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# Innovation for bringing creativity to activate Traditional Sectors in MED area

## STUDY OF JORDAN (Textile, Clothing, Footwear and Leather Industries Sector)

**WP3 Design a value-driven traditional sectors cross-border framework**  
**OUTPUT3.2 :Business survey on MSMEs Textile Clothing, Footwear & Leather Industries Sector in JORDAN**



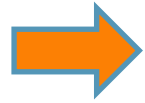
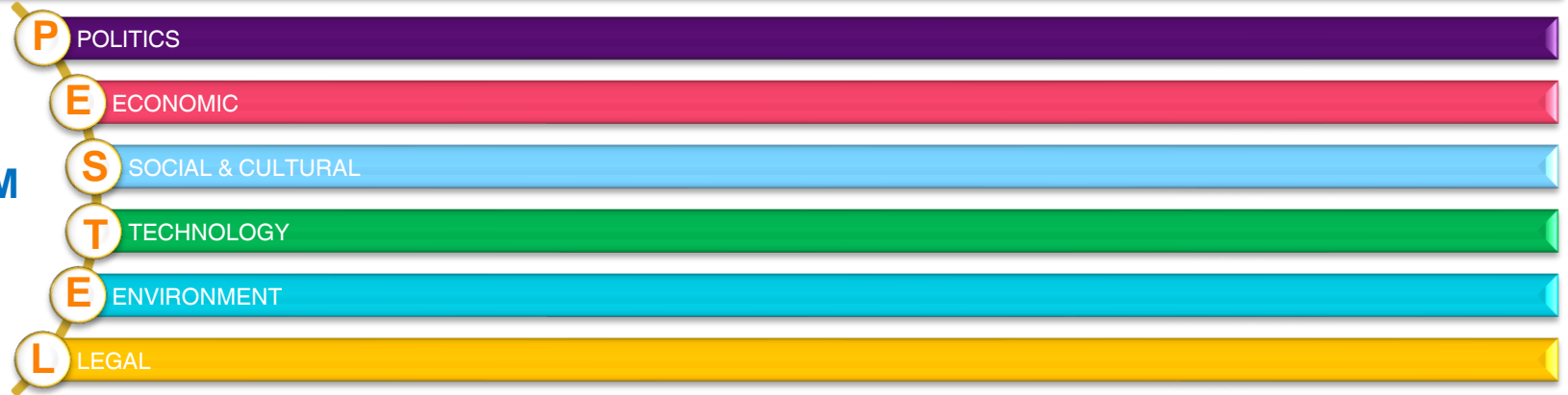
## IDENTIFICATION OF THE TRADITIONAL SECTORS (TEXTILE & CLOTHING, FOOTWEAR AND LEATHER) IN Jordan

### METHODOLOGY

Step 1

Environmental Analysis: identification of factors

**SURVEYS FROM  
SMEs & CCIs**

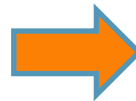


**RESULT: OPPORTUNITIES AND THREATS**

Step 2

Internal Analysis of the sector

**SURVEYS FROM  
SMEs & CCIs**



**RESULT: STRENGTHS AND WEAKNESSES**

Step 3

SWOT (WEAKNESSES, THREATS, STRENGTHS AND OPPORTUNITIES)



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## Main Objective of Output 3.2

Study and analyze the needs, development opportunities and challenges of the Textile, Clothing, Footwear and Leather Industries Sector in Jordan in order to conduct SWOT Analysis, design and plan the upcoming project activities as well as contribute to enhancing the sector competitiveness

Business survey on MSMEs Textile Clothing, Footwear & Leather Industries Sector in JORDAN was implemented by Amman Chamber of Industry based on subcontracting by the Higher Council for Science and Technology in Jordan



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## Data Collection and Sampling

- Tailor-made Survey was developed.
- Sample structure and size was designed to be representative for the sector, where the survey was answered by 189 companies.



