



Investigation of the Primary Reason Leading to Apparel Companies to Outsource

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HIGHLIGHTS

- > This study provides information about outsourcing and investigates the primary reason leading apparel companies to outsourcing.
- > Apparel companies use outsourcing for different purposes mainly such as reducing cost, increasing flexibility as well as for carrying out activities that are out of their specialty.
- > Results show that the primary reason apparel companies use outsourcing is carrying out the activities that are out of their specialty.

ARTICLE INFO

Received : 06.23.2020
Accepted : 12.02.2020
Published : 12.15.2020

Keywords:

Apparel,
Outsourcing,
Production,
Ready-wear clothing,
Survey method

ABSTRACT

Companies have to develop new methods and techniques to increase their profitability and to be able to stand in a competitive environment. Outsourcing is one of those methods. Outsourcing is a method used by almost every business today. In the beginning, the main purpose of using outsourcing was to have other companies carry out the processes that are outside of the company's expertise. However, the latest global developments pushed companies to use outsourcing outside of this purpose. Thus, companies started to use outsourcing frequently for other reasons such as cost reduction, increasing flexibility, increasing productivity. In this study, firstly, the operations of apparel companies do through outsourcing and their purposes in doing this was investigated. The results show that the apparel companies started to use outsourcing for printing and embroidering process.

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1. Introduction

The effort to produce with lower cost brought about by local and global competition has prompted especially labor-intensive sectors to new production methods [1]. One of these methods is outsourcing.

Outsourcing is a method used by companies mainly for the purpose of carrying out the activities which fall out of their specialty [2].

According to another definition; outsourcing is done by other companies for all or a part of the production of the main

Cite this article Kayar M, Bulur ÖC. Investigation of the Primary Reason Leading to Apparel Companies to Outsource. *International Journal of Innovative Research and Reviews (INJIRR)* (2020) 4(2) 1-4

Link to this article: <http://www.injirr.com/article/view/51>



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company accordance with the priority and principals of main company [3].

Factors such as increasing flexibility, reducing risks, increasing quality, downsizing of organization, reducing cost, increasing product range, uncontrollable functions, saving time, increasing productivity, being involved among successful enterprises, renewing process, wide and flexible resource pool, redistributing resources, resource transfer, following technological innovations, overcoming the demands beyond capacity can be listed as the main reasons leading companies to this change [4–8].

The ready-made clothing sector is a labor-intensive sector. In addition, when the apparel production process is examined, it is seen that it is very complex and very long. Figure 1 shows flow chart of apparel production [1, 9, 10].

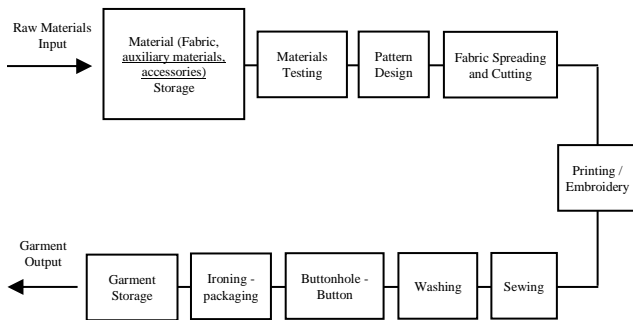


Figure 1 Flow chart of Apparel Production [1, 9, 10]

Apparel companies can carry out any or all of the aforementioned processes via outsourcing method [9].

Production is bringing together the production factors (man, machine, material) to produce goods or services in order to provide requirements for human needs [11].

The main purpose of the production is to produce the desired number of goods at the desired quality, at the desired time and at least possible cost [12].

When ready-to-wear production flow is examined, it is seen that there are many processes other than the specialty of ready-made clothing such as printing and embroidering, washing. However, apparel companies started to prefer outsourcing for different purposes other than the aforementioned such as reducing cost or saving time [1].

Cost is one of the most important factors in making product decisions and the main subject for companies. The foundation aim of the companies is to make a profit. All companies want to obtain maximum profit with minimum input. Because the savings in production without compromising on quality will decrease costs. Thus, the decrease in production costs of companies will increase their competitiveness power [13, 14].

One of the reasons that push companies which has high sales volumes and high product range to use outsourcing is to increase flexibility. Thus, companies make more production through outsourcing instead of investing [8].

In parallel with all these explanations, the main purpose of this research is to investigate the first reason why apparel companies prefer outsourcing.

