

An Investigation of the Problems with Outsourcing Implementation for Apparel Companies

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HIGHLIGHTS

- > This study provides information about the problems with outsourcing implementation to apparel companies.
- > Although outsourcing provides great benefits for companies, it has disadvantages. Research results have shown that the most important problems of outsourcing implementation for apparel companies are “quality”, “job follow-up” and “logistics problems” respectively.

ARTICLE INFO

Received : 05.18.2019

Accepted : 06.21.2019

Published : 07.15.2019

Keywords:

Apparel

Outsourcing

Outsourcing problems

Ready-wear clothing

Survey method

ABSTRACT

While outsourcing is a method used by the companies primarily for the purpose of carrying out the activities which are out of their speciality, nowadays it is a method that is intensely preferred because of its many advantages. Although outsourcing applications have many advantages, many problems arise in practice. In this study, a survey was conducted to investigate the problems with outsourcing implementation to apparel companies and the data obtained were evaluated. Research results have shown that the most important problems of outsourcing implementation for apparel companies are “quality”, “job follow-up” and “logistics problems” respectively.

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1. Introduction

Production is doing value-increasing activities on a physical asset and thus, making unused raw materials or semi-products usable [1].

Apparel companies process fabrics and auxiliary materials and thus, make these materials usable. In other words, they produce clothes. Figure 1 shows ready-wear production in general terms [2].

Outsourcing is a management technique that dates back to old times when handled as a type of flexible production under the title of taking in home job. Generally, it spread during the 1970's economic crisis [3].

According to Halbach, outsourcing is an agreement between two manufacturing units; with reference to this, one of the parties (subcontract work-shop) supplies the products (part or the final product) to the other party (main company) within determined period and conditions [4].

Cite this article Kayar M, Bulur ÖC. An Investigation of the Problems with Outsourcing Implementation for Apparel Companies. *International Journal of Innovative Research and Reviews (INJIRR)* (2019) 3(1):11-15

Link to this article: <http://www.injirr.com/article/view/26>



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Outsourcing is a method in which companies have activities outside their areas of expertise done by expert companies focusing on their basic abilities and which is applied for different purposes due to many advantages [5].

Among these advantages, reducing costs has become almost the most important advantage. Cost is the most important element in making product decisions and the main subject for companies. Production companies want to obtain maximum profit with minimum input. Because the savings in production without compromising on quality will positively influence costs. Thus, the production cost of the companies will decrease and their competitiveness will increase [6, 7].

Ready wear enterprises are able to realize each or all of the aforementioned stages via outsourcing method. Outsourcing types that are usually preferred by apparel companies are ordered as follows.

Using outsourcing for materials testing: If the company doesn't have a laboratory for testing the materials, materials are sent to laboratories for necessary testing.

Using outsourcing for pattern designing.

Using outsourcing for cutting phase: A general idea here is to specialize only in the sewing process and to make cutting processes outside of the company instead of investing in cutting technologies.

Using outsourcing for only sewing phase: This method is preferred by most of the apparel companies. The general idea is here to able to produce a wide range of products instead of one type of product without investing in machine and workers.

Using outsourcing for sewing and ironing-packaging phases; above "using outsourcing for only sewing phase" clause is combined with the ironing-packaging phase. The aim here is to prevent to waste time. So, sewn products immediately enter the ironing – packaging process without time losing.

Using outsourcing for printing-embroidery / partial painting / washing phases.

Using outsourcing for all phases [8, 9].

The long and complex process of ready-wear production drives apparel companies to use outsourcing. Higher workmanship associated with labour-intensive sector is another reason for choosing outsourcing [10].

The advantages of outsourcing applications which basically aim to provide a cost advantage, have activities outside areas of expertise done by expert enterprises and realize production beyond capacity are as follows.

