117	450	463	913	201	712
1998	319	131	450	505	955	178	777
1999 Jan to June	126	51	177	148	325	106	219

(Source: MPCS: Companies Office, 1999.)

From the various sources of investment data above, it is evident that the employment trends outlined in the previous sections are in fact supported by the investment trends in this sector. Close monitoring of future investment trends through online reporting mechanisms, will provide a useful tool to forecast the growth in employment in the various provinces for effective policymaking and appropriate support structures for sustainable job creation.

6. Conclusion

The paper has attempted to present the reader with a broad view of the key trends which are currently emerging in the RSA clothing sector, by compiling, in one document, the array of evidence that suggests a contradiction to the existing opinions on employment in the sector.

In general, data sources available do not correspond well, and the writers would propose that one agreed source of data between all parties would be preferable to the current array of variable sources, much of which has to do with the manner in which the knitting sub-sector is dassified between textiles and clothing, and the representation of small businesses in the sampling process.

There have indeed been firm closures, downsizing and retrenchments by formal companies. Some of this is in line with global trends; other is an indication of firms' reaction to import competition and an inability to grow exports rapidly enough to counteract the loss of market share experienced by the change in historical local buying patterns. Yet behind this is a significant rearrangement of firm-level strategies such as casualisation, outsourcing, subcontracting, informalisation, relocation and an increasing export-led investment flow, in particular from large transnational corporations establishing in the rural areas.

The new emerging strategies appear to be aggressively export-oriented aimed at maximizing the new preferential market access to Europe and the USA, and some regional integration to maximize the SADC Free Trade Agreement. Of concern is the ability of the traditional manufacturers, who have structurally changed to survive local market competition, to embrace and supply the very high volumes of production required by the USA markets.

This is likely to entail one or both of the following strategic actions by local RSA clothing manufacturers:
1. A "pulling back" of subcontracted operations to resource and manage the growth of the formal exporting base and/or
2. A large additional expansion and investment by the local firms without any change to the local market outsourcing patterns and subcontracting arrangements in order to maintain local market supply levels.

Growth of exports by larger firms is expected to remove some of the pressure on small firms for competition in the local market.

The implications of this structural shift are positive for formal job creation, local investment and export growth, only if that shift can be successfully managed in the short space of time available to exploit the window of opportunity offered in preferential market access to RSA clothing.

It is also dear that KwaZulu Natal, Free State and the Western Cape is the most ideal locations for new investment projects, with KwaZulu Natal being the front runner in both knitwear and clothing. Further, the analyses clearly provide insights that set the stage for a more targeted approach with regard to investment and employment in the sector. As, for the knitwear it reveals that the most employment were created by new investment in the range of R20 million to R30 million. Whereas, in the clothing sector employment is created in the investment range R0.2 million to R10 million. This makes sense, as the knitwear is more capital intensive than the clothing sector. One could further conclude that with regard to the clothing this is also indicative of the increasing importance of SMME's in the sector.

With regard to foreign investors the increasing importance of foreign investors in creating employment in both the knitwear and clothing sector is evident in the year 2000. At this stage it is difficult to pinpoint whether the increase in the foreign investors in both the knitwear and clothing industry is due to the active investment seeking strategies pursued by ISA and the DTI or whether it is due to the anticipated US market access that will be realized through AGOA (The Africa Growth and Opportunity Act).

Additional areas of policy which will be relevant to support successful change will include rapid skills upgrading largely utilizing the new SETA's management transformation; effective transport logistics; effective customs clearance & rebate policies; supportive credit policies to enable the working capital for this shift and the capital investment required; rapid processing of work permits for technical and managerial staff; and accessible technical support for exporters in complying to the origin requirements for preferential trade access and implementing the necessary visa systems.

References

Altman, M (1997) State Regulation and Accumulation Strategies: Restructuring of the South African Clothing Industry, University of Manchester

Clofed Handbook, (1997) Clothing Federation of South Africa.

Department of Trade & Industry, (1999) Manufacturing Development Program (MDP) statistics and interviews with MDP consultants.

Department of Trade & Industry Preliminary Analysis of the Clothing Industry (Sector Summit 2000 Documents), (2000)

Dunne, N (2000) Understanding The South African Clothing Sector From The Perspective Of Leading South African Clothing Retailers, University of Natal Industrial Restructuring Project, School of Development Studies.

