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<b>AUTHORS</b>	Özlem Özkanli Sedat Benek Erdal Akdeve
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## **Export Barriers of Small Firms in Turkey: A Study of Ankara-Ivedik Industrial District**

Özlem Özkanlı, Sedat Benek, Erdal Akdeve

### **Abstract**

This paper examines the export barriers of small firms in Turkey and empirically tests a set of relationships between some critical factors and the export status of firms. The study identifies six factors such as firm size and age, technology level, CEO age, the number of formal meetings and participation in the international fairs. In the light of the data, the export problems are discussed and suggestions for future research are presented.

**Key words:** small firms in Turkey, export barriers, export status, survey.

**JEL Classification:** L60.

### **1. Introduction**

Turkey is a country in which enterprises (SMEs) constitute 99.8% of all industrial firms and 45.6% of the total employment in the manufacturing sector. Investment by SMEs reaches 38% in total investments and 26.5% of total value added is created by SMEs (TOSYOV, 2004). In Turkey, there are a number of studies based on "macro" data and discuss the "problems" of the SME sector as perceived by practitioners and policy makers (for example, see Kopal, 1977; Baykal, Pazarçık and Gülmez, 1985; MPM, 1987; DPT, 1989, Taymaz, 1997; TOSYOV, 2004; Akgemici, 2001; Ege and Acar, 1993; Özgen and Doğan, 1997; Bulmuş, Oktay and Törüner, 1990; TESK, 1998; Savaşır, 1999; Gökdere, 1995; Oktav et al., 1990; Oktay, 1998; and Müftüoğlu, 1989). On the other hand, there are studies based on small-sample survey data whose coverage is usually limited (for example see, Ayata, 1987 and 1991; Aktar, 1990; Sariaslan, 1996a; Alkibay et al., 1999; Evcimen, Kaytaz and Cinar, 1991).

There are various criteria in defining SMEs and these are directly related to the development level of countries and the structure of the industries. The most common criterion used is the number of employees (Ozkanlı, 2001). In this study, the criterion for small firms is set to include firms with 10 to 50 employees, in accordance with the statistical definition of small firms in the European Union. Firms with less than 250 employees and under 50 million Euro sales endorsements are accepted as SME in EU (OECD, 2004; TOBB-KOSGEB, 2002; KOBİ-Efor, 2004).

There are two research questions in this paper. These are:

- (1) What are the barriers to export in small manufacturing firms?
- (2) Is there any relationship between some critical factors and export status of small manufacturing firms?

In the study, barriers to export status are discussed and suggestions for the small manufacturing firms are presented. Barriers to export were determined according to the degree of importance. Export status is affected by particular factors in the literature. Some of these factors (such as firm size and age, technology level, CEO age, the number of formal planning meetings and participation in the international fairs) are defined as determinants of export status in the present study.

The paper will proceed as follows. First, a literature review with concepts and arguments from international business and small firm literature is presented and some particular factors affecting the export status of small firms are identified. After that follows the methodology section in which the sample and variables of the empirical study are presented. Then, the findings about barriers to export status and hypotheses analysis are examined. The survey findings also include export problems of the sample. The paper ends with a brief discussion.

## **2. Literature Review**

In the present study, literature review is revealed in two parts according to the research questions.

### ***2.1. Export Barriers***

Today many manufacturing firms are faced with problems of entering to international markets. Applied studies in Turkey conclude that SME's export deadlocks stem from demand insufficiency, financial trouble, the lack of marketing organization, standards, goods and services with reasonable prices and quality which provide competitive advantage on foreign markets, low capacity, adaptation problem of market entry, law and politic problems, diversity of customer's choice and habit, bureaucracy (Sariaslan, 1996b).

In the export literature, a number of studies have focused on barriers to export. These studies have examined barriers according to exporting and non-exporting firms. The findings of these studies have developed suggestions for practitioners and policy makers (for example, see Leonidou, 2004; Mittelstaedt et al., 2003; Dave, 2002; Özgen and Doğan, 1997; Campbell, 1996; Miesenböck, 1988; Kaynak et al., 1987). The barriers to export are related to a lack of capital (capital is important to build and to maintain international market relations) as well as a lack of human resources: most of the time, in small firms the manager himself is in charge of export activities. The lack of managers with international experience and foreign language skills is also very important (Fourcade, 1998).

