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A STUDY ON THE PROBLEMS THAT TURKEY CENTERED TEXTILE BUSINESSES FACED ON ESTABLISHING AND PRODUCTION STAGES OF ABROAD FACILITY

TÜRKİYE MERKEZLİ TEKSTİL İŞLETMELERİNİN YURTDIŞINDA TESİS KURMA VE ÜRETİM YAPMA SÜREÇLERİNDE KARŞILAŞTIKLARI SORUNLAR ÜZERİNE BİR ÇALIŞMA

ABSTRACT

The textile sector, one of the locomotives of Turkey's economy, is constantly striving to develop new strategies with the aim of providing a competitive advantage on a regional and global level. One of the applications used in this context is the strategy of establishing an abroad production facility. With the competitive advantage obtained through the abroad production facilities, to have a part in the international market is aimed. Thus, they will have the opportunity to turn in favor of the contraction in the market, excess capacity, labor quality, labor cost, energy cost, raw material cost, various investment incentives, new technologies, and other business elements. Although there are advantages to establish abroad production facility, it is clear that there will be many problems. Since it is inevitable that there will be different management, marketing, finance, production, accounting, and etc. practices in different countries, problems will be encountered as a result of this differentiation. One way to solve these is to identify the problems during the establishment phase of the business and to take action before they arise. The main goal of this study is to determine the problems by benefiting from the experiences of textile companies that have established abroad production facilities and to guide the enterprises which want to use this strategy. In this context, it is obtained that 144 textile companies from Turkey implemented this strategy and aimed to exploit its advantages. A survey was applied to these enterprises and their answers were analyzed by simple frequency analysis method. The survey was sent to 144 businesses and the responses of 108 businesses were evaluated. When the data are evaluated, it is seen that the statements are very close to each other and have average values, but it is seen that the problems related to management and organization come to the fore. Solving the problems requires serious management knowledge and skill from the establishing abroad production facility idea has occurred. Even though the basic principles of enterprises when establishing abroad production facilities are less cost, wider market, and similar material-based targets; not being use management and organisation methods properly may cause problems in the continuity of the business. For this reason, management and organization should be planned, preventions should be taken from the beginning, and the decisions taken should be implemented.

Keywords: Textile, Abroad Production Facility, Management and Organization.

ÖZET

Türkiye ekonomisinin lokomotiflerinden biri olan tekstil sektörü, bölgesel ve küresel düzeyde rekabet avantajı sağlamak amacı ile sürekli yeni stratejiler geliştirme çabasıdadır. Bu kapsamda yer bulan uygulamalardan biri de yurtdışında üretim tesisi kurma stratejisidir. Yurtdışında kurulan üretim tesisleri sayesinde elde edilen rekabet avantajı ile uluslararası piyasada söz sahibi olmak amaçlanmaktadır. Böylece pazarda daralma, kapasite fazlalığı, işgücü niteliği, işgücü maliyeti, enerji maliyeti,

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hammadde maliyeti, çeşitli yatırım teşvikleri, yeni teknolojiler ve diğer işletme unsurlarını lehine çevirme imkânı bulabileceklerdir. Yurt dışında üretim tesisi açmanın avantajları olsa da birçok sorunun yaşanacağı da açıktır. Farklı ülkelerde farklı yönetim, pazarlama, finansman, üretim, muhasebe vb. uygulamaları olması kaçınılmaz olduğundan bu farklılaşma sonucunda sorunlarla karşılaşılacaktır. Bunları çözebilenin bir yolu da sorunları işletmenin kurulma aşamasında belirlemek ve ortaya çıkmadan önlem almaktır. Bu çalışmanın temel hedefi yurtdışında üretim tesisi kurmuş tekstil işletmelerinin tecrübelerinden yararlanarak sorunları belirlemek ve bu stratejiyi kullanmak isteyen işletmelere yol göstermektir. Bu kapsamda Türkiye'den 144 tekstil işletmesinin yurtdışında üretim tesisi kurma stratejisini uyguladığı ve avantajlarında yararlanmayı hedeflediği belirlenmiştir. Bu işletmelerine anket uygulanmış ve verdiği cevaplar basit frekans analizi yöntemi ile analiz edilmiştir. Anket 144 işletmeye de gönderilmiş ve 108 işletmenin cevabı değerlendirmeye alınmıştır. Veriler değerlendirildiğinde karşılaşılan sorunların birbirlerine çok yakın ve ortalama değerlere sahip olduğu görülse de yönetim ve organizasyon ile ilgili sorunların ön plana çıkmaktadır. Sorunların giderilmesi, üretim tesisi kurma düşüncesi gerçekleştiği andan itibaren ciddi bir yönetim bilgisi ve yeteneği gerektirmektedir. İşletmelerin yurtdışına üretim tesisi açarken temel prensipleri daha az maliyet, daha geniş pazar ve benzeri maddi kaynaklı hedefler olsa da yönetim ve organizasyon metodlarının düzgün yapılmaması işletmenin devamlılığında sorunlara yol açabilecektir. Bu nedenle başlangıç aşamasından itibaren yönetim ve organizasyonun da planlanarak önlemler alınması ve alınan kararların uygulanması gerekmektedir.

