

Strategic Management as Key Influencer on the Development of Textile Industry in the Country of Kosovo

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Abstract

Considering the impact of strategic management, today all companies of all sectors must have a strategic plan compiled in details. In the frame of this plan, there must be included also human resources, investments in marketing, investments in technology, and noticeably the last one is recently going through great modifications. Based on statistic data Kosovo during recent years have made advanced steps toward the development of all sectors, specifically in textile sector. Therefore, this paperwork aims to step up the priorities and challenges that have the textile sector in the country of Kosovo, a country that is in transition phase. The focus of this study will be textile companies, including manufacturing companies. For the conclusion of this research will be used primary and secondary data. Primary data will be the data received directly from field work, through questionnaire that will be used especially for this research, whereas secondary data will be received by the use of foreign and local literature, also from researched made previously, that have to do with textile sector in all countries of the world.

Keywords: strategic management, textile industry, advantages, disadvantages

Introduction

On account of globalization, strategic management is becoming more and more important. Strategic plans are important nowadays not only for huge businesses, but also for small and medium ones. The reason of the small companies is because of the business future growth forecast. Another importance is mainly for businesses that operate in transition countries, as it is the country of Kosovo.

Strategy is the core of the essence of positioning for competitive advantage in the market. In order to come up with strategic and liable alternative it must be conceptual creation, based on knowledges of the certain industry, competitions, markets, technologies and other respective tendencies (Avdiu & Gashi, 2017).

In this period it would be easy to manage a business that in its sector has no great changes, which is recently impossible. Strategic management must contain some key elements (Khemesh, 2017):

- Consumer tracking due to their increased demands on the quality and variety of products
- Tracking technology, due to their rapid changes being made
- Tracking competitors in every possible segment
- The development of the multinational enterprises and integration of traditional cultures with other cultures
- The spread and facilitation of communication through internet and other information technologies.

External factors that surround Kosovo businesses are still more complex to face with them. Same with the majority of market in transition around the world, same also in Kosovo, the market has almost the same actors with the same roles and "rules" that every business has (Gashi & Avdiu, 2013).

Textile industry is a great contributor on the development of the country economy, including production and employment. Textile industry is one of the greatest industries in the world (Chokalingam, Maruthavanan, & Prakash, 2009).

Considering that transition countries everyday have different difficulties to adapt to the images of globalization competitions, also Kosovo is a country in transition that is facing those difficulties. Therefore in this, a great importance will be given to the effect of strategic management in the development of textile industry, obstacles that businesses meet during the operation, advantages that those businesses have, as well as many other issues that we will discuss in the parts of research analyses.

Literature review

Strategic management is organized development of resources in functional zones, financial, production, marketing, technology, manpower etc. in following its objectives (Wells, 1996). Analyzation is one among main sections and one of the most important phases in the process of strategy creation. This phase is the main because of the information collection, where that information is valuable during the all processes in steps and further business way (Brecker, 1980).

The first step of developing strategy is the analyzation of collected information after their collection process. Beside this there shall be determined which are the resources that currently are possessed by business or company and which will be valuable and usable to help toward the achievement of purposes and objectives defined in advance. In this phase, it is important to be required and identified other external resources. The formulation of strategy includes the issues that must be listed as priority depends on their value on achievement of the company success. After the selection of priorities, starts the formulation of strategies. Considering that business and as well economic situation are unsustainable, it is very important in this phase to be developed different alternatives methods that aim to arrive every step of the plan (Ulwick, 1999).

According to author (Gasparotti, 2009), SWOT model (strength, weakness, opportunities and threats) is one of the best instruments for analyze of external and internal environment factors. Based on this model, companies' strategies can be formulated by combining strongest and weakest points, whereas factors of the external environment, combining: possibilities and threads.

Moreover one of the analyses that must be given importance during the compile of strategic plan is also PEST analyze, which includes: political, economic, social and technology factors.

Based on the writing of the (Meyer, 2009), not all companies, that aim and have focus the development in global markets, they have easy expansion and operation in countries outside of where they are established, where they have created their image with products, services or both. Studies around this phenom on of aspiration for international expansion and crossing many obstacles and difficulties highlight the challenges and failures to reach the expansion goals in the global marketplace. But, in order that companies to achieve their goals or similar, must be kept in mind many factors, that according to some authors and researchers of globalization have concluded that must be followed is there is a wish for success in this field.