In the study of Katsikeas and Morgan (1993) with a comprehensive review of export literature, export problems were investigated in four groups: external, operational, internal and informational.

In a survey applied in Turkey, the export problems of SMEs are lack of knowledge of foreign markets, lack of workers who have enough information about foreign markets, an incorrect belief that the size of the demand in the foreign markets is too high for the SMEs, mistakes made in pricing products for foreign markets, insufficient amount of government inducements, bureaucratic restrictions, and products with low quality and high production costs (Baykal and Gunes, 2004).

A study by the International Trade Center has shown that the major constraints faced by SMEs continue to be in the critical areas of access to finance, technology and markets (Hibbert, 2000).

Kaynak, Ghauri and Olofsson-Bredelöw (1987) have found that small firms cited five main problems associated with exporting. The two most frequently cited problems are selecting a reliable distributor (55%) and communicating with customers (39%). These are problems which can be controlled by the firm to some degree. The remaining three factors are external to the firm and not easily controlled. Foreign currency restrictions and governmental barriers are cited as problems by about 1/4 of the firms. About 1/5 of the respondents political instability is considered to be a problem for exporters. Cavusgil and Kaynak (1982) have found that, there are dimensions leading to success in exporting marketing: quality image, contractual linkage, promotion particularly of a unique product and terms of sales, credit offering, and competitive prices.

### ***2.2. Critical Factors of Export Status***

In literature many explanatory variables are defined or analysed as determinants for export status and a firm's degree of internationalization. Over the past three decades, scholars have presented various descriptive models of export behavior and performance (Dhanaraj and Beamish, 2003).

In order to explain small firms' internationalization process, born global perspective has widely been examined (for example, see Knight and Cavusgil, 1996; Madsen and Servais, 1997; Moen and Servais, 2002; Andersson and Wictor, 2003). Some firms do internationalise rapidly by developing international networks, offering adapted, customized products and generally being much more flexible and faster in their approach to business than their larger competitors (Fillis, 2001). By operating in niche markets and utilizing their distinct sets of competencies, the smaller firm can compete with larger organizations, despite resource limitations (Madsen and Servais, 1997).

Export is seen as being influenced by variations in firm's resources, managerial characteristics, planning procedures and market opportunities (Andersson, 2000; Andersson and Wictor, 2003; Andersson, Gabrielsson and Wictor, 2004).

The study focuses on six hypotheses determined by factors that are expected to influence the export status of small firms. The hypotheses are used to analyse the existence of a reasonable relationship between export status and six critical factors: firm size, firm age, technology level, CEO age, the number of formal meetings and participation in international fairs.

#### *Firm Size and Age*

Firm size and age have always been the main issues when the relationship between firm characteristics and international activities is studied. Much research has focused on firm size and age as considerable factors influencing the performance of small firms' internationalization (Cavusgil, 1984; Cavusgil and Naor, 1987; Katsikeas and Morgan, 1993; Pope, 2002; Pett and Wolff, 2003; Dhanaraj and Beamish, 2003; Mittelstaedt et al., 2003; Leonidou, 2004). Both firm size and age have traditionally been used as the main predictors of a firm's international activities (Andersson, Gabrielsson and Wictor, 2004).

One of the most important parameters which determine the size of firms is the number of employees. Firm size has been shown to correlate positively with both export activity levels and export success (Moini, 1995). In terms of comparing the internationalization performance of small firms with larger firms', larger firms have advantages of size. Larger firms are generally older and are likely to have accumulated greater stocks of resources which bear more successfully on the challenges the firm faces in its internationalization effort (Pett and Wolff, 2003). On the other hand, Cavusgil (1984) presents impressive results. According to his study, when firm size is measured by the number of full-time employees no statistically significant relationship between firm size and firm's degree of internationalization emerges; however, there is a statistically significant relationship when firm size is measured by annual sales. However, Cavusgil (1984) drawn a tentative conclusion from these results suggesting that there is a tendency for larger-volume companies to have progressed more along the internationalization process on the grounds that there is no strong relationship implying that a firm's internationalization is not greatly influenced by its size especially when size is measured by number of employees. In a subsequent study, Cavusgil and Naor (1987) found a positive correlation between firm size and export activity. This can be explained by the notion that larger firms possess more 'slack' in managerial and financial resources as well as production capacity, thus enabling them to direct greater efforts to exporting than smaller firms (Cavusgil and Naor, 1987). In the study provided by European Commission, export activities show an obvious correlation with company size (NUTEK and FSF, 2000).

