

Impact of the pandemic and adoption of potential steps in the garment sector

Afzal Adamjee (Visiting Faculty) and Faiza Azeem.



Abstract

Coronavirus outbreak (COVID-19) has seriously impacted on the global economy in many ways, such as disruption of the supply chain, resulting in inventory shortages, closure of businesses, unemployment and an increase in daily uncertainty. The clothing industry is one of the most heavily impacted victims of COVID-19. This article aims to assess the impact of this pandemic on clothing-related companies, initiatives to solve the troubles confronted by these industries, approaches to reduce business losses and survival during this crisis and to rethink the post-pandemic strategies to be carried out.

Keywords: Garment, Counter-Effect, Pandemic, Covid-19, Analysis, Post-Pandemic, Supply Chain, Strategies.

Introduction

COVID-19's recent outbreak is the most cursed pan-

demic in the current century. Through June 2020, it has killed around 0.5 million people, while infecting about 10 million people worldwide. As a result, China's exports fell 17% in January-February 2020; further, it is projected that global trade will decline by up to 32% in 2020. Commercial, aerospace, air and rail, oil and gas, transportation, clothing, and apparel are the brunt industries of this pandemic, while demand for pharmaceutical drugs has risen. (McKinsey & Company, 2020; Yu et al., 2020) (Zarocostas, Fallon, and 2020).

According to, the International Labor Organization (ILO), coronavirus has a devastating impact on employees and employers in all industries, causing a significant decline in production and employment, with especially hard-hit textiles and apparel (Fallon, and Zarocostas 2020).

In the textile and apparel industries, in an impact assess-

ment, the ILO said that "quarantine measures suppressed consumer demand. Order cancellations in Bangladesh resulted in a loss of revenue of around \$3 billion, affecting some 2.17 million jobs (Zarocostas, Fallon, 2020).

According to the estimates in Bangladesh "less than 20 per cent of firms can continue to pay staff wages for more than 30 days under these circumstances." Similarly, in Vietnam, another major exporting nation, the ILO estimated 440,000 to 880,000 workers could face reduced hours or unemployment. (Zarocostas, Fallon, 2020).

Overview of impact on the apparel sector

The pandemic affects both supply and demand. The novel coronaries (COVID-19) portrayed an unprecedented world global health emergency. Starting 13 April, the virus infected more than 1,773,084 people, with more than 111,652 deaths (WHO, 20a).

In Asia, many garment manufacturers stopped production or curtailed capacity due to disruption of end-to-end global supply chains and as a result of the health crisis, which has culminated in restrictions on people as well as economic activity. What makes this situation, difficult and exceptional, that both the demand and supply side of operations is affected significantly.

As China stopped exporting upstream garments and textiles after Lunar New Year and transport limits imposed to discourage further transportation to avoid virus spread, a chain reaction in Asian countries caused raw material shortages. Textile imports of Asian countries that came from China show how highly integrated Chinese producers are in global supply chains (WTO 2019).

It is important to note that several countries are importing trims and accessories from China. The COVID-19 outbreak curbed by the end of

February in China, but estimates reveal that Chinese factories will take time to increase their capacity to return to normal supply levels.

Employees shortage due to travel limits, cost increases, short supply of raw material is the reason stated by manufacturers as hindering them from resuming full operations (Lu, 2020). Further, restrictions of movement in place hampering raw materials exports from arriving in other garment-producing countries in the region.

Most Asian clothing plants are also facing significant difficulties on the demand side. In March, the outbreak of COVID-19 became a global pandemic, which severely affected the global economy. With customers at home and a lot of retail shops closing down, European and US buyers have started cancelling orders from manufacturers and suspending to a later date.

Asian clothing manufacturers outside China, who initially considered COVID-19 an opportunity in terms of increasing orders because

buyers were also looking for alternative sources of supplies, also faced the negative economic effect of the virus.

The economic effect of COVID-19 projected to last for the long term. Working hours could decline by 6.7 per cent in the second quarter of 2020, equivalent to 195 million full-time jobs, according to recent estimates (ILO, 2020a).