Anahtar Kelimeler: Tekstil, Yurtdışı Üretim Tesisi, Yönetim ve Organizasyon.

1. INTRODUCTION

Due to its contribution to employment and the economy, the textile sector has an important place in Turkey's economy. According to the December 2020 report of the Turkey Exporters Assembly, a total of 169,5 billion dollars exports were done from Turkey. The share of textile products in exports is 17,1 billion dollars for ready wear and apparel products, 7,3 billion dollars for textiles and raw materials, 1,3 billion dollars for leather & leather products, and 2,6 billion dollars for carpet. With these data, it is seen that 16,69% of Turkey's total exports are made up of textiles and textile products (URL 1). In addition, Turkey has the quality and capacity to fill the gap created due to the decrease in confidence in products of Chinese origin, especially during the pandemic period. It is estimated that this situation will positively reflect on the production and export values of the textile industry after the pandemic.

According to the "December 2020 Insured Statistics Table", which is the last report published by the Turkish Social Security Institution, 1.135.771 out of 15.203.423 employees who are subject to compulsory insurance within the scope of 4/a are employed in the field of textile, clothing, and leather products. The employees working in the textile, ready wear, and leather sectors constitute 7,47% of the total registered employees (URL 2). In addition, considering the informal workers and sub-sectors, it is estimated that around 2.000.000 people work directly or indirectly on textile production.

The textile sector, which has an important contribution to Turkey's economy and employment, has to constantly research and implement new strategies in order to compete. One of these strategies is to establish production facilities in other countries where they can produce at lower costs. The reasons for this strategy can be listed as market shrinkage, excess capacity, qualified workforce, labor cost, energy costs, raw material costs, easy access to raw materials, investment incentives, and new technologies. Although investing abroad provides various advantages to businesses, it also encounters various problems such as management, marketing, finance, production, and accounting practices. By identifying the problems during the establishment stage of the business, it will be possible to take precautions before they arise. Although it seems like establishing abroad production facilities would not contribute to Turkey, by decreasing the costs it will be possible to have more place in the market and businesses can balance the costs. Otherwise, it will not be possible to compete especially with third world countries due to constantly increasing costs.

Textile enterprises identified within the scope of the study are those, which established abroad production facilities but also pursue their business activities in Turkey. The main aim of this study is to determine the problems encountered in the process of establishing an abroad production facility and to guide businesses that want to use this strategy by experiences of the Turkey-based textile businesses who had established abroad production facilities.

2. MATERIAL and METHOD

In this section, information is given about the applied method in order to determine the problems faced by businesses on stages of establishing abroad production facilities. In the first stage; the universe, sample, and tools, which are used to obtain data, are explained. Subsequently, information was given about the analysis method of data. In the study, the survey directed by Yıldırım, which is applied to enterprises with abroad production facilities were used. It has been developed with a brainstorming

method by the contribution of managers who have experience in the textile field and adapted to the textile industry (Yıldırım, 2007). By applying the survey to the Turkey-based businesses those have abroad production facility, it is requested to indicate the extension level of 13 statements that could be experienced in the abroad production facility.

2.1. Universe and Sample of Research

The universe of research is Turkey-based textile businesses, which are investing abroad directly or indirectly. During field research, abroad production facilities established businesses determined by confidential news sites, country reports, newsletters, web pages, and sector reports. In this context, it has been revealed that 144 textile companies from Turkey have established abroad production facility. The process of determining sample from the universe was used, due to the working conditions of the target group (response rate, cost, time, etc) and data collection tool method of the research (Altunışık, Coşkun, Bayraktaroğlu and Yıldırım, 2005). Among the non-random sampling techniques, convenience sampling was preferred. Convenience sampling is the type of sampling in which the selection of units is largely left to the interviewers (Nakip, 2013). The sample calculation formula, given in Equation 1, was used to calculate the sample size. In the formula; "n" is a number of sampling, "N" is the community subject to research, "P" is the community ratio or estimation, "Q" is 1-P, "B" is tolerable error rate and "Z" is desired confidence interval (Arıkan, 2005; Ryan, 1995; Sekaran, 2003).

