GLOBALISATION AND ITS IMPACT ON OPERATIONAL FLEXIBILITY DRIVE AND THE PERFORMANCE OF GHANA’S SMALL AND MEDIUM-SCALE GARMENT ENTERPRISES

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ABSTRACT

Purpose: This study aims to dissect the complex dynamics between globalisation, operational flexibility, and enterprise performance in Ghana's garment manufacturing sector.

Design/Methodology/Approach: Employing a quantitative research design, the study analyses survey data collected from members of the Ghana National Dressmakers and Tailors Association (GNDTA) who are registered with the Ministry of Trade and Industry (MoTI) database across major industrial cities: Accra, Kumasi, and Tamale. Two hundred and thirteen small and medium garment producers were sampled from the three ecological zones in Ghana by convenience and stratification. Descriptive statistics were used to analyse frequencies.

Findings: The findings of the study revealed that globalisation significantly influences enterprise performance. Hence, operational flexibility did not influence performance. Additionally, operational flexibility did not explain the relationship between globalisation and enterprise performance.

It can be concluded that fashion industries do not need operations to improve their performance, but rather globalisation to boost their performance in the fashion industry. It is recommended that fashion firms should focus more on globalisation to enhance their performance in the fashion industry.

Research limitation /Implication: This study focused on Globalisation, Operational flexibility, and Enterprise Performance.

Practical implication: It was discovered that there are practical implications of globalisation for Small and medium-sized garment enterprise practitioners and other small garment enterprises in developing countries.

Social implication: This study will assist policymakers in addressing globalisation's impact on Small and medium-sized garment enterprises considering that globalisation is a key factor in supporting the performance of enterprises' profitability and sustainability.

Originality/ Value: The inclusion of operational flexibility as a central driving force sets this study apart. Examining how globalization influences the ability of garment enterprises to adapt and be flexible in their operations contributes novel insights into the mechanisms that drive competitiveness in the global market.

Keywords: Enterprises. garment. globalisation. operational flexibility. performance
INTRODUCTION

Globalisation is a phenomenon sweeping across the globe recently and has been hastened by influences such as the World Trade Organization (WTO) through an increase in the quantity of regional economic trading blocs, liberalised trade markets and rapid technological changes (Steger & James, 2019). Ghana’s participation in global trade has enabled traders to import clothing items at lower costs than ever before (Brooks & Simon, 2012; Fosu, 2011; Morris & Barnes, 2009); this has engendered intense competition in the fashion industry, enabling the local fashion designers to create a considerable shift in the consumption patterns of fashion items.

Industrialisation and its attendant Operational Flexibility have become the central feature of an advanced process for several countries. Schoemaker et al. (2018) specify that large or small firms now require three innovative abilities – the ability to learn, change, and compete – to prepare for the challenges ahead. Firms must also develop the proper skills to adapt to the various shifts arising in the 21st century represents change (Ferreira et al., 2020; Amit & Zott, 2020; Teece, 2018; Teece et al., 2016). Progressively, over the decades, several policymakers have set forth the need for economies, particularly emerging economies, to embark on industrialisation agendas. Globally, a robust industrial sector performs a critical function in realising decent socio-economic progress, leading to prosperity for the citizens of any nation (Cernev & Fenner, 2020; Philippidis et al., 2020). Accordingly, industrialisation is the way forward, particularly for African nations (Opoku & Yan, 2019; Zahonogo, 2018).

This is predominantly so because industries motivate the increase in productivity and income generation, which in due course have a trickle-down outcome on all sectors of a nation’s economy, explicitly growth in the Gross Domestic Product (GDP), a favourable balance of payments, income distribution, rural development, and poverty reduction (Olivera, 2019; Newfarmer et al., 2019; Signé, 2018; Samouel & Aram, 2016). In discoursing industrialisation, contributions of Small and Medium Scale Fashion Enterprises (SMFEs) are commonly overlooked, with much attention given to large-scale Enterprises. Nonetheless, SMEs are imperative for developing nations as they are the persuasive engine of economic growth, job creation and poverty reduction (Rakshit et al., 2022; Fabrizio et al., 2021; Gherghina et al., 2020; Gamba, 2019).

