EVALUATION OF GLOBALIZATION STRATEGIES 
AND INTERNAL ANALYSIS OF THE 
TURKISH CLOTHING INDUSTRY

TÜRK KONFEKSİYON ENDÜSTRİSİ İÇ ANALİZİ VE 
KÜRESELLEŞME STRATEJİLERİNİN DEĞERLENDİRILMESİ

Selin Hanife ERYÜRÜK
İstanbul Teknik Üniversitesi
Tekstil Mühendisliği Bölümü
e-mail: eryuruk@itu.edu.tr

Fatma KALAOĞLU
İstanbul Teknik Üniversitesi
Tekstil Mühendisliği Bölümü

Murat BAKSAK
İstanbul Teknik Üniversitesi
Endüstri Mühendisliği Bölümü

ABSTRACT
In recent years, the textile and clothing industry has suffered difficulties all over the world. The most successful advances lost their importance over time so that yesterday’s competitive advantages became today’s minimum standards. Although Turkey has had a reputation for high quality service and lower costs than most of its partners, the globalization of the textile and clothing industry and the liberalization of the trade resulted in important restructuring in the sector. This article presents an internal analysis of the Turkish clothing industry to investigate whether industry is forming and executing strategies to compete in the global environment and provides insights into current strategies.

Key Words: Clothing industry, Globalization process, Competitive strategies, Internal analysis, Global environment.

ÖZET
Son yıllarda tekstil ve konfeksiyon endüstrisi tüm dünyada zorlu kararlarla karşılaşmaktadır. En başarılı gelişmeler zaman içinde önemi yitirmiştir, dünyanın rekabetçi avantajları bugünün asgari standartları haline gelmiştir. Türkiye yüksek kaliteli hizmet ve rüştlerine nazaran düşük fiyat avantajlarına sahip olması rağmen, tekstil ve konfeksiyon endüstrisinin küreselleşmesi ve ticaretin serbestleşmesi sektörün önemli ölçüde yeniden yapılanmasına neden olmuştur. Bu makale Türk konfeksiyon endüstrisinin küresel ortamda rekabet edebilmek için strateji oluşturma ve uygulamasını incelmek ve güncel stratejilerini göz önüne sermek amacıyla iç analizini sunmaktadır.

Anahtar Kelimeler: Konfeksiyon endüstrisi, Küreselleşme süreci, Rekabet stratejileri, İç analiz, Küresel çevre.

1. INTRODUCTION
The world has been undergoing a very important structural and economic transformation. In the last decade in particular, globalization was the focus of this process and it had a very strong impact on the economies of countries. The Turkish clothing industry has also experienced the effect of this new global positioning process. The textile and clothing industry is one of the world’s most important global industries. The development of many countries in the world is dependent on this industry.

Turkey’s textiles and clothing industry is one of the most important sectors of the Turkish economy and has been its “locomotive” since the early 1980’s. Table 1 shows the textile and clothing export and import values of Turkey between 1980 and 2009. As may be seen from the table, after 2000 the value of textile and clothing exports taken as a percentage of total exports decreased. Clothing export values decreased from 26.1% in 2000 to 12.6% in 2009 and the textile export decreased from 10.2% in 2000 to 5.3% in 2009 (1).

Strategically, throughout the 1970s and early 1980s, companies tried to gain competitive advantage by improving productivity and reducing costs. In the 1980s, competitive advantage meant delivering flawless product quality, while in the 1990s, providing superior customer service became the objective of leading-edge firms. In the 2000s, the focus on customer service has continued but the emphasis is now on adding value. Today, organizations must constantly be searching for new ways to meet their customers’ needs (2). This study involved internal analysis to determine the strategies of the Turkish clothing industry. Specifically, the internal analysis involved identifying manufacturing, material management, outsourcing activities, research and development, marketing, branding and retailing activities. Within the given framework, an attempt was made to
identify globalization strategies, strategic similarities and differences for competitiveness and continual development of the Turkish clothing industry. This internal analysis involved identifying the strengths and weaknesses of the organizations. It is also argued that different attitudes towards strategy and innovation profiles entail different prospects for future survival (3).
globalisation market strategies, important factors effective to implement these strategies, perceived problems and executing strategies to compete in the global environment as well as modeling of the current situation of the strategic actions. Also Eryuruk et. al. (12) presented logistics as a strategic solution and investigates important problems and necessary solutions according to the needs of Turkish clothing industry.

