

Issues in Apparel Export Management Faced by Small and Medium Export Houses at Sitapura (Jaipur)

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Abstract: *Export business has grown at a faster rate in the present world after the globalization it is prevalent around the globe. Export management is fulfilling the overseas buyer's requirements of export orders and accomplish objectives to successfully complete the order in time. The present research paper analyses the various Issues Faced by Apparel Export Management faced by Small and Medium Export Houses at Sitapura Industrial Area (Jaipur)". There are six dimensions under which the issues are classified and studied. The methodology includes purposive random sampling including a survey collaborated with an interview schedule cum observation method, with a sample size of 40 Export Houses at Sitapura Industrial Area (falling under Garment Zone Area), Jaipur. The study reveals that most important and frequent barrier or issue faced by small and medium Apparel Export Management is Low Labour Productivity, followed by Low Technology, strong International Competition, Lack of Government Assistance and Untrained staff for Exporting.*

Keywords: Apparel Export Issues; Export management.

1. Introduction

The textile and garment industry is one of the major industries in India having major contribution in GDP of the Economy. This industry owes its recognized presence and far above the ground status in the overseas market. Indian Apparel industry is one of the leading textile and garment industries in the world. The foremost purpose of export management is to make a timely delivery of the goods as per the agreement made between the importer and exporter also, keeping up the quality norms and other specifications mentioned in the agreement so as to ensure the export orders from the buyer. The Indian garment export industry has a potential of good production but is viewed as a highly incongruent group of small-scale units, these units are de-centralised and located mainly in metropolitan cities and few other cities, having the outdated technology and production systems. These scattered small-scale units are dependent on the disorganized power loom sector for the supply of fabrics, the raw material etc for making of apparels. Also, processing of fabrics and washing of garments are some significant activities that are carried out in several units with out dated technology. Surface embellishments like embroidery, applique and sequin work are also done in rather non-descript and tiny units. Besides, there are infrastructural problems. The task ahead, therefore is to transform such an industry into a world-class competitor so as to compete in this quota free era of garment trade. This in turn will lead to the building up of better market share and positive image.

Export issues can be defined as the attitude, Infrastructural, equipped and other constraints that encumber a firms' ability to develop or sustain in international operations (koksall 2011). It is important to achieve a better understanding of

export barriers, since these issues threaten the efficiency and effectiveness of the firm. Issues under various Dimensions faced by Apparel Export Management:

The dimension of operations is the territory of execution and productivity. It covers getting the work done strategically. The factor is hindered by Customer culture and is at a risk of poor quality. Ecological issues are raised in moral and spirit terms. Geographic coverage of the area where units are located, economic dependence, Dumping of the goods, Development of the country etc are the parameters associated with the environment constraints. Logistic and Resource management are also some of the factors responsible for the smooth functioning of the export houses. Apart from the above a crucial factor associated with the export is the finance. A specialized function associated with the management level that involves efficient flow of money. Difficulty in payment and shortage of working capital are the constraints in the financial management. Some legal issues are also associated with the efficient working of the units.

Contribution of small and medium enterprises in global export is becoming significant but still a large number of these are unable to outperform in international market. Several research studies have been carried out that deal with the exports performances and various techniques used by small and medium enterprises management. Kumar (2015) studied on export performance competitiveness of Indian Textiles Industries during the period of 2010-2013. Results show that commodities which are more competitive in international market are Silk, Cotton, Vegetable textile fibre, woven fabrics, staple fabrics, carpets and other textiles floor coverings. Chaudhury (2014) conducted a study to analyse the prospects, problems, and solution of

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problems of readymade garment industry in Bangladesh. The findings of this paper shows that Bangladesh has a great opportunity to earn a great foreign currency through developing readymade garment industry and measures for removal of ongoing crises of garment sectors. Radojevic (2014) conducted a research to analyse the impact of firm's characteristics on export barriers (Serbian Exporters). After conducting a survey with the help of questionnaire of 178 total sample size, it was found that most export barriers refer to domestic business environment and that there is a correlation among firm's size, length experiences and capital ownership. Deshmukh (2013) examined whether export intensity at the firm level differs between domestic-controlled and foreign-controlled firms and between private and public firms. They also found that domestic firms are more export-intensive than foreign firms and private firms are more export-intensive than public firms. Gera (2012) conducted a research to determine the significance and future prospects of textile exports in Indian economy. The findings reveal that the Indian textile industry is highly diversified and is gradually moving to branded segments. Industry needs to improve its raw material base and export high value-added products of international standards. Innovative ways for transforming and modernization of industry is the need of the hour. Jalali (2012) examined the relationship between the export barriers and export performance of Greek firms targeting the Iranian market. A structural equation model was developed to determine which dimension had a greater effect on export performance. Abubakar (2010) conducted a research to determine the impact that fashion exporting has on US economy as well as explore changing trends in the economy and overall contribution of fashion export to the economy. The preliminary findings would seem to suggest that the impact of fashion products being exported to foreign countries have both positive and negative consequences on American economy. In order to provide for a reliable assessment, the development, and subsequently, the validation of measures for different export performance dimensions as well as the use of multiple measures are warranted for capturing the entire story of a firm's export performance. Solberg and Olsson, (2010). Ramchandran (2001) conducted a study on Export Competitiveness and Market for Textiles. The findings of this paper reveal that there are weak links in the production chain, key obstacles to productivity and to exports and policy changes that must be made for the growth of production and exports in the textiles and garment sector. The present study was framed using the following objectives. To determine the problems faced by the medium scale enterprises. To analyse the most concerning issue faced by the exporters and suggest the remedial measures to overcome the problems

2. Methodology

The following methodology sets the method and procedures undertaken for the collection and analysis of data focusing on the objectives of the study. Forty garment manufacturing units at Sitapura Industrial Area were selected using purposive random sampling. A structured questionnaire was prepared to conduct the survey.