Ghana’s small and medium-scale garment enterprises are not just business entities but vital cogs in the economic machinery, driving growth and prosperity across nations. Sabanidze et al. (2021), Gherghina et al. (2020), Ayandibu and Houghton (2017), Neagu (2016), and Dauti et al. (2020) highlight that small and medium enterprises (SMEs) are increasingly becoming synonymous with economic prosperity and overall societal well-being. This is a global phenomenon, as SMEs play a crucial role in addressing various socio-economic objectives, such as creating jobs and nurturing entrepreneurial. The contribution of SMEs to the economy is substantial. Ncube and Zondo (2022), Ahmed and Kim (2020), Zafar and Mustafa (2017), and the OECD (2017) provide empirical evidence that SMEs contribute over 55% of GDP and over 65% of total employment in high-income countries. This impact is even more pronounced in low and middle-income countries. According to Sabanidze et al. (2021), SMEs account for over 60% of GDP and over 70% of total employment in low-income countries. The OECD (2016) further reveals that in middle-income countries, these enterprises contribute to over 95%
of total employment and approximately 70% of GDP. In the context of Ghana’s garment industry, these insights underscore the importance of understanding and harnessing the dynamics of globalization and operational flexibility. This approach fosters enterprise growth and contributes significantly to national economic development and competitive positioning on the global stage.

In Ghana, SMEs are the backbone of the economy, representing approximately 85% of businesses and contributing approximately 70% of Ghana’s GDP (ITC, 2016). SMEs perform an even more substantial function in Ghana, where they account for more than 80% of employment as opposed to 67% globally and over 70% of private-sector output against 52% globally (MoTI, 2019). Similarly, it is estimated that approximately 90% of businesses in Ghana are SMEs, which is consistent with the global average (MoTI, 2019). Available data offers insights into how the various segments of SMEs contribute to the number of businesses and total employment. Micro-enterprises dominate the number of enterprises in operation.

The challenge is that studies do not measure the effect of globalisation on SMEs to strengthen their Operational Flexibility. For instance, Gonda et al. (2020) discovered that the most important competitive factor in fashion SMEs is compliance with consumer needs and suggested that SMEs lag in their supply chains, thus focusing more on better understanding and meeting consumer expectations. Additionally, Ng and Kee (2017) assert that though SMEs make a significant contribution to economic growth and perform a pivotal function as a catalyst for development to inspire innovation, Operational Flexibility, and future growth, owing to their size and inadequate resources, most of them regularly struggle to keep on top of development in competences and skills and encounter complications keeping their operational activities in balance. Based on this there is a need to examine globalisation and its impact on operational flexibility drive and the performance of Ghana SMEs.

GLOBALISATION, ITS DIMENSIONS AND IMPACT
One of the complex and multidimensional phenomena that means different things to different people across countries, regions, and times is the term ‘globalisation’ (Takefman, 2023; Ali, 2012). It encompasses the construal of current events in the international domain about development, economic conditions, social scenarios, and political, technological, and cultural influences. Sarpong et al. (2011) have described globalisation as the extent of interdependencies, coupled with the rapid drifts of products, services, finance, people, and ideas, as well as changes in establishments and policies at both national and international levels that support such flows in the industry. Consequently, it is seen as the key through which manufacturers produce and distribute their wealth in exchange for economic gains.

The Etymology of the Operations in the Garment Industry
Garment production is the process of converting raw materials into finished garments. Kiron (2022) defined a garment production system as a combination of production processes, materials handling, personnel and equipment that direct workflow and produce finished garments. It represents a complex and dynamic sector that operates globally, with a wide range of stakeholders involved in each stage of the supply chain. It consists of organised activity in sequential processes such as product design, fabric selection and inspection, patterning, laying, marking, cutting, bundling, stitching, checking, finishing, detailing, pressing and...
Priya (2021) categorises garment production processes as pre-production processes, which are processes done before bulk garment production. Production processes: the main activity is sewing, and post-production processes include finishings and packaging.