In order to survive in the market, companies try to expand the process of production also in global markets, but this can cause the fragmentation of supply chains around the world, increasing the risk of supply chain interruptions. Nevertheless, new chain supplies can prevent or soften such interruptions (Sardar & Lee, 2015).

The situation of the textile industry in Kosovo and countries around the world

Based on the presented table as below, it can be seen that China is the greatest producer and exporter of two textiles and unprocessed clothes, whereas USA is the main producer and exporter of unprocessed cotton, they also take the price for the greatest importer of textile and unprocessed clothes.

Textile Production		Garment Production	
Country	%	Country	%
China	50.20%	China	47.20%
India	6.90%	India	7.10%
United States	5.30%	Pakistan	3.10%
Pakistan	3.60%	Brazil	2.60%
Brazil	2.40%	Turkey	2.50%
Indonesia	2.40%	South Korea	2.10%
Taiwan	2.30%	Mexico	2.10%
Turkey	1.90%	Italy	1.90%
South Korea	1.80%	Malaysia	1.40%
Thailand	1.10%	Taiwan	1.40%
Mexico	0.90%	Poland	1.40%
Bangladesh	0.80%	Romania	1.20%
Italy	0.80%	Indonesia	1.10%
Russia	0.70%	Bangladesh	1.00%
Germany	0.50%	Thailand	1.00%
Others	18.40%	Others	22.70%
Total	100%	Total	100%

Source: (study.com)

Based on studying, textile export of China is increased approximately 3% during 2018. China is the main country of producing textile and worth almost 1/4 of the global textile industry with an export value of more than 100 milliard \$. Whereas, regarding the European Union has Germany, Spain, France, Italy and Portugal with a value of more than 1/5 of the global textile industry and actually is evaluated in more than 160 milliard \$. India is the thirteenth greatest industry of textile and have an export value of more than 30 milliard dollar. India is responsible for more than 6% of textile total production in global level and is evaluated around 150 milliard \$. USA now is one of the greatest consummators of textile that are responsible for around 75% of textile import in total. China, Japan, India and United States dominate in global textile industry (www.medium.com, 2018).

This is the situation related to textile industry of neighbor countries. Textile industry in country of Albania is progressing year by year. In 2014 the export value has been 85.936 million €, in 2015 has been 90.091 million €, in 2016 106.608 million €, whereas in 2017 there was apparently great growth, in value of 117.389 million €. The value of the export of the textile industry in 2017 has 13% of the total value of export of this country (www.atlasi.al, 2018). By this is noticed that how important is this industry for the economy of this country. One of the challenges that this sector is facing, is the lack of qualified employees, because of the migration of the population toward other world countries (Shehi, 2018).

On the table presented below are presented the values of the imports and exports of the country of Kosovo, since 2012 to 2018.

Textiles and textile articles (.000)							
	2012	2013	2014	2015	2016	2017	2018
Export	11,433	12,751	14,693	11,957	8,784	9,941	10,643
Import	82,236	87,616	120,372	122,589	136,688	139,910	162,501

Source: (Kosovo Agency of Statistics, 2019)

Based on this table is noticed that export has regressed since 2012. The most successful year of export was 2012. Whereas, the import has regressed from 2012 up to now. 2018 is the year that has the greatest value of import of such industry. Analyzing in this table, we can say that the situation of this industry is not good, same as in other countries that have progression in this direction. Since the value of import is greater than export value, than this industry need rapid interventions. Unfortunately the value of export has had increase, this occurrence is quite worrisome.

Research methodology

For the realization of this research, were used primary and secondary data. Primary data are the data that were received directly from the field. In this research are included 115 companies of this industry. The research in total contains 14 questions, where some questions are with a possibility of more than one answer. The processing of those data is done through excel. The presentation of results is done graphically, where each graphic is followed with textual description. Confirming the hypothesis is made based on descriptive analyses.

Research question of such research are:

Should textile industry companies have qualified persons on their managerial staff?

Should institutions support companies dealing with this industry, in order those companies to succeed on their development?