3. Results and Discussions

Table 1: Various Dimensions in which Problems Are Faced, N=40

Various Dimensions in which Problems Are Faced:	Strongly Agree	Agree	Neutral
Operational Dimension	0	80	10
Ecological Dimension	80	20	0
Financial Dimension	60	40	0
Legal Dimension	70	20	10
Logistic Dimension	20	50	30
Resource Dimension	85	15	0

The results in Table 1 showed that it is the Operational Dimension where all the exporters faced problem. This is major barrier because if the problem arises at initial stage which includes difficulty in interaction with the customers and quality checking of the fabric during inspection, the managers won't be able to carry out the entire operational process in the export house. When compared to operational dimension, 80% of the Apparel exporters faced problem in Ecological/ Economical dimension.

Most commonly, 60% exporters faced problem in financial dimension of the economy. For this the government should offer credit subsidy to exporters. Because of lack of adequate finance, they are facing problem in carrying out their activities. The unfavourable foreign exchange rates and lack in government assistance leads to the problems faced by export houses in Legal dimension area, 70% export house face problems in legal dimension. Transportation difficulties such as inadequate transportation facilities, inefficient transportation systems and cost of transportation could affect the export sales volume that hinders 20% of the Apparel export management.

Table 2: Problems Faced by Respondents under Operational Dimension, N=40

Operational Dimension	YES	NO
Different Customer Culture	10	90
Poor Quality risk	75	25

In operational dimension 10% of the Apparel Exports Management faces problem with different customer culture and 75% of the Apparel Exports management faced problem while dealing with poor quality risk while inspection of fabric at initial stage.

Table 3: Problems Faced by Respondents under Ecological Dimension, N=40

Ecological Dimension	YES	NO
Limited Geographical coverage	55	45
One Sided Development of Country	75	25
International Rivalry	95	5
Economic Dependence	90	10
Dumping	70	30

Most common issue faced by the management is that of their limited geographical coverage that leads to lesser production and less number of customers, leading to only one sided development of the country and ultimately economic dependence for the raw material increases resulting 95% of

the Apparel Export Management faced problem owing to international rivalry as there is no business without rivalry.

Table 4: Problems Faced by Respondents under Financial Dimension, N=40

Financial Dimension	YES	NO
Difficulty in payment	70	30
Shortage in working capital	75	25

A striking issue under Financial Dimension that all the Apparel Exports Managers faced problem dealing with was difficulty in payment in terms of cash in advance and leading to shortage in working capital. Therefore, because of lack of adequate finance, they are facing problem in carrying out their activities that ultimately affects the labour payment.

Table 5: Problems Faced by Respondents under Legal Dimension, N=40

Legal Dimension	YES	NO
Unfavourable Foreign Exchange rates	95	5
Lack of Government Assistance	80	20
Custom Duty	45	55

The lack of government assistance and unfavorable foreign exchange rates are another major issue faced by 95% small and medium Apparel export houses due to lack of policies that are to be framed for exporters beneficial and leads our country to prosper. The government may exempt service tax to all the export related services to avoid blockage of capital of exporters.

Table 6: Problems Faced by Respondents under Logistics Dimension, N=40

Logistics Dimension	YES	NO
Transportation risk	70	30
Handeling and Distribution	65	35

The transportation risk is another barrier faced by 70% of the Apparel export management. Though, the goods are insured now a days but the time incurred to produce such goods and the consignment given by their customers hinders as well. Handeling and distribution plays a vital role keeping in mind the delicacy of the garment. Any wear or tear will be borne by the exports management of the respective firms.

Table 7: Problems Faced by Respondents under Resource Dimension, N=40

Resource Dimension	YES	NO
Low Labour Productivity	95	5
Low Technology	70	30
Insufficient Production Capacity	60	40
Required Quality Standards	75	25

The most critical issue in the Apparel Export Management faced by Small and Medium Export Houses is Low Labour Productivity. The reason behind loss in exports is due to less skilledlabours. The insufficient labour hinders the operational work and leads to delay in the entire process. Low-income group of family adopted tailoring as the main source of income for their livelihood. Tailors were abundantly available in the city. Some of the leading training institutes also helped in this area by contributing (trained) skilled labours. But recently during the visits it was found

that there is severe scarcity of skilled labours and machine operators, which has affected production schedule heavily. This has to be taken up very urgently to avoid the cancellation of export orders as suggested by the units. Because of insufficiency of skilled labours the production system is affected resulting in delay of finishing the order on time. They faced quality standards problem with respect to fabric and its dyeing and shrinkage affecting the entire garment.

Table 8: Problems Faced by Respondents under Other Issues, N=40

Other Issues	YES	NO
nternational Competition	90	10
High Business Risk	100	0
Limited Information About Markets	5	95
Unfavourable foreign business practice	60	40
Non-Competitive Prices	0	100

Ninety percent of the Apparel Export managers of small and medium export houses faced problem as there is strong international competition, high business risk followed by unfavourable foreign business practices. Certain measures that can overcome these issues could be : By keeping ample payment and finance as working capital. Appointing semi skilled and skilled labour and maintaining quality standards of the apparels manufactured. Conduct timely inspection of the units in all the departments. Making use of advance Technology in manufacturing and inspection.

4. Conclusion

It is important to achieve a better understanding of export barriers, since these barriers waste the resource of firms and threaten the efficiency and effectiveness of a firm's operations. The negative impact that exports barriers can have on medium and small enterprises' internationalization behaviors. The results show that most important and frequent barrier or issue faced by small and medium Apparel Export Management is Low Labour Productivity, followed by Low Technology, strong International Competition.

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