One of the basic components in garment manufacturing is the sourcing of fabric. About 65 to 70% of the total cost of the garments comes from the cost of the fabric. Moreover, more than 50% of the tasks in a garment order are related to the fabric (Kiron, 2022). Therefore, it is prudent that the right fabric, at the right quality and quantity, at the right price, and within the right time frame, is sourced to meet the intended purposes. With the screen and wax prints, most are locally produced by the four textiles companies in Ghana, which are Akosombo Textiles Limited (ATL), Ghana Textile Printing (GTP) now Textstyles Ghana Limited, Printex and Ghana Textile Manufacturing Company (GTMC) (Howard, 2015). Ntim et al. (2020) observes that aside from ATL, which produces its grey cloth, all the other textile companies import grey baft or semi-finished/bleached cloth for printing in Ghana, which invariably adds to the cost of production.

Theoretical background
This study is anchored in the foundational theories of firm Operational Flexibility and performance in the context of globalization. The Dynamic Capabilities Theory serves as a cornerstone, suggesting that a firm's ability to rapidly adapt and reconfigure internal and external competencies is a key determinant of competitive advantage in a globalized economy (Teece, Pisano, & Shuen, 1997). Recent studies reinforce this view, demonstrating that dynamic capabilities significantly impact a firm’s open innovation performance, which in turn influences competitive performance. This relationship is evidenced through structural equation modelling (SEM) analyses, confirming that open innovation acts as a partial mediator between dynamic capabilities and competitive firm performance (Pundziene et al., 2022; Ren & Peng, 2021). Moreover, the research delineates reconfiguring capabilities as crucial for organizations to renew resources and competencies in response to environmental changes, a perspective that aligns with the increasing pace of globalization (Karman & Savanevičienė, 2021).

In addition to dynamic capabilities, Porter’s Diamond Model remains influential in understanding how national competitive advantage is shaped by globalization. It provides a framework for analysing how firm strategy, structure, and rivalry, as well as demand conditions, factor conditions, and related supporting industries, contribute to the Operational Flexibility of firms and industries within a country (Porter, 1990). Emerging studies expand on this model by investigating the governance choices of small and medium-sized enterprises (SMEs) within the global arena, highlighting how organizational capabilities affect their foreign governance decisions and competitive positioning (Knight & Cavusgil, 2004). Furthermore, the interplay between dynamic capabilities and creativity and innovation has been identified as pivotal for enhancing competitive advantage and performance. The mediating role of creativity and innovation capabilities further establishes dynamic capabilities as instrumental for firms to maintain a competitive edge in the rapidly evolving global market (Ferreira et al., 2020).
METHODOLOGY
The study employed a descriptive research design. The target population for the study comprises members, managers (Mastercraft men- ‘masters’ and ‘madams’) and chief executive officers of Ghana National Dressmakers and Tailors Association (GNDTA) who constitute Tier 2 Apparel Manufacturers registered on the data base of the Ministry of Trade and Industry, Ghana. The accessible population on the other hand included selected GNDTA members located in the Greater Accra, Ashanti, and Northern regions of Ghana. Preliminary enquiries show that the sixteen (16) regions in Ghana have a total of 550 zones and the three selected regions have a combined population of 192 zonal branches registered under GNDTA.

The study adopted 40% of the stratified population (Table 1) for analysis and generalization of all the data collected. included in the sample for acceptable results when using stratified sampling. The larger sample size was reduced to an appreciable size as to interpret the response qualitatively and quantitatively.

Table 1: Stratification of Accessible Population

<table>
<thead>
<tr>
<th>Strata</th>
<th>Selected regions</th>
<th>Zones</th>
<th>Randomization level (40% Zones)</th>
<th>Sample size (randomized level of zones x 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stratum 1</td>
<td>Greater Accra</td>
<td>65</td>
<td>26</td>
<td>78</td>
</tr>
<tr>
<td>Stratum 2</td>
<td>Ashanti</td>
<td>84</td>
<td>34</td>
<td>102</td>
</tr>
<tr>
<td>Stratum 3</td>
<td>Northern</td>
<td>45</td>
<td>18</td>
<td>54</td>
</tr>
<tr>
<td><strong>Total Population</strong></td>
<td></td>
<td><strong>192</strong></td>
<td><strong>78</strong></td>
<td><strong>234</strong></td>
</tr>
</tbody>
</table>

Source: Fieldwork (2023)

The convenience sampling techniques were used in conjunction with the stratified random sampling in this study. The researcher conveniently selected two hundred and thirty-four (234) members out of the seventy-eight (78) GNDTA zones from the three (3) selected regions. Within each zone, three (3) respondents were selected. to give each member of the population, an equal opportunity of being selected (Avoke, 2005, p.94).