1. Increasing flexibility
2. Focusing on basic abilities (Core activities)
3. Reducing risks
4. Increasing quality
5. Downsizing of organization
6. Reducing cost
7. Increasing product range
8. Uncontrollable functions
9. Saving time
10. Increasing productivity
11. Being involved among successful enterprises
12. Renewing process
13. Wide and flexible resource pool
14. Redistributing resources
15. Resource transfer
16. Following technological innovations
17. Overcoming the demands beyond capacity [8, 9, 11–14].

In addition to the aforementioned advantages, apparel companies may also face problems during outsourcing implementations.

This study explores the problems faced by apparel companies during outsourcing implementation.

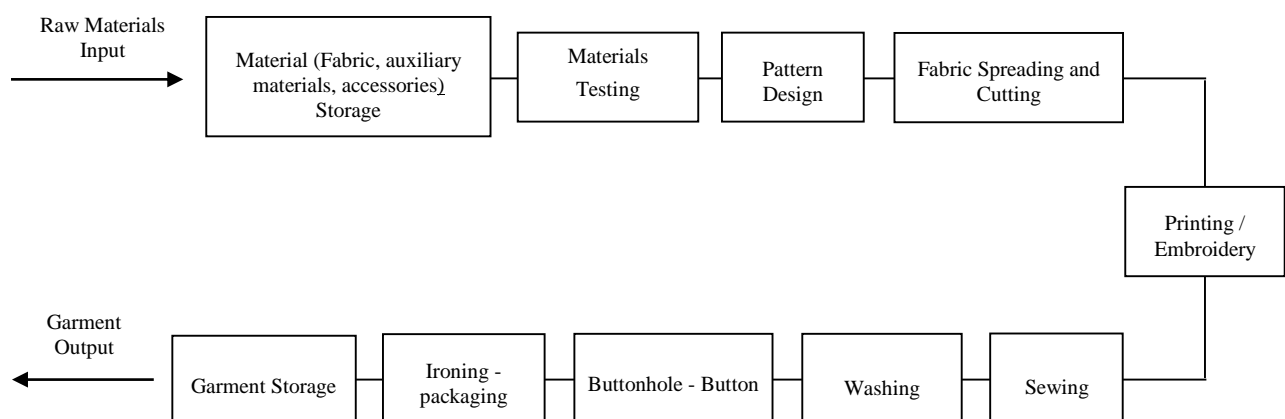


Figure 1 Flow chart of Apparel Production

2. Material and Method

In this research, a survey is conducted among the first 500 companies in the garment industry which are determined

each year by Istanbul Chamber of Commerce. Survey results analysed and evaluated with SPSS programme.

In the scope of the research, 15 apparel companies that use outsourcing were asked open-end question about the problems of outsourcing.

3. Results and Discussion

Following are the frequency tables (Table 1 – Table 12) of the answers given by the apparel companies to the question, “What are the problems encountered in outsourcing?”, which was addressed to the apparel companies within the scope of the study.

Table 1 Frequency Table of the Question, “What Are the Problems Encountered in the Process of Outsourcing?” (Quality)

| Quality | Frequency | Percent | Valid Percent |
|----------------|-----------|---------|---------------|
| Yes | 12 | 80.0 | 85.7 |
| No | 2 | 13.3 | 14.3 |
| Total | 14 | 93.3 | 100.0 |
| Missing System | 1 | 6.7 | |
| Total | 15 | 100.0 | |

14 of the companies which participated in the study answered that question and 12 of them stated that they had a problem with quality.

Table 2 Frequency Table of the Question, “What Are the Problems Encountered in the Process of Outsourcing?” (Resource planning)

| Resource planning | Frequency | Percent | Valid Percent |
|-------------------|-----------|---------|---------------|
| Yes | 1 | 6.7 | 7.1 |
| No | 13 | 86.7 | 92.9 |
| Total | 14 | 93.3 | 100.0 |
| Missing System | 1 | 6.7 | |
| Total | 15 | 100.0 | |

14 of the companies which participated in the study answered that question and 1 of them stated that they had a problem with resource planning.