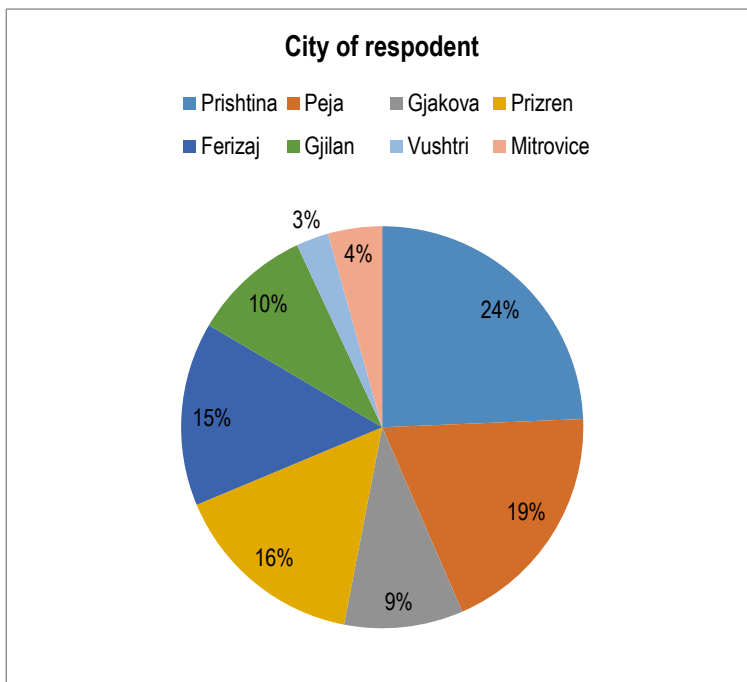
Hypothesis of this research are:

H1: Textile industries companies in Kosovo, face with the lack of qualified employees

H2: Textile industry in Kosovo has lack of institutional support .

Research analyses

In this part will be presented descriptive analyses of the paper, as it was mentioned in previous chapter they must be presented in excel and followed by textual description



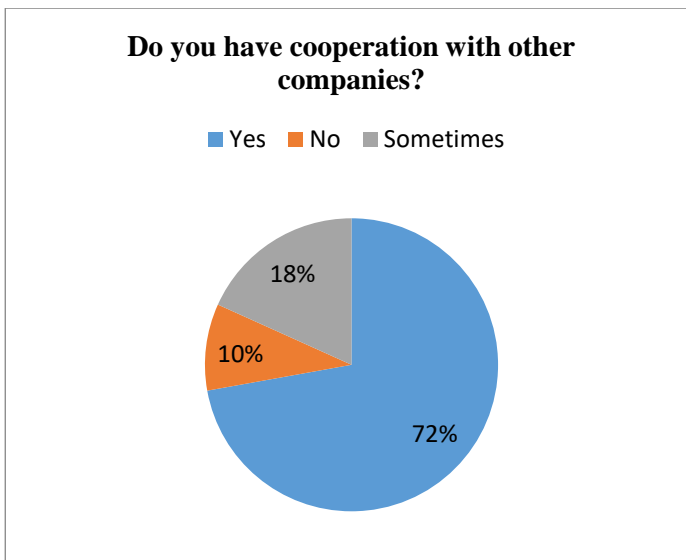
Graphic 1: City of respondent

In graphic no. 1, were presented cities of the respondents, where the largest part of questionnaires have been distributed in capitol city, since the greatest number of businesses is focused in this city.



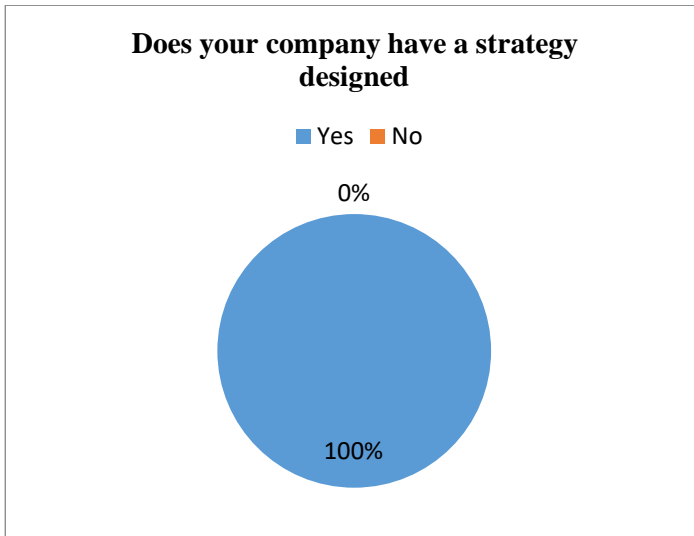
Graphic 2: Your company is:

In graphic no. 2, it is seen that part 111 companies of 115 interviewed, or 97% of them are local company, whereas only 4 or 3% of them are foreign companies.