Data Collection Instruments
An adapted questionnaire was used for data collection. Globalisation Scale was developed by Rowley (2012) which comprises a five-point Likert scale, for which 1= ‘strongly disagree’ to 5= ‘strongly agree’. The operational Flexibility Scale was developed by Punch (2005) which consists of a five-point Likert scale a five-point Likert scale, ranging from A very large extent and 1='Never' to 5='Always. Lastly, the Enterprise performance scale was developed by Connelly (2008) which comprises a five-point Likert scale, for which 1= ‘strongly disagree’ to 5= ‘strongly agree’. 234 questionnaires were distributed and 204 questionnaires were responded to and returned leading to an 87% response rate. Descriptive statistics were used to analyse frequencies and mean scores.
**FINDINGS AND DISCUSSION**

The objective of the study was to determine whether operational flexibility will influence the relationship between globalisation and the enterprise performance of SMEs. The mediation analysis was performed using SEM path analysis with 1000 bootstrap samples, with bias-corrected confidence intervals. The predictor variable was Globalisation (X) and was measured continuously. The criterion variable was enterprise performance (Y) and the mediating variable was operational flexibility (M). Both variables were measured on a continuous scale.

Before mediation was tested the result showed that globalisation significantly predicted enterprise performance $B = .76$, *Boost 95% CI* (.08, .42). Thus, globalisation significantly influences enterprise performance. However, operational flexibility $B = .08$, *Boot 95%CI* (-.07, .23) was not a significant predictor of enterprise performance. The results imply operational flexibility did not significantly influence enterprise performance. Details of indirect, direct effect and total effect are presented in Table 2 and Figure 1.

<p>| Table 2: Indirect Effect, Direct Effect and Total Effect |
|------------------------------------------|------|------|------|------|------|------|</p>
<table>
<thead>
<tr>
<th>Effect</th>
<th>BSE</th>
<th>CR</th>
<th>$P$</th>
<th>Lower Limit</th>
<th>Upper Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total effect of X on Y</td>
<td>.74</td>
<td>.09</td>
<td>3.44</td>
<td>.000</td>
<td>.08</td>
</tr>
<tr>
<td>Direct effect of X on Y</td>
<td>.76</td>
<td>.08</td>
<td>10.02</td>
<td>.000</td>
<td>.58</td>
</tr>
<tr>
<td>Indirect effect of X on Y</td>
<td>Effect</td>
<td>BSE</td>
<td>BootLLCI</td>
<td>BootULCI</td>
<td></td>
</tr>
<tr>
<td>Operational Flexibility</td>
<td>-.02</td>
<td>.06</td>
<td>-.20</td>
<td>.09</td>
<td></td>
</tr>
</tbody>
</table>

X- Globalisation, Y- Enterprise Performance, Significant, $p < .05$

The results from Table 2 indicated that the direct effect of Globalisation on enterprise performance was statically significant $B = .76$, *Boost 95% CI* (.08, .42). This means without the mediator (operational flexibility) will solely predict enterprise performance ($B = .76$). However, when the mediator variable (operational flexibility) was introduced, as indicated in the indirect effect, the relationship was not significant $B = -.02$, *Boot 95% CI* (-.20, .09). Thus, operational flexibility did not mediated/explained the relationship between Globalisation and enterprise performance. Figure 1 shows the path model for mediation (operational flexibility).
Figure 1: Path Model for Mediation (Operational Flexibility)

Discussion
The result of this study revealed that globalisation significantly influences enterprise performance. Hence, operational flexibility did not influence performance. Additionally, operational flexibility did not mediate/explain the relationship between globalisation and enterprise performance. This implies the fashion industry does not need operations to improve its performance, but rather globalisation to boost its performance in the fashion industry. From the study, the population was made up of enterprises from the urban cities and it was not surprising that firms did not need operations to improve their performance. These firms in the urban cities already have access to raw materials, transportation, good internet service etc. However, the exposure of the urban cities to globalisation has brought a lot of competition among firms which leads to an improved performance among firms in the fashion industry.