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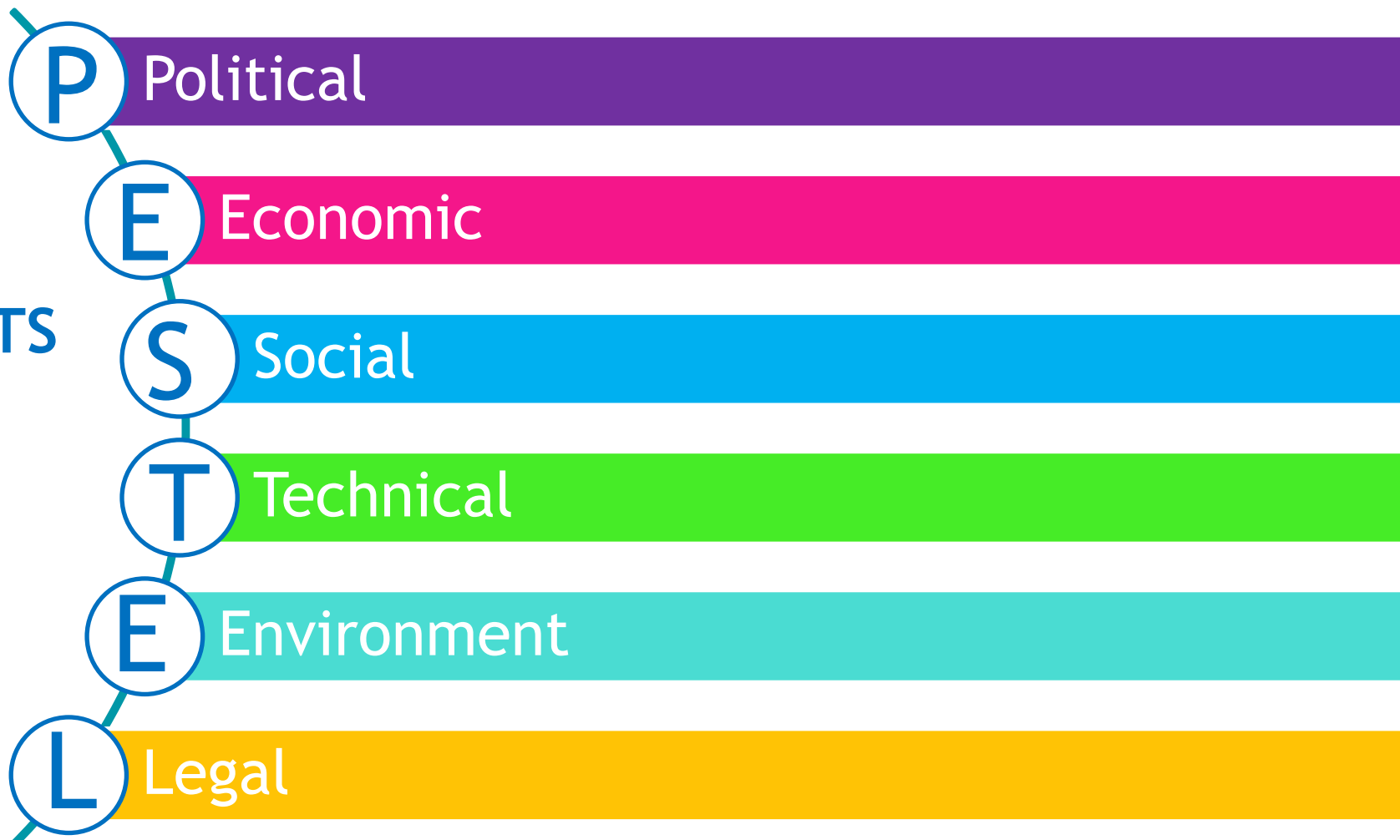


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Step 1

Environmental Analysis: identification of factors

EXTERNAL ELEMENTS  
WHICH AFFECT  
TRADITIONAL  
SECTORS



# Political

FACTORS	DETAILS	IMPACT				
		Very negative 	Negative 	Indifferent 	Positive 	Very positive 
Free Trade agreements (FTAs) such as the ones signed between Jordan with Arab Countries, EU and USA	Duty free access available for Jordanian products exported to the countries at which Free Trade Agreements (FTAs) are signed as well as the duty free access available for the import of product to Jordan	10.0%	3.7%	45.5%	27.0%	13.8%
Customs policies related to the exemption of production inputs from customs duties	National customs legislations related to the exemption of customs duties of imported production inputs used in manufacturing such as fabric, accessories and leather	29.1%	13.2%	23.8%	29.1%	4.8%