The literature review revealed that a strategic analysis of the Turkish clothing environment in the global environment was a topic worthy of investigation. The study under discussion was therefore undertaken in order to identify manufacturing, material management, outsourcing activities, research and development, marketing, branding and retailing activities of the industry as well as the strategic similarities and differences for competitiveness and continual development of the Turkish clothing industry.

3. METHODOLOGY
The purpose of the research was to present an internal analysis of the Turkish clothing industry, to identify the strengths and weaknesses of the organizations and to identify globalization strategies, strategic similarities and differences for competitiveness, and the variables contributing to the success, and continuing development of the Turkish clothing industry.

The research design for this study consisted of a case study form of methodology involving 50 Turkish clothing manufacturers. Qualitative and quantitative data were gathered via a structured questionnaire which was distributed to members of the top-level management teams of each of the randomly selected clothing firms in Turkey. Interviews with executives provide reliable data and ensure the adequate response rate for the questionnaire and hence the quantitative component. The accuracy of the answers was evaluated in the light of top-level management bias and the results assessed accordingly. A contact list was obtained from two sources: ISO (Istanbul Chamber of Industry) and ITKIB (Representation of Turkish Textile and Ready-made Garment Exporters Association). The preliminary analyses were conducted by means of using frequency analyses, histograms and percentages. Paired-Samples T Test, One-way Anova and arithmetic mean were used to evaluate the non-parametric independent variables. Statistical analyses were carried out using SPSS 15. Although the study was exploratory by nature, hypothesis tests were used to determine the relationships. The questionnaire content is shown in Figure 1 (13).

4. RESULTS
4.1. Company Profile
Table 2 provides background information of the interviewees such as gender, education and working periods. 96 % of the firms were financed using all domestic capital, and 4% of the firms had capital investment of all foreign capital. The management of the firms surveyed was mostly by the owners of the companies (78%). 34% of companies had more than 500 workers, and 24 % employed between 100 and 250 workers. 82 % of these companies had manufacturing facilities, 84% had material suppliers and 76% had outsourcing facilities (Figure 2). To successfully compete in the global environment, research & development activities had received a great deal of attention from the companies and 72% of companies had research & development activities. In order to have top positions in the world’s textile & clothing exports, the branding and fashion sector had been perceived as having great importance. 58% of companies had branding facilities. 54% of companies surveyed in this study utilized globalization strategies to gain competitive advantages. 48% of the companies had marketing departments as well as sales departments. About a third of the firms (34%) had national/international retailing activities as a part of their strategic approach (Figure 2).

4.2. Evaluation of Production Facilities
Companies mostly focused on subcontractor based production for global brands (Table 3), the total being 60%. Forty-two companies out of fifty (84%) had material suppliers and thirty-eight companies have outsourcing activities (76%). Figures 3 and 4 show the types of activities for material suppliers and outsourcing facilities. In the garment industry trimmings suppliers are very important hence this occupied first place in material supplier type. Since most of the firms in the industry have pursued outsourcing strategies to delocalize production and to reduce costs twenty-nine of the thirty-eight companies surveyed used outsourcing facilities.

Figure 1. Internal analyses questionnaire content
The Reliability Analysis procedure was used to calculate used measures of scale reliability and provided information about the relationships between individual items in the scale. Reliability statistics gave high Cronbach’s Alpha values of 0.839 for material suppliers and 0.866 for outsourcing suppliers. The following factors were seen to be very important in the selection of material and outsourcing suppliers: quality in product and service, speed in production and on time delivery (Table 4 and 5).

One-way Anova hypothesis tests were used to test $H_0$ hypothesis ($H_0$: There is no significant difference in the perception of material suppliers’ selection factors according to the material supplier evaluation scores of firms.). It was seen that there was a significant difference in the perception of quality of product and service and speed in production according to the material supplier evaluation scores of firms. When hypothesis tests were applied for the outsourcing evaluation, it was found that there was a significant difference between quality of product & service, speed in production, on time delivery and past experiences and outsourcing facilities evaluation scores of firms. From the data presented in the Table 6, it can be seen that over 80% of companies had complaints about late deliveries of material suppliers and outsourcing facilities. Problems with service and product quality, and cost problems were other problems highlighted by the firms. The biggest problems, which led to delays during the production stage, were raw material quality problems, late deliveries of outsourced production facilities of suppliers and late raw material supply (yarn, fabric or trimmings) (Table 7). Reliability statistics yielded a high Cronbach’s Alpha value of 0.912 for the production problems.
Thirty-six companies out of fifty (72%) had research and development activities inside their firms. Thirty companies had design and fashion activities (83.33%) and twenty-six companies had product development and innovative product strategies (72.22%). When the question “How many personnel in research and development activities?” was asked, it was found that 23 firms had between 0-10 persons, 8 firms had between 11-20 persons and only 5 firms have between 21-50 persons in their research and development departments. This showed that only a small number of companies gave importance to research and development activities by having more personnel in their research and development departments.