The results of this study were not consistent with Ocloo et al. (2014) highlighted the dual nature of globalization, presenting both challenges and opportunities for SMEs in Accra, Ghana, indicating the need for adaptation to global changes. Dzisi et al. (2014) echoed this sentiment, noting the importance of understanding and adapting to the global business environment for the success of SMEs. Padi and Musah (2022) found that adherence to global standards in corporate governance positively affects the financial performance of SMEs, emphasizing the benefits of international best practices. Nsowah and Phiri (2023) observed that strategic outsourcing, a global business practice, enhances the operational performance of SMEs in Ghana. Lastly, Korankye (2020) emphasized the interconnectedness of local enterprises with global events, as seen in the impact of the COVID-19 pandemic on SMEs, highlighting the...
necessity of global awareness for maintaining enterprise performance. These studies collectively underscore the policy implication that SMGEs in Ghana should actively integrate global trends, technologies, and best practices to improve their performance and sustainability in a globalized economy.

Further, the findings of the study contradict Yousuf et al. (2021) and Mansour (2022) have shown that operational flexibility, often enhanced by globalization, is critical for improving company performance and is particularly influential in areas like sustainability. Akhtar and Mittal (2014) emphasize the importance of adaptability in strategic planning and information systems for effective performance management in a globalized business environment. Demeter’s (2014) study also finds that international operations necessitate increased operational flexibility, leading to improved performance. More so, research by scholars like Nader (2021), Camisón et al. (2010), Weihong (2008), and Yousuf (2019) reinforces the crucial role of operational flexibility in mediating the impact of globalization on enterprise performance. These studies highlight that practices like lean manufacturing and sustainability significantly boost performance. Zhang (2014) notes the complex relationship between strategic flexibility and internationalization, while Arias-Aranda (2011) and Li (2000) focus on the importance of operational flexibility in outsourcing and export performance. Ma (2015) also underscores the positive impact of financial flexibility on firm performance.

**CONCLUSION**

It can be concluded that fashion industries do not need only operations to improve their performance, but rather globalization to boost their performance in the fashion industry. This suggests that fostering the positive and negative impact of globalization is key to global market engagement and overall enterprise performance.

The inclusion of operational flexibility as a central driving force sets this study apart. Examining how globalization influences the ability of garment enterprises to adapt and be flexible in their operations contributes novel insights into the mechanisms that drive competitiveness in the global market. The integration of these elements contributes to a nuanced understanding of how these enterprises navigate and respond to the challenges and opportunities presented by a globalized marketplace.

**Practical Implications**

Understanding the impact of globalization on operational flexibility necessitates a focus on optimizing the supply chain. Garment enterprises can explore ways to enhance supply chain efficiency, reduce lead times, and ensure the timely delivery of products to meet global demand.

Entrepreneurs can consider adopting flexible operational models that allow for rapid adaptation to changing global market dynamics. This may involve investing in technology, training, and supply chain management systems that enhance operational agility.

**Social Implications**

Globalization often involves cultural exchange. Garment enterprises engaging with international markets may contribute to cultural diversity within local communities. This can lead to a more culturally enriched and globally aware society.
The study's findings underscore the potential for social mobility and economic empowerment. As garment enterprises thrive in the global market, individuals and families associated with these businesses may experience upward social mobility and improved economic conditions.

Successful globalization efforts have the potential to contribute to community development, cultural enrichment, gender equality, and overall improvements in the well-being of individuals and communities associated with the garment industry.

Recommendation
It is recommended that garment SMEs adopt comprehensive strategies and targeted interventions by usurping collaborative efforts of government initiatives, private sector partnerships, upgrading skills, and modernizing infrastructure to enhance their performance in the fashion industry.

REFERENCES