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# Economic

FACTORS	DETAILS	IMPACT				
		Very negative 	Negative 	Indifferent 	Positive 	Very positive 
Banks financing and loans mechanisms	Required measures, conditions and procedures to access bank financing and loans in order to cover running cost as well as any investment and development cost	22.2%	22.7%	40.7%	12.2%	2.2%
Availability of production inputs at competitive prices	Availability and prices of production inputs used in manufacturing such as (fabric, accessories, leather )	31.2%	38.1%	11.7%	15.3%	3.7%
Energy and electricity prices	Energy prices ( fuel, gas and electricity)	64.6%	20.1%	11.1%	4.2%	0.0%
Purchasing power of consumers	Ability of consumers to buy goods	39.7%	28.0%	6.3%	23.8%	2.2%
Government policies related to providing incentives and financial support	Governmental policies to provide different types of incentives and financial grants covering different areas of needs and interests to the companies	30.2%	28.5%	37.1%	4.2%	0.0%



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# Social

FACTORS	DETAILS	IMPACT				
		Very negative 	Negative 	Indifferent 	Positive 	Very positive 
Purchasing practices of local consumers , also their confidence level towards local products	Consumers preferences and awareness of the quality, price, fashion trends in addition to awareness and confidence towards local products	22.2%	20.1%	6.9%	39.7%	11.1%





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# Technical

FACTORS	DETAILS	IMPACT				
		Very negative 	Negative 	Indifferent 	Positive 	Very positive 
Availability of trained and qualified Jordanian labor	The matching level between supply and demand in labour market	49.2%	22.8%	7.9%	15.3%	4.8%
Availability of specialized support services (design, laboratory tests, technical consultations)	Availability of national centers and institutions that can provide the required specialized services for the companies such as ( design & fashion trends, laboratories test , technical consultation, training, ...etc. )	11.1%	19.6%	43.9%	20.1%	5.3%



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# Environment

FACTORS

DETAILS

IMPACT

Very  
negative



Negative



Indifferent



Positive



Very  
positive



Governmental environmental  
policies & disposal of leftovers of  
textile, leather and waste

The government national policies imposed on  
companies and covering areas related to  
(environmental issues & measures, emissions, waste  
management and disposal, using chemicals, waste  
water treatment , recycling )

19.0%

7.4%

55.6%

7.4%

10.6%



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# Legal

FACTORS	DETAILS	IMPACT				
		Very negative 	Negative 	Indifferent 	Positive 	Very positive 
Monitoring of imports and increasing imports of products of low quality and low prices	Regulations and procedures of quality control of imported goods mainly to verify complying with national regulations, standards and labelling requirements	52.9%	14.8%	26.5%	3.2%	2.6%
Governmental laws and regulations for income tax and sales tax	National legal framework - laws , regulations, instructions and financial procedures related to income tax and sales tax	40.7%	28.6%	27.5%	2.1%	1.1%
Governmental labour laws and regulations	National legal framework- laws, regulations, instructions and procedures related to labour issues , obligations and rights of employers and workers	38.6%	24.9%	28.0%	7.4%	1.1%