Table 3 Frequency Table of the Question, “What Are the Problems Encountered in the Process of Outsourcing?” (Logistic Problems)

| Logistics problems | Frequency | Percent | Valid Percent |
|--------------------|-----------|---------|---------------|
| Yes | 3 | 20.0 | 21.4 |
| No | 11 | 73.3 | 78.6 |
| Total | 14 | 93.3 | 100.0 |
| Missing System | 1 | 6.7 | |
| Total | 15 | 100.0 | |

14 of the companies which participated in the study answered that question and 3 of them stated that they had a problem with logistics.

Table 4 Frequency Table of the Question, “What Are the Problems Encountered in the Process of Outsourcing?” (Price)

| Price | Frequency | Percent | Valid Percent |
|----------------|-----------|---------|---------------|
| Yes | 2 | 13.3 | 14.3 |
| No | 12 | 80.0 | 85.7 |
| Total | 14 | 93.3 | 100.0 |
| Missing System | 1 | 6.7 | |
| Total | 15 | 100.0 | |

14 of the companies which participated in the study answered that question and 2 of them stated that they had a problem with price.

Table 5 Frequency Table of the Question, “What Are the Problems Encountered in the Process of Outsourcing?” (Continuity)

| Continuity | Frequency | Percent | Valid Percent |
|----------------|-----------|---------|---------------|
| Yes | 1 | 6.7 | 7.1 |
| No | 13 | 86.7 | 92.9 |
| Total | 14 | 93.3 | 100.0 |
| Missing System | 1 | 6.7 | |
| Total | 15 | 100.0 | |

14 of the companies which participated in the study answered that question and 1 of them stated that they had a problem with continuity.

Table 6 Frequency Table of the Question, “What Are the Problems Encountered in the Process of Outsourcing?” (Communication)

| Communication | Frequency | Percent | Valid Percent |
|----------------|-----------|---------|---------------|
| Yes | 1 | 6.7 | 7.1 |
| No | 13 | 86.7 | 92.9 |
| Total | 14 | 93.3 | 100.0 |
| Missing System | 1 | 6.7 | |
| Total | 15 | 100.0 | |

14 of the companies which participated in the study answered that question and 1 of them stated that they had a problem with communication.

Table 7 Frequency Table of the Question, “What Are the Problems Encountered in the Process of Outsourcing?” (Loss of Time)

| Waste of time | Frequency | Percent | Valid Percent |
|----------------|-----------|---------|---------------|
| Yes | 1 | 6.7 | 7.1 |
| No | 13 | 86.7 | 92.9 |
| Total | 14 | 93.3 | 100.0 |
| Missing System | 1 | 6.7 | |
| Total | 15 | 100.0 | |

14 of the companies which participated in the study answered that question and 1 of them stated that they had a problem with loss of time.

Table 8 Frequency Table of the Question, “What Are the Problems Encountered in the Process of Outsourcing?” (Deadline)

| Deadline | Frequency | Percent | Valid Percent |
|----------------|-----------|---------|---------------|
| Yes | 2 | 13.3 | 14.3 |
| No | 12 | 80.0 | 85.7 |
| Total | 14 | 93.3 | 100.0 |
| Missing System | 1 | 6.7 | |
| Total | 15 | 100.0 | |

14 of the companies which participated in the study answered that question and 2 of them stated that they had a problem with deadline.

Table 9 Frequency Table of the Question, “What Are the Problems Encountered in the Process of Outsourcing?” (Job-follow up)

| Job follow-up | Frequency | Percent | Valid Percent |
|----------------|-----------|---------|---------------|
| Yes | 4 | 26.7 | 28.6 |
| No | 10 | 66.7 | 71.4 |
| Total | 14 | 93.3 | 100.0 |
| Missing System | 1 | 6.7 | |
| Total | 15 | 100.0 | |

14 of the companies which participated in the study answered that question and 4 of them stated that they had a problem with job-follow up.