Twenty-nine companies out of fifty (58%) had branding activities in their companies. Only eight firms worked with an advisory firm and 20 had internal brand experts. 24 firms had design departments inside their companies.
companies. Only two firms had design departments outside of the companies and three firms had design departments both inside and outside of the companies. Nineteen companies defined their product price level as medium whereas twelve companies define their product price level as high. Also, twenty-four firms (48%) had sales departments in addition to marketing departments. These results measured the level of importance which companies gave to becoming a global brand and showed that only a few companies were managing their branding efforts more professionally. The companies that emphasized their branding activities were working with advisory firms and had separated the marketing department from the sales department. The question "Are your products bought by an intermediary corporation?" was answered by 66% of companies as direct sales to the customers with own shops. More rarely they used wholesalers (46%), sales to the retailer channels (42%) and sales to the agencies (40%).

The results of the research showed that only eighteen firms (34%) had national/international retailing activities. Eighteen out of fifty companies answered the question "Which method did your company use to enter the foreign markets?" as retail stores belonging to the company (66.67%), franchising (61.11%), having corner in well known shops (44.44%), collective investment (16.67%) and license agreement (11.11%). Table 8 shows strategies selected to achieve competitive advantage in the target market.

Table 8. Strategies to gain competitive advantages in a target market

<table>
<thead>
<tr>
<th>Strategies</th>
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<tbody>
<tr>
<td>Product quality</td>
<td>15</td>
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<tr>
<td>To develop a new product type</td>
<td>14</td>
</tr>
<tr>
<td>Product price strategy</td>
<td>12</td>
</tr>
<tr>
<td>Psychological properties of the customer</td>
<td>10</td>
</tr>
<tr>
<td>Branding strategy</td>
<td>9</td>
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<tr>
<td>Consumption/usage properties research</td>
<td>9</td>
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4.3. The evaluation of participation in strategic activities:

Value-added strategies have been getting increasing attention due to the need to maintain an edge in a competitive environment. For this reason we evaluated the participation of companies in the previously stated strategic activities which are elaborated upon in this section.

The evaluation of participation in the strategic activities encompassed production structure, management activities, and the number of employees for both knitted and woven clothing manufacturers. The results showed that most of the companies had manufacturing facilities and as a result material and outsourcing suppliers. Only seven out of fifty companies did not have outsourcing activities because of their sub-contractor based production structure. When the Anova test was used to test H0 hypothesis (H0: There is no significant difference in the participation of strategic facilities according to production structure) it was found that there was a significant difference in the participation of manufacturing facilities (sig. 0.000), material supplier usage (sig. 0.024), branding (sig. 0.006) and retailing (sig. 0.001) activities according to production structure. Manufacturing and material supplier usages were seen mostly in the firms because of their sub-contractor based structure. 33 firms had production structures of branding and marketing and they used branding and retailing strategies. 17 firms had sub-contractor based production structures and they also used branding and retailing strategies.

In order to avoid loss of business arising from the risks in the global environment, it is necessary to improve the firm’s capacity for inventing and developing new products, in other words, to give importance to research and product development activities. 72% of the companies (31 companies) had research and product development activities. When the management structure of companies was investigated, it was found that fifteen of these companies were managed by the owner of the company and family members, and sixteen of the companies were managed by professional managers. Fourteen companies had more than 500 employees, six companies between 250-500 employees and eight companies between 100-250 employees. To successfully compete in the global environment, research & development activities had received a great deal of attention from the companies and the type of management, company size or production structures did not affect this criterion. On the other hand, fourteen companies did not have research & development activities. These companies mostly had sub-contractor based production structures or only marketing activities.