According to UNCTAD, the pandemic's instability estimated to cost the global economy \$1 trillion by 2020. Besides, the organization estimated that the outbreak of the COVID-19 could cost \$50 billion in exportation to global value chains (UNCTAD, 2020).

This issue is no longer only a global health crisis; it is also a labour market and economic crisis that is having an impact on people. (Guy Ryder / ILO Director-General).

Impact of the pandemic in the garment industry

Lack of Supply

Considering how deeply China entrenched into global

supply chains, the initial outbreak in China is likely to continue to affect garment factories (Barrie, 2020c). Finding alternative sources for textile and accessory inputs may take time and can further delay production. Furthermore, limitations on sea, road or air transport will continue to limit the supply of raw materials.

Labour shortage

Garment factories could find themselves lacking staff. For certain countries, where hiring foreign workers is a norm in factories, they may find employees have returned to their home countries.

Staff may be unavailable because they are unwell, out of fear, or because they need family care. The latter may be probable for women who faced disproportionate responsibility and household duties.

Lack of demand

The economic effect of COVID-19 virus also decreases consumer income and consumption (Craven et al., 2020).

The consumers' lack of income, social distance, and fear of spending money in a period of recession would reduce global demand for goods, including apparel. At this point, it is not clear how long it will take for the global economy to recover.

Mandatory temporary suspensions

Governments imposed temporary lockdowns to curb the virus. That has already occurred in several countries, including Bangladesh, India, and Jordan (Al-Jazeera, 2020).

How to counter COVID-19 in the garment sector?

Reduce cost and secure cash-flows

The greatest challenge is to look into the rehabilitation strategies when the market situation returns to normal. To survive this situation, you need to check all costs of your company.

The companies have to make sure that they sit down early to speak with the banks or fund providers about the situation.





Consider potential help if you are unable to pay the bills. Many plants worldwide have outstanding customer invoices. The customers had to close down their businesses; they had no income and could not meet their payment obligations. You will also try to find a solution that works with both sides and guarantees future business (Giovanni and Leon n.d).

Inventories, fabrics, and trims tied with much debt. Many plants consider selling their products at low prices. However, with coronaries measures now relaxed, local stores are opening up again. There is a growing demand for goods. Thus, borders remain closed, and yet some imports continue to be limited. That raises the value of local products and provides the ability to improve profitability before re-opening of stores. The sale of local goods made available from the stock of items can be profitable (Giovanni and Leon n.d).

When you don't minimize your expenses and seek to find agreements with both your creditors and your debtors, you'll face insolvency.

Factories should look after the staff

To reduce risks and preserve levels of protection, you must support workers and ensure a healthy and safe working environment. The Governments worldwide are now easing coronavirus acts for economic disaster prevention. They do it according to strict regulations. It requires space between men, personal safety, and sanitation.

Such laws would have a significant effect on the organization of companies. Perhaps if a plant does not comply with the rules and regulations, the government will shut down the operation of the companies.

If factories want to start production again, management must arrange their plant in such a way that factory

employees are covered, and the virus does not spread. It needs financial commitment and stringent staff supervision to ensure they comply with the rules. A regulated and secure production environment can provide employees with the security they need. That also gives customers the ability to position orders. (Giovanni and Leon n.d).

Factories should stay informed

Factories will also ensure that they stay up to date with the situation of COVID-19. That will allow them to decide soundly on how their company may be affected by the virus. The situation is evolving rapidly, and management needs to change regularly. When reviewing available information, they will understand whether and to what degree it could impact factory operations. The most significant knowledge is the spread of the COVID-19 virus and what various countries are

doing to deal with the situation. This will indicate how it can affect, e.g. raw materials supply, customer orders, employee availability etc. can be paid out only in wages and salaries for employees. (The Daily Star, 2020).

The factories could obtain this kind of funding from governments and financial institutions and take the measure that helps them to continue operations all over the crisis, but only if it's recognized.