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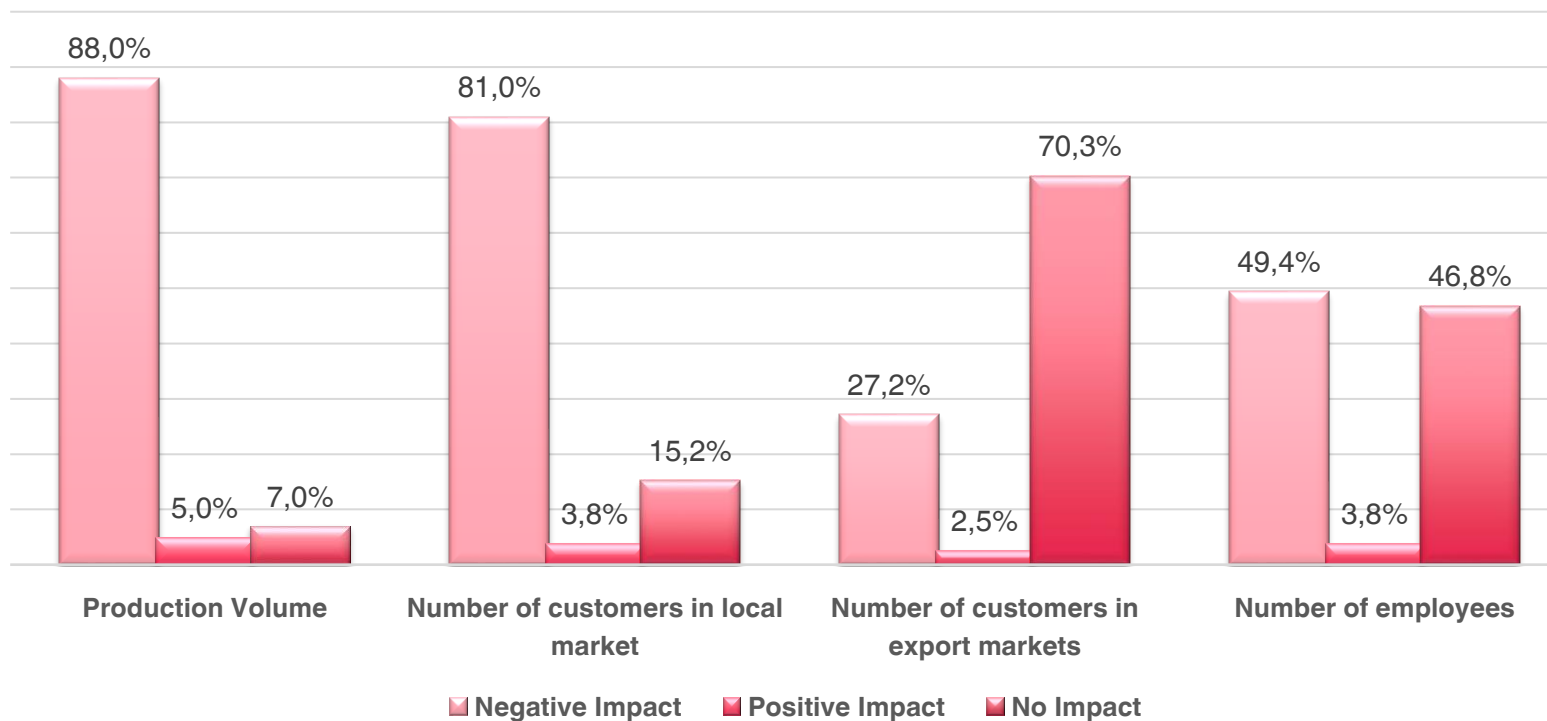
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## Factors affected by COVID-19 pandemic

The results of survey showed that only (5%) of sector companies were not affected by COVID19 pandemic.





## Step 2

## Internal Analysis of the Sector

RESOURCES		CAPABILITIES	
R1	Level of experience and skills of top management, middle management and supervisors	C1	Local and international promotion methods & activities
R2	Level of training and skills of production lines workers	C2	Building strategies and development plans
R3	Level of experience and skills of the marketing staff	C3	Complying with environmental standards through using environment friendly materials
R4	Level of experience and skills of the design and development staff	C4	Products design and keeping up with fashion trends
R5	Machinery and manufacturing technologies	C5	Products quality
		C6	Products Prices
		C7	Innovation and excellence of products

### Superfluous strenghts

R4

C4

C7

### Key strenghts

R2

R5

C5

### Irrelevant zone

R1

C2

C3

### Key weaknesses

R3

C1

C6



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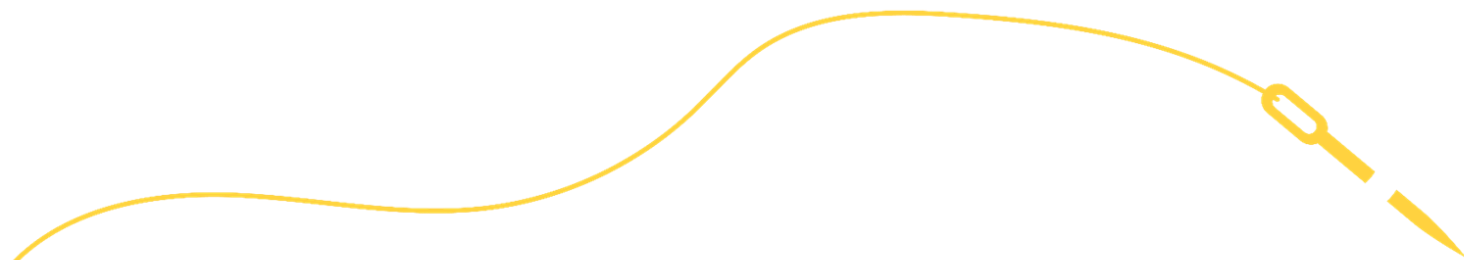