$$n = \frac{N.P.q}{\frac{(N-1).B^2+P.q}{Z^2}} \quad (1)$$

In the universe of 144 businesses, the number of samples needed according to $\alpha = 0,05$ significance and $\pm 5\%$ margin of error is 103 enterprises. In the study 108 businesses, from which data could be obtained within the scope of the research, were used. The age rates of persons participating in the research; 14,8% are under 35 years old, 31,5% are 36-40 years old, 29,6% are 41-45 years old, and 24,1% are over 45 years old. When the educational status of the participants in the study was examined, it was determined that 4,6% of 108 people were associate degree, 76,9% were undergraduate, and 18,5% were graduate. It was stated that 61,1% of the participants were the general manager, 20,4% were the planning department manager, 5,6% were the marketing department manager, 10,2% were the production department manager, and 2,8% were the logistics department manager.

2.2. Data Collection Tools

A survey technique was used to collect data in this study. By mail and telephone conversation with the business managers, they were asked to fill in the survey online. The survey form used in the study consists of two parts. In the first part, there are close-ended statements about the company employees, participating in the survey. In the second part, 13 statements about the problems that can be faced by the businesses are included. Expressions are scored with a five-point Likert.

2.3. Analysis of Research Data

The data obtained from textile enterprises with abroad production facilities were transferred to the SPSS 20 statistics package program and analyzed. Frequency analysis, one of the descriptive analysis methods, is a statistical analysis technique that shows the observation frequency and percentage distribution of the data. In the analysis, the data were analyzed by using percentages, average, mode, and standard deviation of the answers for each statement. The values obtained from the analysis were evaluated in the findings section.

3. FINDINGS

Within the scope of the research finding, the results achieved by analyzing the data obtained from textile enterprises that have abroad production facilities were examined. In this context, the problems faced by businesses are analyzed by percentage rates of the answers for each statement as average, mode, and standard deviation. All related values are shown in Table 1.

Table 1. Frequency Analysis Table Related to the Problems of Businesses with Abroad Production Facilities

Variables	1* (%)	2* (%)	3* (%)	4* (%)	5* (%)	Total (%)	N	Average	Mode	Standard Deviation
1. Statement	0,9	3,7	29,6	56,5	9,3	100	108	3,69	4	0,73
2. Statement	5,6	11,1	38	37	8,3	100	108	3,31	3	0,97
3. Statement	0,9	9,3	28,7	47,2	13,9	100	108	3,64	4	0,87
4. Statement	2,8	18,5	40,7	23,1	14,8	100	108	3,29	3	1,02
5. Statement	0,9	5,6	49,1	28,7	15,7	100	108	3,53	3	0,86
6. Statement	0,9	3,7	16,7	66,7	12	100	108	3,85	4	0,71
7. Statement	6,5	26,9	46,3	19,4	0,9	100	108	2,81	3	0,86
8. Statement	6,5	23,1	60,2	10,2	0	100	108	2,74	3	0,73
9. Statement	0,9	9,3	58,3	28,7	2,8	100	108	3,23	3	0,69
10. Statement	8,3	25,9	28,7	26,9	10,2	100	108	3,05	3	1,13
11. Statement	2,8	17,6	54,6	23,1	1,9	100	108	3,04	3	0,77
12. Statement	1,9	9,3	64,8	20,4	3,7	100	108	3,15	3	0,71
13. Statement	0	12	66,7	21,3	0	100	108	3,09	3	0,57

*1: Strongly Disagree.....5: Strongly Agree

1. Statement: There is a coordination problem between abroad production facility and business in Turkey.
2. Statement: Problems arise in mutual formal transactions.
3. Statement: Problems are experienced due to the going abroad expectation of employees in Turkey.
4. Statement: Since the abroad facility can not always be kept under control, there is a problem of trust.
5. Statement: Not being able to find a common language creates the problem.
6. Statement: The complexity of the organizational structure creates problems with the increase in the number of managers.
7. Statement: It is difficult to find managers from the country where the facility is established.
8. Statement: Differences in the accounting system of Turkey, facility-established country, and the international market create the problem.
9. Statement: Expenditures made in the abroad facility create problems.
10. Statement: The marketing mix can not be standardized.
11. Statement: Geographical conditions (extreme heat, extreme cold, transportation, etc.) create problems.
12. Statement: Not settling a business culture (absenteeism, reluctance, etc.) in the country creates the problem.
13. Statement: Country policies (management style, exchange rate, incentives, international relations, etc.) create problems.