Graphic 3: Do you have cooperation with other companies

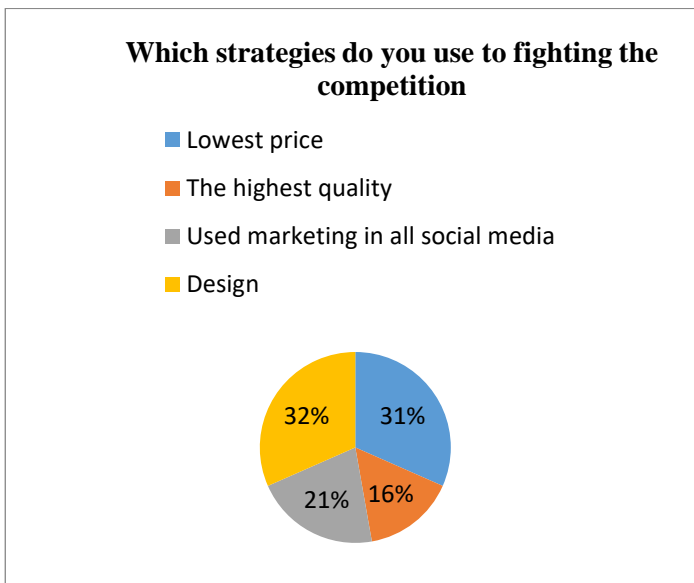
In graphic no. 3, it is seen that 83 or 72% of the interviewed declared that have collaboration with other companies, 11 or 10% of them stated that they do not collaborate with other companies, whereas 21 or 18% stated that sometimes collaborate with other companies. Based on these answers we can confirm that this is very good issue, since companies of the same subject have collaboration between each other, despite their emulation.



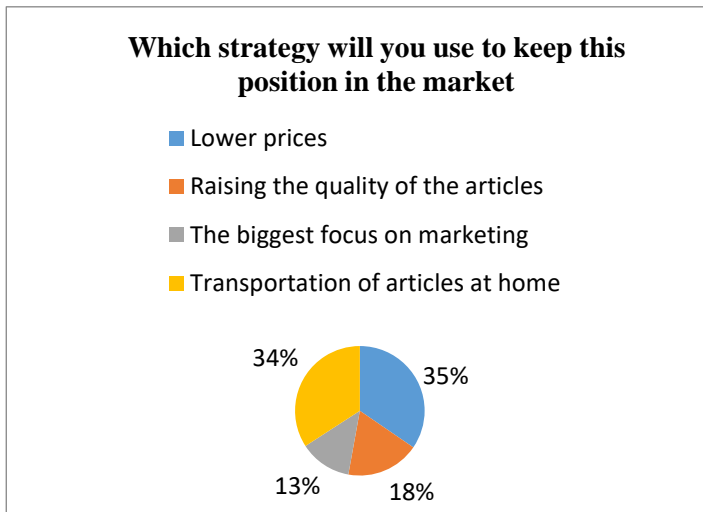
Graphic 4: Does your company have a strategy designed

Since we are living in the era globalization, every company must have a compiled strategic plan in order to survive in operating market. Fortunately, today Kosovo businesses, have approved strategy, such evidence is presented in graphic no. 4.

In graphic no. 5, a question is raised “Which strategies do you use to fight the competition”, on which the answer could be made in more than one option. 91 or 31% of the respondents have stated that main strategy to fight competition they use the lowest price, 45 or 16% respondents answered on higher quality, 32 % of the respondents have been that as their main strategy to fight competition is the design of the articles, whereas 21% of the respondents have been marketing as their main strategy.