DUMAC, (1999) Telephonic Interview with Sifiso Kunene, Industrial Advisor: Clothing; and Surish Soni.

Fakude, G (2000) Informalisation in Kwazulu-Natal's Clothing Sector, University of Natal Industrial Restructuring Project, School of Development Studies.

Hood, T., May/June (1999) Pursuit Magazine: "Cape Clothing Industry Review".

Industrial Development Corporation, (1999) Core Economic Indicators Third Quarter 1999.

IDC database and interviews with IDC Officials, (2000).

Marketing & Planning Consulting Services cc. (MPCS), (1999).

October, L (1996) A Study of the Cape Clothing Industry, DPRU, University of Cape Town.

Prinsloo, E (1996) The Clothing Industry in Durban, DPRU, University of Cape Town.

Rao,A.R, Bergen, M.E, & Davis, S (2000) Harvard Business Review : "How To Fight A Price War", March-April 2000, p 107-116.

Smith C.W, Mead G.P, Wicks C.T, and Yewdall G. A (1969) Management Information – Its Computation and Communication, Pan Books Ltd, London

StatsSA. DTI Textile Survey, (2000)

StatsSA Employment Statistics, (2000) various P0271 and P0242.1 statistical series

Texfed, (1999) Textile Statistics and Economic Review.

APPENDIX I. A Methodological Note

The data that were used to compile graphs 6 to graph 22 were requested from the IDC and the MDP on an annual basis from 1994 to 2000. The data were requested from both institutions using the same headings. This was done in order to make the merging of the data on a sensible basis possible. These headings are:

- Number: The numbering of the number of projects on an annual basis
- Data source: From what institution does the project originates from – the IDC or the MDP
- Date Approved: The date that the project were approved.
- Financial Year: Stating the financial year that the project is allocated to.
- Province: The province where the project is allocated.
- Development location: The town where the project is allocated.
- SIC Code: The sic classification of the project within the respective branch of industry.
- Product Description: A description of the products that the industrialists produce.
- Government investment: Government 's contribution – either in the form of incentives or loans – to the project.
- Total investment: the investment by the industrialist in operational assets.
- Foreign Investment: The foreign investors investment in operational assets.
- Origin of foreign investment: Stating the country from which the foreign investor originates.

- Employment: Stating the number of new job opportunities that is created by the project.

After the databases were merged under the above headings, tables were constructed and these formed the basis for graphs.

The reader should note that for confidentiality reasons the detailed database won't be included, but a list of the tables (See Appendix II).

Appendix II. Tables

These tables form the backdrop of the graphs 5 to 20

Total Number of Projects Per Province 1994 –2000

	EC	FS	GP	KZN	MPU	NC	WC	NTP	NW	Tot
1994-2000	42	73	18	156	10	10	67	5	9	390
%	10.8	18.7	4.6	40.0	2.6	2.6	17.2	1.3	2.3	100.0

Provincial spread of knitwear projects

No of Knitwear projects-313000

Year	EC	FS	GP	KZN	MPU	NC	WC	NTP	NW
1994	1	3	1	3	0	2	1	0	0
1995	3	0	0	5	0	2	9	0	0
1996	3	4	0	6	0	0	5	0	1
1997	1	3	0	2	0	1	3	0	0
1998	1	2	0	4	1	0	5	0	2
1999	1	0	0	4	0	0	2	0	0
2000	2	1	0	12	0	0	3	0	1
TOTAL	12	13	1	36	1	5	28	0	4

% of knitwear projects

Year	EC	FS	GP	KZN	MPU	NC	WC	NTP	NW
1994	9	27	9	27	-	18	9	-	-
1995	16	-	-	26	-	11	47	-	-
1996	16	21	-	32	-	-	26	-	5
1997	10	30	-	20	-	10	30	-	-
1998	7	13	-	27	7	-	33	-	13
1999	14	-	-	57	-	-	29	-	-
2000	11	5	-	63	-	-	16	-	5