In order to compare and analyze the findings of the research visually, the average values obtained are graphed in Figure 1.

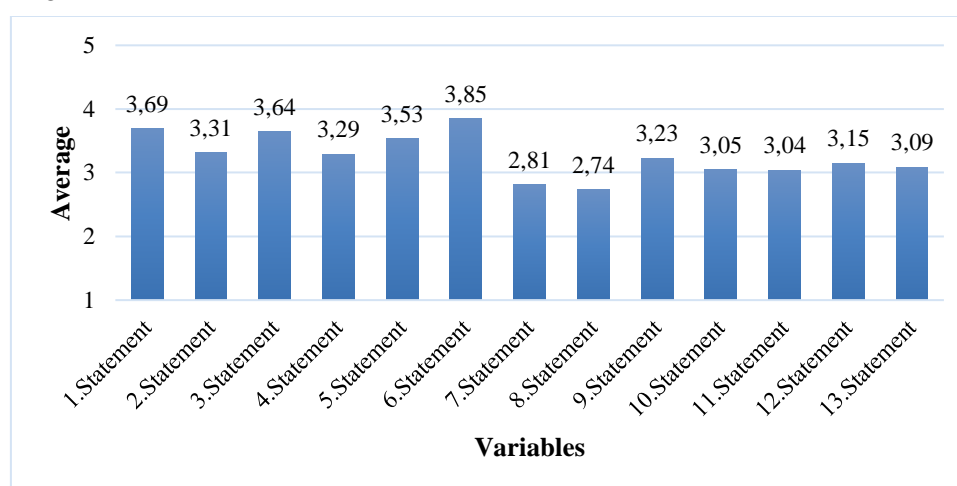


Figure 1. Averages of the Problems Experienced by Businesses According to the Statements

The average of the answers given to the statements is seen to be close to each other. The fact that the answers have an average of 3 or more except two statements proves that the businesses have these problems. Although the values are close, the expressions have a numerical order. All problems are listed in order of importance and suggestions are made by starting from the most common problem.

According to Figure 1, the statement with the two highest averages are "The complexity of the organizational structure creates problems with the increase in the number of managers" with an average value of 3,85 and "There is a coordination problem between abroad production facility and business in Turkey" with an average value of 3,69. Establishing a new facility means adding a new load to the existing organizational structure. Problems arise in adapting to a new order for both, existing employees and new managers of the abroad facility, especially at the beginning. The reasons can be listed as the; the necessity of having information about the abroad organization, working with new employees, adapting new employees to the existing order, and similar problems that increased workload. One method of eliminating the problem may be to manage the abroad facility with existing employees who know the order. Instead of hiring a new abroad manager, the transfer of a manager from the company in Turkey is a method that can be applied. Another method is separating abroad facility from Turkey organization and surveillance with a high level of authorization. This situation will not change the organizational structure in Turkey. Although this situation may cause difficulties in the beginning, problems can be eliminated with a period of training managers in the abroad country or in Turkey. Thus, businesses operating in the same company in both countries but working as two independent businesses system can be established. Nevertheless, instead of a completely autonomous structure, it would be appropriate to follow the abroad facility under the supervision of a senior manager and without complicating the system.

The third major problem encountered with an average of 3,64 is "Problems are experienced due to the going abroad expectation of employees in Turkey". Especially employees at all levels of the business who are waiting for promotion but staff in front of them are full, who have expectant of financial contribution and who think that abroad facility is an opportunity to show themselves want to be involved in abroad production facility activities. But when viewed by the top managers, to take an employee from Turkey will be much more costly for a job that can be afforded at lower wages in the destined country. To solve this problem, it was found to be more appropriate to take several employees for strategic units such as top executives and treasurer from Turkey. In order to prevent causing problems for other employees, the employee who will work in abroad facility can be determined clearly on the abroad facility idea stage. Thus, expectations of the other employees would be prevented and possible problems that may arise later could be eliminated.