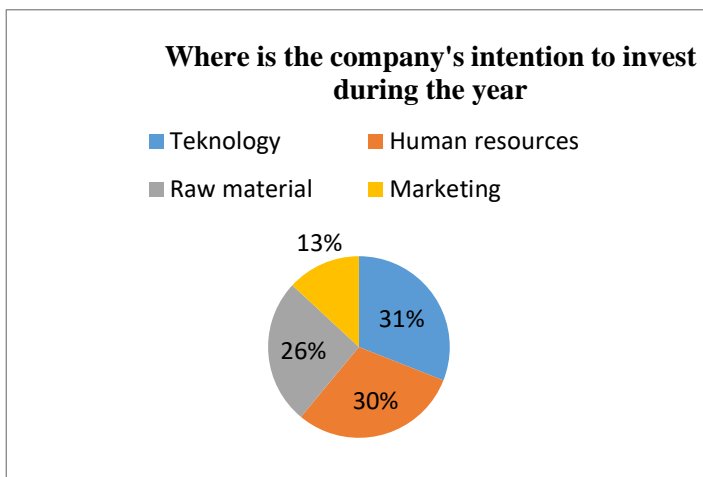


Graphic 5: Which strategies do you use to fighting the competition



Graphic 6: Which strategy will you use to keep this position in the market

In graphic no 6, as it is seen, the main strategy to hold a position in the market is the lowest price, where 85 or 35% of the respondents have been this way. 45 or 18% of the respondents have been with the improvement of the quality of articles, 34% have been that the strategy will have the delivery of the s to the home of the client, whereas 13% or 32 of the respondents have been that their strategy will be the focus in marketing.

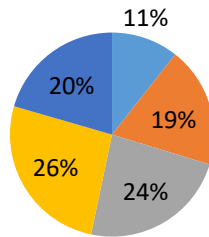


Graphic 7: Where is the company's intention to invest during the year

Whereas the question "Where is the company's intention to invest during the year ", this question have more than one answering option, the higher percentage have been that the target of the company for investment during the year is the investment in technology with 97 answers were yes 31%, and 94 or 30% in human resources. Whereas, 26% have been in raw material and 13% in marketing.

What are the challenges you face most often

- Lack of investment capita
- Lack of qualified people
- High bank interest rates
- Non-support institucional
- Lack of new technology

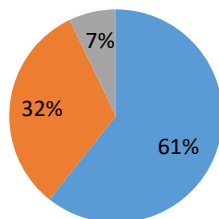


Graphic 8: What are the challenges you face most often

The most challenges that the majority of companies of this sector face are, non-support of the institutions and high bank interests. Related to the non –support of the institutions were 111 answers, whereas for high interest rate answered 100 of them. Other challenges that companies face are the lack of investment capital, lack of qualified human resources, as well as lack of new technology. All those are the greatest challenges that every company face with.

What are the challenges you face in human resources

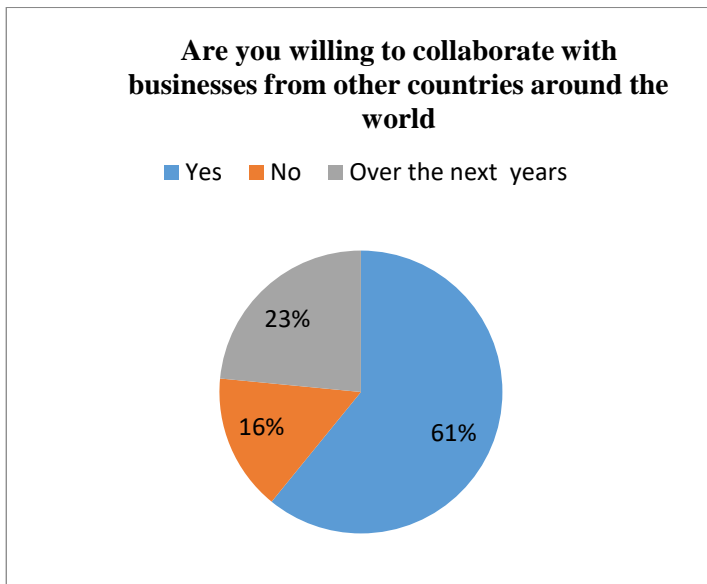
- Lack of qualified persons, who are citizens of Kosovo
- The high costs for employing people from other countries
- Lack of responsibility during work