Table 10 Frequency Table of the Question, "What Are the Problems Encountered in the Process of Outsourcing?" (Transportation)

| Transportation | Frequency | Percent | Valid Percent |
|----------------|-----------|---------|---------------|
| Yes | 2 | 13.3 | 14.3 |
| No | 12 | 80.0 | 85.7 |
| Total | 14 | 93.3 | 100.0 |
| Missing System | 1 | 6.7 | |
| Total | 15 | 100.0 | |

14 of the companies which participated in the study answered that question and 2 of them stated that they had a problem with transportation.

Table 11 Frequency Table of the Question, "What Are the Problems Encountered in the Process of Outsourcing?" (Control)

| Control | Frequency | Percent | Valid Percent |
|----------------|-----------|---------|---------------|
| Yes | 1 | 6.7 | 7.1 |
| No | 13 | 86.7 | 92.9 |
| Total | 14 | 93.3 | 100.0 |
| Missing System | 1 | 6.7 | |
| Total | 15 | 100.0 | |

14 of the companies which participated in the study answered that question and 1 of them stated that they had a problem with control.

Table 12 Frequency Table of the Question, "What Are the Problems Encountered in the Process of Outsourcing?" (Organization)

| Organization problems | Frequency | Percent | Valid Percent |
|-----------------------|-----------|---------|---------------|
| Yes | 2 | 13.3 | 14.3 |
| No | 12 | 80.0 | 85.7 |
| Total | 14 | 93.3 | 100.0 |
| Missing System | 1 | 6.7 | |
| Total | 15 | 100.0 | |

14 of the companies which participated in the study answered that question and 2 of them stated that they had a problem with organization.

4. Conclusion

Examining the tables above; 14 out of the 15 companies which participated in the study answered the question, "What Are the Problems Encountered in the Process of Outsourcing?"

The answers given by the companies within the scope of the study revealed 12 different problems in the process of outsourcing of the companies. These problems are given in table 13 according to their order of importance.

Table 13 The problems faced by apparel companies in outsourcing applications

| Problems | Frequency | Percent |
|-------------------------|-----------|---------|
| 1 Quality | 12 | 85.7 |
| 2 Job follow-up | 4 | 28.6 |
| 3 Logistics problems | 3 | 21.4 |
| 4 Price | 2 | 14.3 |
| 5 Deadline | 2 | 14.3 |
| 6 Transportation | 2 | 14.3 |
| 7 Organization problems | 2 | 14.3 |
| 8 Resource planning | 1 | 7.7 |
| 9 Continuity | 1 | 7.7 |
| 10 Communication | 1 | 7.7 |
| 11 Waste of time | 1 | 7.7 |
| 12 Control | 1 | 7.7 |

Among the options above, the problem of "Quality" ranked first at the rate of 85,7% and was followed by "Job Follow-up" at the rate of 28,6%, "Logistics-Related Problems" at the rate of 21,4%, "Price", "Deadline" "Transportation" and "Organization" at the rate of 14,3%, "Resource Planning", "Continuity", "Communication", "Loss of Time" and "Control" at the rate of 7,7%, respectively.

4.1. Suggestions

According to these data, it is possible to state that the greatest problem faced by enterprises in outsourcing is "Quality", which shows that quality which is the most important criteria should certainly be taken under control and enhanced by enterprises.

In this section you should present the conclusion of the paper. Conclusions must focus on the novelty and exceptional results you acquired. Allow a sufficient space in the article for conclusions. Do not repeat the contents of Introduction or the Abstract. Focus on the essential things of your article.

Acknowledgement

This paper has previously been presented in 2nd International Congress on Engineering and Architecture (ENAR) held in Marmaris / TURKEY on 22-24 April 2019.

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