The fourth problem is "Not being able to find a common language creates the problem" with an average of 3,53. English, seen as a universal language, is used in third world countries which are suitable for textile production investments, same as in Turkey. But it is a known fact that most of the senior managers in Turkey still have an English problem. This may create problems for Turkish managers who will work in the country where the facility will be established. Although it looks like a problem that can be solved with education, only education is not enough for actual business life. By phone call with the business executives who stated that they disagree or partially disagree with this problem, information was requested on how they overcame this problem. Although most of the answers were employ staff with good English, a company declared that they employ a middle-level manager who was living in Turkey but he is also a citizen of abroad country. Thus, he served as a bridge between the two countries and by the usage ability of Turkish, English, and the language of the country where the facility is located, the effect of the problem on the business is reduced.

The fifth important problem is the second statement in which "Problems arise in mutual formal transactions" is stated with an average of 3,31. Although most things are made easier with technology in our age, official transactions can progress slower because they are based on bureaucracy. To avoid this problem, countries that have signed bilateral agreements with Turkey may be preferred as much as possible. In addition, during the selection of country and city for the establishment of the production facility, attention can be paid to having Turkish representations.

The sixth important problem is "Since the abroad facility can not always be kept under control, there is a problem of trust" with an average of 3,29 and the seventh important problem is "Expenditures made in the abroad facility create problems" with an average of 3,23. Not being able to be at the abroad facility always emerges as an important problem in terms of the trust for managers. The solution to this may be entrusting the facility to a manager within Turkey business, whose competence is known. Although it is not possible to transfer all employees abroad, the appointment of senior executives who will only make

the final decisions and keeping the organization under observation for the first few years after the establishment of the production facility can be seen as a solution to this problem. In addition, the high rate of this problem can be thought to arise from the concern of the correct use of capital. In order to prevent this, expenditures above a certain limit can be made after the approval of both countries.

"Not settling a business culture (absenteeism, reluctance, etc.) in the country creates the problem" is ranked eighth place with 3,15 average, "Country policies (management style, exchange rate, incentives, international relations, etc.) create problems" is ranked in ninth place with 3,09 average, "The marketing mix can not be standardized" is ranked tenth place with 3,05 average, and "Geographical conditions (extreme heat, extreme cold, transportation, etc.) create problems" is ranked eleventh with 3,04 average. These 4 consecutive statements are related to the correct selection of the country in which the facility is established. Establishment location selection is a problem with scientific solutions and is very much in the literature. After the business establishment idea, a scientific choice must be made to obtain clear results such as literature, country reports, multi-criteria decision-making methods. It will be correct for businesses to carry out this stage with a consultancy of public and private institutions.

"It is difficult to find managers from the country where the facility is established" is took place at the twelfth place with 2,81 average and "Differences in the accounting system of Turkey, facility-established country, and the international market create the problem" is took place at a thirteenth place with 2,74 average as last two statements of study. Since the countries where the production facility is established are generally the producing countries for the textile sector, finding a manager is not considered a problem. In addition, due to the experience of Turkey that has been exporting textiles for years, there is a low problem in accounting transactions. However, since the last two statements are in the "partially disagree" level, there are businesses that have a slight problem. Still, it seems easier to solve than other statements.

When the statements are looked at as a whole, it is seen that they have very close and average values. In other words, it is seen that businesses establishing abroad production facilities do not have a clear problem and they generally encounter similar problems at similar rates. Although the averages are close to each other reveal a similar situation, it is seen that management and organization-based problems come to the fore. Although profit and cost criteria are a priority for businesses that will establish abroad production facilities, management and organization also should be in primarily plan and decisions should be implemented.

4. DISCUSSION and RESULTS

By the development of political, cultural, and economic relations between countries, the businesses operating in national markets had to compete with foreign businesses from different countries in addition to the national businesses. Increasing competition conditions have brought development in favor of international businesses that have resources and inputs under better conditions. In today's world where technological developments are developing in a dizzying way, intense on international political and economic integration occurs globally. This situation makes it obligatory for businesses to keep up with the changing and developing environment. So, it causes them to be an actor of the phenomenon of globalization.

When the problems encountered as a result of the study are considered as a whole, it is seen that even though they have very close and average values, the problems about management and organization come to the fore. The complexity of the organizational structure, coordination problems with Turkey, employee expectations, common language problems, and informal transaction problems are the main managerial and organizational problems. Solving these problems requires serious management knowledge and skill, from the idea point of establishing abroad production facility. Although the basic principle of businesses to establish abroad facility is financial targets such as less cost, wider market, and so on, failure on the management and organization may cause problems in the continuity of the business. For this reason, management and organization should be planned and precautions should be taken from the beginning. Also, it should be followed that the decisions taken are implemented with determination.

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