2. Material and Method

In this research, a questionnaire was applied to apparel companies, which are among the top 500 companies determined each year by the Istanbul Chamber of Commerce. Survey results were analyzed and evaluated with the SPSS Version 16 program and frequency analysis was performed.

Within the scope of the research, the question posed to 15 apparel companies that use outsourcing was “Please number the following processes starting from 1 according to the order of execution by outsourcing”.

3. Results

Following are the frequency tables (Table 1–Table 9) of the answers given by the apparel companies to the question “Which process did your company realize first through outsourcing?”.

In the tables, the missing values are ignored because it is a ranking question.

Table 1 The frequency table for the question of “which process did your company realize first through outsourcing”. (Pattern making)

Which process did your company realize first through outsourcing? (Pattern making)	Frequency	Percent	Valid Percent
1. priority	1	6.7	50.0
6. priority	1	6.7	50.0
Total	2	13.3	100.0
Missing System	13	86.7	
Total	15	100.0	

When Table 1 is examined, two of the companies are seen to have answered that question. Considering the answers given to the question; pattern making process was given the priority of first and sixth by two companies, which corresponds to a percentage of 6.7%.

Table 2 The frequency table for the question of “which process did your company realize first through outsourcing”. (Fabric cutting)

Which process did your company realize first through outsourcing? (Fabric cutting)	Frequency	Percent	Valid Percent
1. priority	1	6.7	11.1
2. priority	2	13.3	22.2
4. priority	1	6.7	11.1
5. priority	2	13.3	22.2
6. priority	1	6.7	11.1
7. priority	1	6.7	11.1
8. priority	1	6.7	11.1
Total	9	60.0	100.0
Missing System	6	40.0	
Total	15	100.0	

When Table 2 is examined, nine of the companies have answered that question. Considering the answers given to the question; the option of fabric cutting process was selected as second and fifth by two companies each corresponding to a percentage of 13.3%. Other priority levels i.e. first, fourth, sixth, seventh and eighth, were selected by only one company, corresponding to a percentage of 6.7%.

Table 3 The frequency table for the question of “which process did your company realize first through outsourcing”. (Sewing)

Which process did your company realize first through outsourcing? (Sewing)	Frequency	Percent	Valid Percent
1. priority	3	20.0	21.4
2. priority	5	33.3	35.7
3. priority	1	6.7	7.1
4. priority	3	20.0	21.4
6. priority	1	6.7	7.1
7. priority	1	6.7	7.1
Total	14	93.3	100.0
Missing System	1	6.7	
Total	15	100.0	

When Table 3 is examined, fourteen of the companies have answered that question. Considering the answers given to the question; the option of sewing process was selected as second by five companies corresponding to a percentage of 33.3% and as first and fourth by three companies each corresponding to a percentage of 20%. Other priority levels, i.e. third, sixth and seventh were selected by only one company, corresponding to a percentage of 6.7%.

Table 4 The frequency table for the question of “which process did your company realize first through outsourcing”. (Buttonhole and placement button)

Which process did your company realize first through outsourcing? (Buttonhole and Placement button)	Frequency	Percent	Valid Percent
2. priority	1	6.7	10.0
3. priority	5	33.3	50.0
4. priority	1	6.7	10.0
5. priority	3	20.0	30.0
Total	10	66.7	100.0
Missing System	5	33.3	
Total	15	100.0	

When Table 4 is examined, ten of the companies are seen to have answered that question. Considering the answers given to the question; the option of buttonhole and placement button process was selected as third by five companies corresponding to a percentage of 33.3% and as fifth by three companies each corresponding to a percentage of 20%. Other priority levels, i.e. second and fourth were selected by only one company, corresponding to a percentage of 6.7%.

Table 5 The frequency table for the question of “which process did your company realize first through outsourcing”. (Pressing and packaging)

Which process did your company realize first through outsourcing? (Pressing and Packaging)	Frequency	Percent	Valid Percent
3. priority	3	20.0	23.1
4. priority	6	40.0	46.2
5. priority	2	13.3	15.4
6. priority	1	6.7	7.7
7. priority	1	6.7	7.7
Total	13	86.7	100.0
Missing System	2	13.3	
Total	15	100.0	

When Table 5 is examined, thirteen of the companies have answered that question. Considering the answers given to the question; the option of pressing and packaging process was selected as fourth by six companies corresponding to a percentage of 40%, as first by three companies each

corresponding to a percentage of 20% and as fifth by two companies corresponding to a percentage of 13.3%. Other priority levels, i.e. sixth and seventh were selected by only one company, corresponding to a percentage of 6.7%.