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## Development Areas During the last 5 years

**The results of the survey showed the following in descending order:**

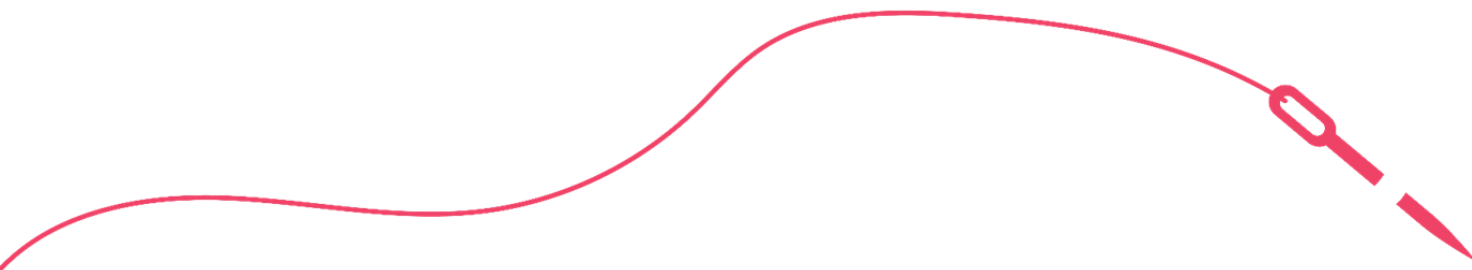
- 67.8% of the companies invested in new machines/production lines.
- 67.7% of the companies developed new products/designs.
- 61.9% of the companies focused on the development of labor skills and competencies.
- 27.5% of the companies adopted new manufacturing technologies and techniques.
- 22.8% of the companies promoted their products through e-marketing tools.



## Development Areas During the last 5 years

**The results of the survey showed the following in descending order:**

- Only 20.1% of the companies used advances textiles, technical textiles, recycled textiles, environment friendly.
- Only 8.5% of the companies explored and reached to new international export markets.
- Only 8% obtained a new local or international quality or conformity certificates.
- Only 6.3% got specialized technical, managerial or financial consultation services.
- Only 3.2% of the companies implemented applied scientific research projects in collaboration with academic institutions.



# Priority Factors for Planning of Products Competitiveness

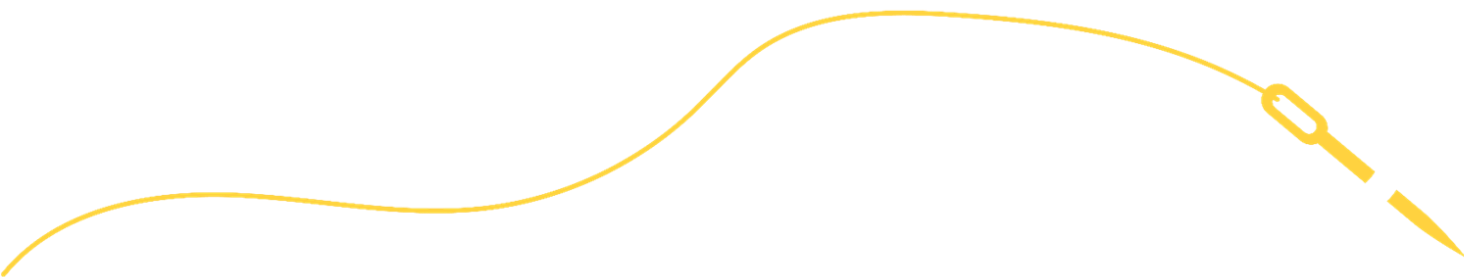
**The results of survey showed the following:**

- 57.8% of the companies focus on competition based on reduction of production cost and prices.
- 22.2% of the companies focus on competition based on quality.
- 27% of the companies focus on competition based on excellence, innovation in addition to modern designs and fashion trends
- 13.2% of the companies focus on competition based on marketing, brand development and promotion.