Provincial spread of clothing projects

No of clothing projects - 314000

Year	EC	FS	GP	KZN	MPU	NC	WC	NTP	NW
1994	7	9	2	12	2	0	1	0	0
1995	8	6	1	19	0	0	3	1	0
1996	1	15	0	24	2	1	6	1	1
1997	1	6	0	11	2	0	6	2	2
1998	6	11	3	16	1	1	8	0	0
1999	2	7	2	14	0	1	9	1	1
2000	5	6	9	24	2	2	6	0	1
	30	60	17	120	9	5	39	5	5

% of clothing projects

	EC	FS	GP	KZN	MPU	NC	WC	NTP	NW
1994	21	27	6	36	6	-	3	-	-
1995	21	16	3	50	-	-	8	3	-
1996	2	29	-	47	4	2	12	2	2
1997	3	20	-	37	7	-	20	7	7
1998	13	24	7	35	2	2	17	-	-
1999	5	19	5	38	-	3	24	3	3
2000	9	11	16	44	4	4	11	-	2

Investment Range - Knitwear - 19 Projects - 2000

	R 0.5 million < R10 million	R 10 million < R 20 million	R 20 million < R 30 million	Total
No. of Projects	14	2	3	19
%	73.7	10.5	15.8	100
Employment	803	334	1840	2977
% Employment	27.0	11.2	61.8	100.0

Investment Range & No. & % of Projects and Employment from 1994 to 2000 – Clothing Sector

	R 0.2 m < R10 m	R 10 m < R 20 m	R 20 m < R 30 m	R30 mil+	**Total**
1994# Projects	27	3	1	2	**33**
% Projects	81.8	9.1	3.0	6.1	**100**
# Employment	2,976	1,377	350	3,902	**8,605**
%Employment	34.6	16.0	4.1	45.3	**100**
	R 0.2 m < R10 m	R 10 m < R 20 m	R 20 m < R 30 m	R30 mil+	
1995# Projects	34	3	1	-	**38**
% Projects	89.47	7.89	2.63	-	**100**
# Employment	3,291	625	215	-	**4,131**
%Employment	80	15	5	-	**100**
	R 0.2 m < R10 m	R 10 m < R 20 m	R 20 m < R 30 m	R30 mil+	
1996# Projects	52	1	3	-	**56**
% Projects	92.86	1.79	5.36	-	**100**
# Employment	4,729	1,153	656	-	**6,538**
%Employment	72	18	10	-	**100**
	R 0.2 m < R10 m	R 10 m < R 20 m	R 20 m < R 30 m	R30 mil+	
1997# Projects	26	4	-	-	**30**
% Projects	86.67	13.33	-	-	**100**
# Employment	1,595	1,308	-	-	**2,903**
%Employment	55	45	-	-	**100**
	R 0.2 m < R10 m	R 10 m < R 20 m	R 20 m < R 30 m	R30 mil+	
1998# Projects	39	7	-	-	**46**
% Projects	84.78	15.22	-	-	**100.00**
# Employment	4,129	646	-	-	**4,775**
%Employment	86	14	-	-	**100**
	R 0.2 m < R10 m	R 10 m < R 20 m	R 20 m < R 30 m	R30 mil+	
1999# Projects	47	-	-	-	**47**
% Projects	100.00	-	-	-	**100**
# Employment	2,768	-	-	-	**2,768**
%Employment	100	-	-	-	**100**
	R 0.2 m < R10 m	R 10 m < R 20 m	R 20 m < R 30 m	R30 mil+	
2000# Projects	53	1	1	-	**55**
% Projects	96.36	1.82	1.82	-	**100**
# Employment	5,592	107	609	-	**6,308**
%Employment	89	2	10	-	**100**

Appendix III. The Limitations of this paper

The authors have identified the following two major limitations:

- Given the dynamic research environment within which we operate it might be the case that some literature exist, on employment on the textile and clothing industries that were not considered by the writers;
- Also with regard to the employment and investment analysis, the reader should note that that besides the IDC and MDP programmes there are also other support programmes in the department that the clothing industry benefited from. These programmes are Export Marketing and Investment Assistance Scheme (EMIA), Competitiveness Fund, etc. and the impact of these on employment were not considered in this paper.
- The reader should also note that this research started of with the preparation for the "Sector Summit" in 1999, so that some of the sources tend to be a little dated.