Graphic 9: What are the challenges you face in human resources

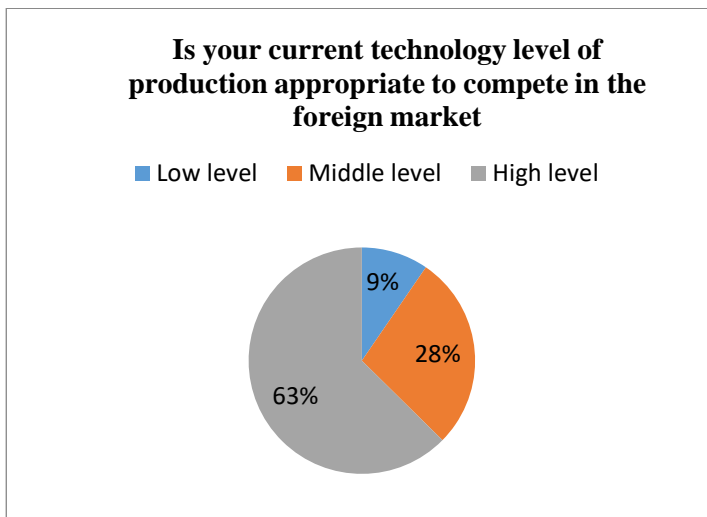
Whereas a challenge for human resources, by which face those companies, are lack of qualified persons that are citizens of Kosovo with 85 answers, 45 of them said that there are high costs of inviting a qualified person from other country.

Whereas, answered the less, so by 7% in total has been the challenge irresponsibility of the employee during their working hours.



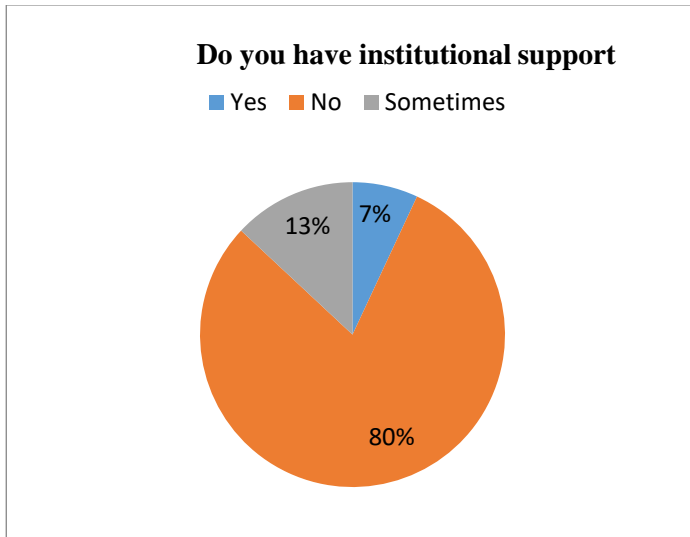
Graphic 10: Are you willing to collaborate with businesses from other countries around the world

In the graphic no. 10, is submitted the question "Are you willing to collaborate with businesses from other countries around the world", where 61% of them declared that they are ready to collaborate with other world businesses, 23% said that at the moment they are not ready. They will be ready after many years. Whereas 16% of the answered that they are not ready for international business.



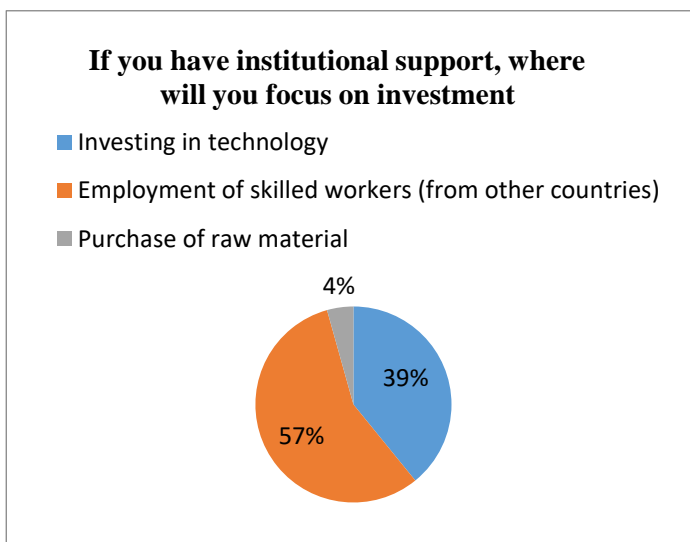
Graphic 11: Is your current technology level of production appropriate to compete in the foreign market

On the question that what is the level of the technology in these companies, 63% or 72 of the companies, answered that have high level of technology, 28% or 32 answered that have middle level of technology, whereas 9% have answered that the level of technology in their company is low.