## Target Markets Planning for the Upcoming (5) Years

**The results of the survey showed the following:**

- 46.6% of the companies are planning to focus on local market sales.
- 57% of the companies are planning to expand their export to traditional export markets, mainly to the surrounding markets.
- 27% of the companies are planning to expand their export to non traditional export markets such as : ( Europe, USA and Canada).
- 13.2% of the companies are planning to develop export strategies and plans based on specifying target export markets and study of export opportunities.





Step 3

SWOT (WEAKNESSES, THREATS, STRENGTHS AND OPPORTUNITIES)



S

- Level of training and skills of production lines workers
- Machines and manufacturing technologies
- Products quality
- Level of experience and skills of the design and development staff.
- Products design and keeping up with fashion trends
- Innovation and excellence of products

STRENGTHS

W

WEAKNESSES

- Level of experience and skills of the marketing staff
- Local and international promotion methods & activities
- Products prices



O

- Free trade agreements (FTAs) such as the ones signed between Jordan with Arab Countries, EU and USA .
- Purchasing practices of local consumers, also their confidence level towards local products.
- Availability of specialized support services (design, laboratory tests, technical consultations)

OPPORTUNITIES

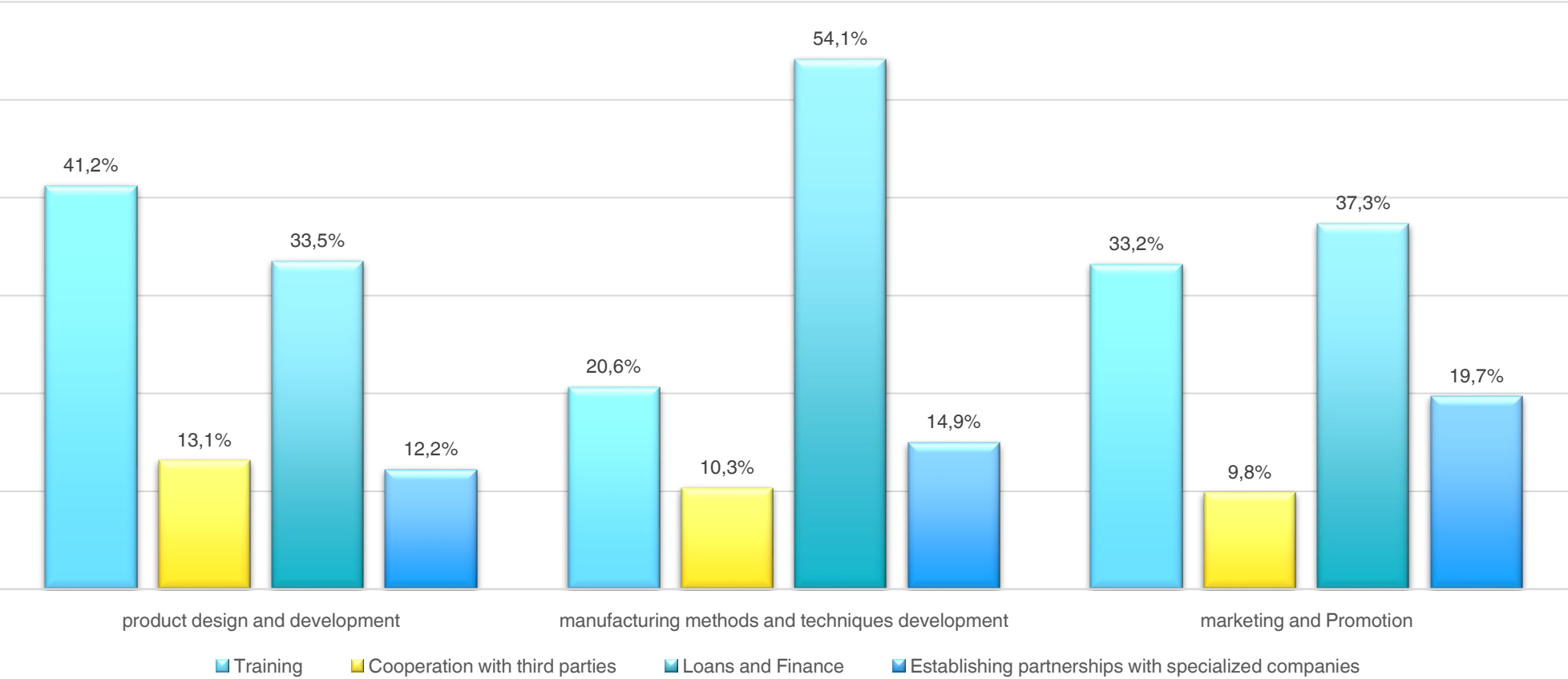


T

THREATS