Establish presence through online sales

Since there is a complete lockdown in several countries, consumers were not able to enter physical stores. Build your online presence and sales. Some consumers have, therefore, shop online. Structural growth is occurring, especially in countries where consumers have not yet purchased online.

You have to be ready for growth in online sales if you concentrate on the company to

the customer market (B-to-C). Make sure the online presence of your customers is competent and perceptible. You may have difficulty getting your business to normal if you don't invest in your online presence.

Sales in physical shops will take a long time to recover. Make sure your website appeals to an international public if you are targeting international customers:

- ❖ Using different languages so that the various countries can access your website.
- ❖ Hold your images consistent and invest in high-grade pictures.
- ❖ Establish a clear website that is user friendly.
- ❖ Show your identity as patrimony and trust.
- ❖ A payment system such as Mollie or PayPal is accepted worldwide (Giovanni and Leon n.d).

Factories will contact their key stakeholders

Communication is crucial in times of crisis. No factory works alone, relying on internal and external stakeholders. The workers of these factories are their main stakeholders. They should not be taken for granted because workers will

play an important role in the factory in the next months. (Giovanni and Leon n.d.)

Maintaining a good relationship with buyers is especially important for factories. Factories should communicate commitment and dedication to keeping their operations going for the long run.

Some buyers might be interested in other types of products as a response to the COVID-19 outbreak. Western buyers have asked garment factories to produce face masks and other personal protective equipment (Just-Style, 2020).

Using stock for local and export business services

Cancellations of orders left inventory materials to manufacturers. Retailers are allowed to open their stores. Stores are now beginning to place their orders for goods to fill their shops. Therefore, buyers are looking for producers that accept smaller orders and quick shipments.

Manufacturers will take this opportunity and turn it into a profitable business by using stock materials. Producers will be under con-

stant pressure to sell their stock if they do not focus on selling their inventories (Giovanni and Leon n.d.).

Factories should set their goals/objectives and grow a business

During this time, the situation will remain uncertain, and factories must try to define what are their targets will be over the next few months. Factories must further evaluate the future effect of COVID-19 on their activities and demand. That also includes the fact that the companies can decide to reverse or suspend their operations. Regardless of the final decision, plants must establish a strategy for the immediate future.

How to respond to the post-pandemic World global supply chains

The post-pandemic situation will lead to increased pressures from manufacturers all over the globe, to increase domestic demand, to build jobs in their countries of origin, to reduce their reliance on risky sources or even to eliminate them, and to revise

lean manufacturing strategies that limit stock.

Identification of the flaws

Businesses have a lot to learn where the risks lie so that they can defend themselves. Map the entire supply chain, including distribution and transport hubs. It's time-consuming and costly, of course. A sudden interruption that delays your business can be much more expensive than a comprehensive look at the supply chain (Shih 2020).

Diversify sourcing strategy

Adding more sources is an obvious way to deal with high dependence on one medium or high-risk source. The trade war between China and the United States has motivated companies to move to "China plus to production spread strategy. It takes a lot of time and money to build a new supplier infrastructure in another country or region. For some products, it will be easier than others to reduce dependence on China.

In the long term, however, it would be an error to remove China from your supply image. Since China has the world's second-largest econ-



omy, they need to continue to sell and gain competitive intelligence on their markets (Shih 2020).

Review the reciprocation between product variety and flexibility in capacities

During the pandemic, when demand increased in many product categories, manufacturers struggled to move from one market segment to another or from one type to another. One example is the U.S. food industry, where businesses have had difficulty adjusting in the drop from restaurants and cafes and rising competition for customers. The introduction of the various types of the same commodity in different parts of the market was partly responsible for SKU proliferation (Shih 2020).

Conclusion

This unwarned attack of the pandemic shakes the economy of the world, leaving everything in chaos. Managers will be vigilant and consistently review their supply networks in this crisis. We cannot completely avoid sourcing from other countries, "John Deferios writes it is time to develop a new vision suited to new era realities. It also

improves resilience and reduces risks, while still utilizing the abilities that exist worldwide" (Shih 2020).

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