Table 6 The frequency table for the question of “which process did your company realize first through outsourcing”. (Printing and embroidering)

Which process did your company realize first through outsourcing? (Printing and embroidering)	Frequency	Percent	Valid Percent
1. priority	6	40.0	50.0
2. priority	1	6.7	8.3
3. priority	3	20.0	25.0
4. priority	1	6.7	8.3
5. priority	1	6.7	8.3
Total	12	80.0	100.0
Missing System	3	20.0	
Total	15	100.0	

When Table 6 is examined, twelve of the companies have answered that question. Considering the answers given to the question; the option of printing and embroidering process was selected as first by six companies corresponding to a percentage of 40% and as third by three companies each corresponding to a percentage of 20%. Other priority levels, i.e. second, fourth and fifth were selected by only one company, corresponding to a percentage of 6.7%.

Table 7 The frequency table for the question of “which process did your company realize first through outsourcing”. (Piece dying)

Which process did your company realize first through outsourcing? (Piece dying)	Frequency	Percent	Valid Percent
1. priority	3	20.0	25.0
2. priority	4	26.7	33.3
4. priority	1	6.7	8.3
5. priority	2	13.3	16.7
6. priority	1	6.7	8.3
8. priority	1	6.7	8.3
Total	12	80.0	100.0
Missing System	3	20.0	
Total	15	100.0	

When Table 7 is examined, twelve of the companies have answered that question. Considering the answers given to the question; the option of piece dying process was selected as second by four companies corresponding to a percentage of 26.7%, as first by three companies each corresponding to a percentage of 20% and as fifth by two companies corresponding to a percentage of 13.3%. Other priority levels, i.e. fourth, sixth and eighth were selected by only one company, corresponding to a percentage of 6.7%.

Table 8 The frequency table for the question of “which process did your company realize first through outsourcing”. (Washing)

Which process did your company realize first through outsourcing? (Washing)	Frequency	Percent	Valid Percent
1. priority	1	6.7	11.1
2. priority	1	6.7	11.1
3. priority	3	20.0	33.3
5. priority	1	6.7	11.1
6. priority	2	13.3	22.2
7. priority	1	6.7	11.1
Total	9	60.0	100.0
Missing System	6	40.0	
Total	15	100.0	

When Table 8 is examined, nine of the companies have answered that question. Considering the answers given to the question; the option of washing process was selected as third by three companies corresponding to a percentage of 20% and as sixth by two companies each corresponding to a percentage of 13.3%. Other priority levels, i.e. first, second, fifth and seventh were selected by only one company, corresponding to a percentage of 6.7%.

Table 9 The frequency table for the question of "which process did your company realize first through outsourcing". (Hand-made)

Which process did your company realize first through outsourcing? (Hand-made)	Frequency	Percent	Valid Percent
2. priority	1	6.7	100.0
Total	1	6.7	100.0
Missing System	14	93.3	
Total	15	100.0	

When Table 9 is examined, one of the companies are seen to have answered that question. Considering the answers given to the question; hand-made process was given the priority of second by one company, which corresponds to a percentage of 6.7%.

When the above tables are analyzed, it is seen that all the companies participating in the study answered the question.

Table 10 shows all the results collectively.

Table 10 Processes and priorities by the companies

Processes	Priority								Total
	1	2	3	4	5	6	7	8	
Printing and embroidering	6	1	3	1	1	-	-	-	12
Sewing	3	5	1	3	-	1	1	-	14
Piece dyeing	3	4	-	1	2	1	1	-	12
Fabric cutting	1	2	-	1	2	1	1	1	9
Washing	1	1	3	-	1	2	1	-	9
Pattern making	1	-	-	-	-	1	-	-	2
Buttonhole and placement button	-	1	5	1	3	-	-	-	10
Hand-made	-	1	-	-	-	-	-	-	1
Pressing and Packaging	-	-	3	6	2	1	1	-	13

4. Conclusion

A questionnaire was applied to 15 apparel companies concerning the " which process did your company realize first through outsourcing " and their results were evaluated.

In the light of the findings acquired, the first process that was made outside the company by outsourcing is the printing and embroidering process. The printing and embroidering process was followed by sewing, piece dyeing, fabric cutting, washing, pattern making, buttonhole and placement button, hand-made and pressing and packaging operations respectively.

These results show that outsourcing was used by the companies primarily for the purpose of carrying out the activities which are out of their specialty such as printing and embroidering.

Then companies started to use outsourcing for their all processes, especially because of their cost advantage such as sewing.

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