The fact that Turkey does not have a widely-known trademark is one of the weaknesses of the Turkish textile and clothing sector, and has limited its development. In recent years the companies have started to focus on branding activities, but these efforts are not enough. Only twenty-nine (58%) out of the fifty companies surveyed had branding activities; twenty-four of twenty-nine companies had brands already in existence and the remaining five companies were trying to launch their brands. Of these companies, twenty-four companies had more than 100 employees. The number of knitted and woven clothing manufacturers was the same. These results showed that, big companies had started to be aware of the fact that building a brand and undertaking a strategy connected with it was the key factor to achieve a higher level of competence. The companies without branding activities had only sub-contractor based production structures. Twenty-four out of fifty companies (48%) had marketing departments in addition to sales departments. Nearly all of these companies had brands or they were trying to build their own brands but they also had sub-contractor based production structures. As a result, the companies having branding activities were trying to manage their marketing activities more professionally by separating this department from the sales department.

National/international retail activities were also evaluated in the course of the survey. Only 34% (17 companies) had national/international retail activities. All of these companies had their own brands and they also provided the production capacity for well-known global brands. Only two companies had less than 100 employees and the rest mostly had more than 500 employees. Only one firm had knitted garment manufacturing, seven firms had woven garment manufacturing, seven firms had both woven and knitted garment manufacturing and two firms had no manufacturing facilities, only marketing, designing and branding activities. More than half of these companies had management teams comprised of the family members. The results demonstrated that it was generally the big woven
garment producers managed by the owners of the companies which had retailing activities.

As a result, nearly half of firms stated that they use globalization strategies to gain competitive advantage. The paired samples T-test was used to test the hypotheses between strategic activities usage and strategic activities participation level. There was high correlation between outsourcing facilities usage, research & development activities and globalization strategies usage when compared with the strategic activities participation level of companies. Although companies stated these optimistic comments about the usage of globalization strategies, the results of the questionnaire clearly proved that the Turkish clothing producers surveyed did not have enough knowledge to build and manage branding, marketing and retailing properly because only half of the own brand companies had retailing and marketing strategies to establish their brands.

5. CONCLUSIONS

The analysis of Turkish clothing producers and their globalization strategies, the similarities and differences in striving for competitiveness and the ongoing development of the industry led to the following conclusions.

Our first research objective was to define the structural conditions of companies. Companies mostly focused on sub-contractor based production for well known brands with a proportion of 60%. 82% of these companies had manufacturing facilities and as a result 84% of them had material suppliers and 76% had outsourcing facilities. On time delivery, quality in product and service were common important factors when selecting both material suppliers and outsourcing facilities. 80% of companies had complaints about late deliveries of material suppliers and outsourcing facilities. Problems with service and product quality, and cost problems were also highlighted by the firms. Firms stated that the biggest problems during the production stage resulting in lost time were raw material quality problems, late deliveries of outsourced production facilities of suppliers and late raw material supply (yarn, fabric or trimmings).

In order to avoid loss of business arising from the risks in the global environment, 72% of the companies had research and development activities inside their firms. In recent years the companies had started to focus on branding activities, but these efforts were not enough. Only 58% of companies had branding activities in their companies. Especially big companies started to be aware of the fact that building a brand and undertaking a strategy connected with it, is the key factor to achieve a higher level of competence. Also, the companies having branding activities were trying to manage their marketing activities more professionally by separating this department from the sales department. The results of the research also showed that in the clothing sector, branding activities largely lacked important elements such as marketing and retailing activities which had curtailed producers’ success in launching global brands. Only 34% had national/international retailing activities. These were primarily large woven garment producers managed by the owners of companies. Small and medium sized clothing producers were less inclined to focus on retailing activities. To sum up, nearly half of firms stated that they were using globalization strategies to gain competitive advantages. However, more than 80% of the firms were trying to improve their manufacturing structure by improving material and outsourcing facilities. Also, most of the firms had invested limited resources in research and development activities. Efforts expended on branding, marketing, retailing strategies were insufficient to create a global brand.

The findings of this study make a useful contribution to the industry as well as academia to analyze the current situation of the clothing companies, notice important problems, realize the variables contributing to the success and as a result to specify globalization strategies for the continuing development of the Turkish clothing industry. There are some limitations to the interpretation of the results of this study, and we leave them as topics for future research. Methodologically, the data collected here were based on the interviews with owners/executives of clothing companies so the accuracy of the answers must be checked considering their biased approach. In future work, other sources of evidences can be presented to overcome this limitation and compare the results.

REFERENCES


Bu araştırma, Bilim Kurulumu tarafından incelemden sonra, oylama ile şartlanan iki hakemin görüşine sunulmuştur. Her iki hakem yaptıkları incelemeler sonucunda araştırmanın bilimselliği ve sonunu olarak “Hakem Onaylı Araştırma” vârisıyla yayınlanmak üzere karsılmiştir.