- Banks financing and loans mechanisms.
- Availability of production inputs at competitive prices.
- Energy and electricity prices
- Purchasing power of consumers
- Monitoring of imports and increasing import of products of low quality and low prices.
- Governmental labor laws and regulations

# Sector Main Needs



# Sector Main Needs

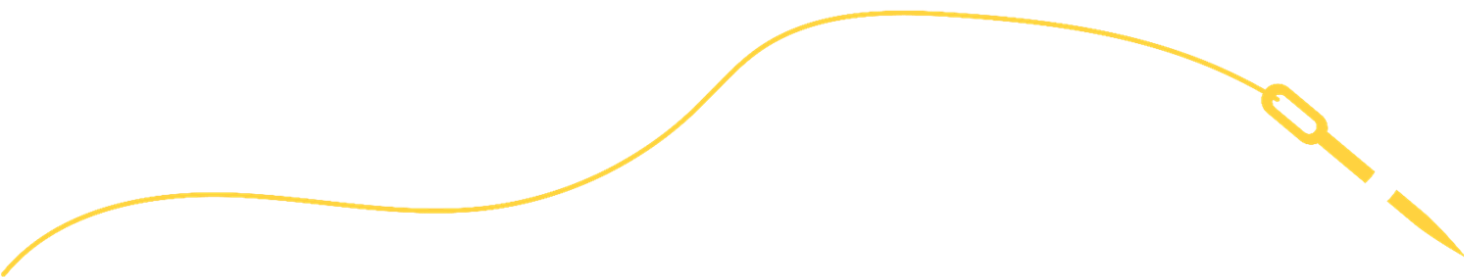
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## The results of survey showed the following:

- 30.0% of the companies' needs are focused on products design and development.
- 26.3% of the companies' needs are focused on manufacturing methods and technologies development.
- 26.2% of the companies needs are focused on promotion and marketing.
- 9.9% of the companies needs are focused on specialized know how transfer.
- 3.8% of the companies needs are focused applied scientific research.
- 3.8% Sustainability and complying with environmental measures.

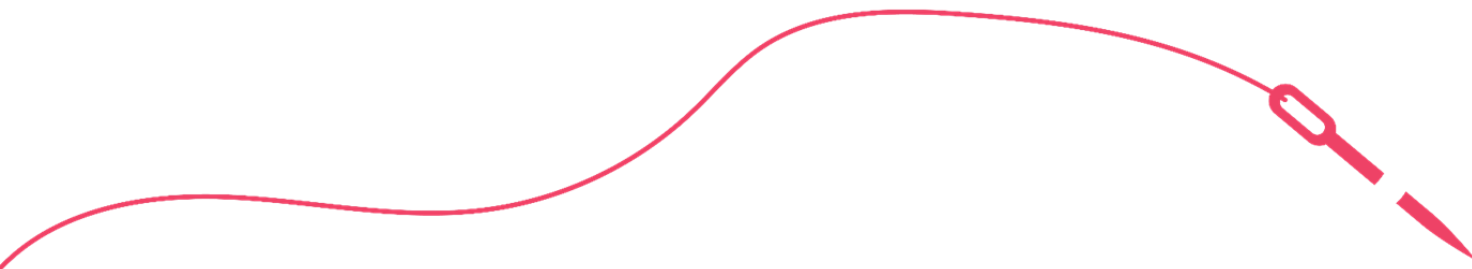
# General Conclusions & Recommendations for Planning of the Upcoming Project Activities

- Explore new business opportunities for both local and export markets that shift gradually from price based competition to other areas of competition which focus on quality, products design & development, fashion trends, innovation.
- Parallel to the above mentioned issues, it is needed to reduce production cost through increasing labor productivity and applying lean manufacturing tools and practices.