Graphic 12: Do you have institutional support

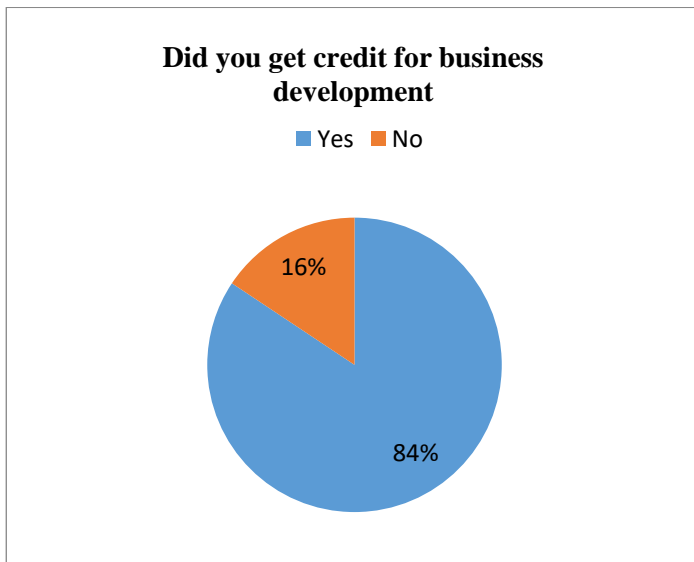
In graphic no. 12, is seen that businesses of this sector have no institutional support. The result with 80% answered NO, 7% of the answered YES; whereas 13% of them answered that sometimes have institutional support.



Graphic 13: If you have institutional support, where will you focus on investment

In case if those businesses would have institutional support, 45 answers or 39% of them answered that those means would direct to technology investment, whereas 57% answered that those means would invest in the employment of qualified employees from world countries, whereas only 4% of them said that will invest in raw material.

In question "Did you get credit for business development" 84% of them answered that have taken credit for the development of business, whereas only 16% of them answered that they have not taken credit for the development of the business.



Graphic 14: Did you get credit for business development

Based on descriptive analyses, we can say that the first hypothesis has been confirmed since the majority of companies answered that have lack of qualified local employee or staff. If they had staff with good qualification, they claimed they could compete earlier in foreign countries. This case they present as main challenge of the company. Whereas, regarding the second hypothesis, we can also say that it is confirmed, since the majority part of companies declared that have no institutional support. Such institutional non-support pushed most of them to take credit for the development of the business where then for those credits were obliged to pay high rates of interest.

Conclusions and recommendations

During this research we have noticed that also businesses of our country, a country under transition is following the trend. All interviewed companies declared that have approved strategy, since we know that through strategic plans every business is aware of where they want to achieve. Meanwhile, a majority part of textile industry companies declared that their main strategy to fight competition in the market, are low prices, as well as the design of products. The challenge of those businesses are many and different, the main ones are, lack of institutional support, lack of qualified persons in this direction, high bank interests, lack of new technology. Even though, most of them declared that have high level of technology, but if we do the comparison of technology which is used in developed countries, those businesses have lack of them. Moreover, another challenge is the lack of capital for investment in the development of current business.

The recommendations of this research are, that those businesses to have greater institutional support, bank interests to be lower for businesses that aim to develop business. Qualified person should not migrate in different countries of the world, but to try to find employment in their country, since even here they can find good jobs, same as in other countries of the world. Since businesses are able to pay for the staff from international countries, they can give a good salary also to qualified persons that live in Kosovo. The strategy to fight the competition not to consider only the lower price but also to give a special importance to the quality of s, in order that this company to be in real competition with other countries around the world.

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