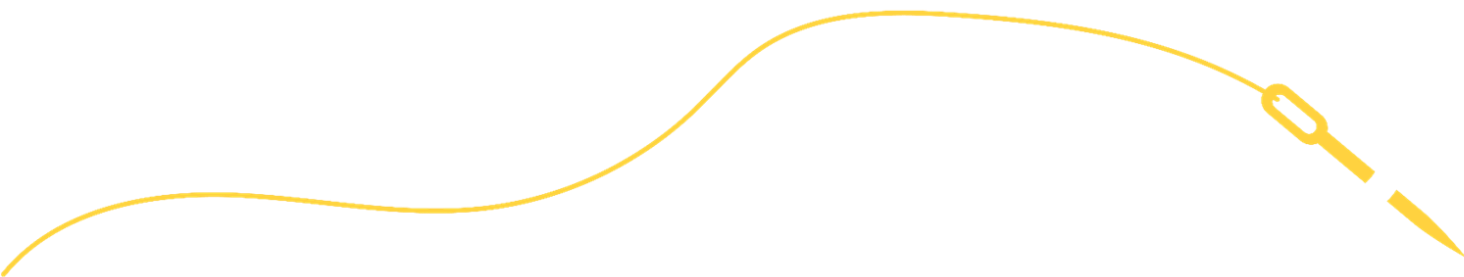
- **General Conclusions and Recommendations for Planning of the Upcoming Project Activities**
  - Development of export strategy that prioritize potential export products, export markets including niche markets , market diversification , effective promotion activities and methods.
  - The export strategy should use the available opportunities based on the following competitive advantages of Jordanian industries such as :
    - Duty free access based on free trade agreements with major markets such Arab Countries, EU, USA and Canada .
    - Flexibility of Order sizes , lead time when comparing with more far countries to the export markets.
    - Expertise in specific market segments such as modest wear fashion.



- **General Conclusions & Recommendations for Planning of the Upcoming Project Activities:**

- Institutionalize public private partnership towards reviewing and adoption of policies, legislations, quality control and trade practices that establish for fair competition with imported products as well as encourage new entrepreneurs and new innovative start up.
- Plan the upcoming services , sub grants and activities of the project focusing on providing package of specialized services covering areas such:

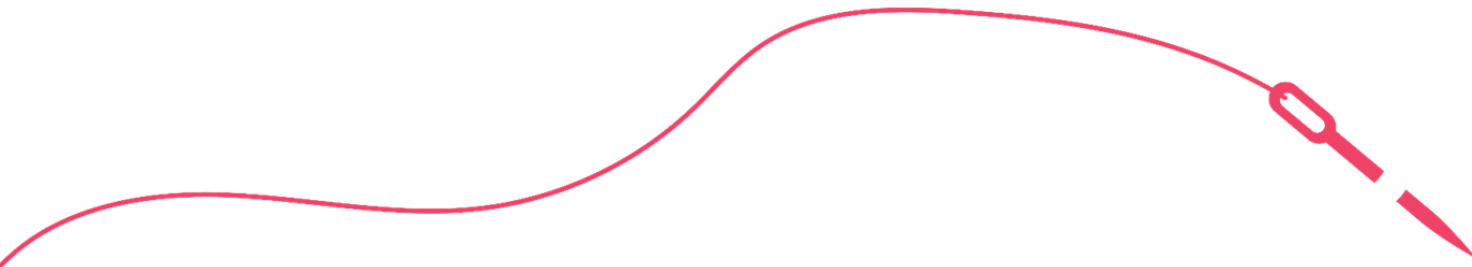
product design & development, innovation, keeping up with latest fashion trends, adopting new manufacturing technologies, exploring new business opportunities through using technical textiles , advanced textiles, local branding for the local market and the regional markets, export planning and international promotion.



- **General recommendations and conclusions for the planning of coming project activities:**

When designing and planning the upcoming project services and activities, take into consideration the following factors:

- ❑ Services to cover existing companies as well as new start ups and entrepreneurs .
- ❑ Differentiation of the needs of each manufacturing subsector (Ready Wear, Textile, Leather products).
- ❑ Integrate with other donor funded project in order to avoid duplication.



# List of appendices

No.	Item
1	Survey (English language)
2	Survey (Arabic language)
3	List of companies that answered the survey