Based on these assumptions, the study attempts to analyse following hypotheses:

*H1: The size of the firm is positively related to whether the firm has exporting activities.*

Another argument, as a pattern to firm's internationalization studies, is firm age. A firm is expected to get knowledge of internationalization for overseas activities. A learning process is about recognizing new market systems and consumer cultures. It of course requires a period of time for organizations to obtain certain experience and ability of international market. If firm age is defined as a determinant for experience of internationalization, it could be stated that firms with certain experience of internationalization are more likely to realise changes in external environment as opportunities which take advantage or threats of which require precaution. Moen and Servais (2002) found that the challenges for managers differ depending on international involvement and the age of the firm. When age factor as decision-maker characteristics is used in the study by Cavusgil and Naor (1987), they found that there are no noticeable differences between exporting firms and non-exporting firms. Andersson et al. (2004) have found that firm age is an important factor to take into account while studying the dimension of small firms' internationalization activities although they did not found any relationship between firm age and export status.

Hence, the age of firm is required to put following hypothesis into action:

*H2: The age of the firm is positively related to whether the firm has exporting activities*

*Technology Level of the Firm*

In many research papers, the technological level of the firm has been defined as one of the important factors influencing and explaining internationalization behavior of the firm (Crick and Jones, 2000; Andersson, Gabrielsson and Wictor, 2004). Dhanaraj and Beamish (2003) in their study of resource-based approach to export performance found that technological intensity is a good predictor of export strategy and export strategy influenced positively firm performance. Since access to technology has a major impact on export status, companies with lower levels of technology are, in many cases, relegated to domestic markets or to less demanding foreign markets. Therefore, technology is seen as one of the key resources of a firm, and depending on its technological intensity, a firm should be able to exploit its advantage in foreign markets (Dhanaraj and Beamish, 2003). Namiki (1988) in his study explaining export strategy for small business defined technological superiority of products and new product development as one of patterns of competitive strategy in export markets. A study by Cavusgil and Naor (1987) in which several factors defining the difference between exporting firms and non-exporting firms are examined revealed that although firms in technology-intensive industries are more likely to engage in exporting, the difference between exporting firms and non-exporting firms is not statistically significant. Technology intensiveness variable was found to be a weak discriminator of exporting activity in their study. From born global firms' perspective, firms originating from large home markets are mostly found in high technology based sectors while firms in smaller countries are mostly found in other sectors (Madsen & Servais, 1997).

Based on assumptions mentioned here, present study reveals following hypothesis:

*H3: The technology level of the firm is positively related to whether the firm has exporting activities*

*Age of Top Management Staff*

The decision-making process and decision makers within firms have always been taken into account in studying firms' international behavior. Some studies have attempted to investigate the relationship between decision-maker features and a firm's international behavior empirically since the impact of a decision-maker's personality in small-sized firms is more intensive than in larger-sized firms. Researchers have tried to link a firm's internationalization experience to the decision-maker's background, personality and characteristics (Cavusgil and Naor, 1987; Andersson, 2000; Halikias and Panayotopoulou, 2003). An empirical research conducted by Halikias and Panayotopoulou (2003) has found that almost 50% of the export involvement activity, which is dependent variable, is explained through the CEO's characteristics. Since the age of CEO may reflect the life-long experience and personal network of an individual (Andersson et al., 2004), the experience of small firms may be intensively influenced by CEO's age. Johanson and Vahlne (1990) in their study concluded that the empirical research confirms that commitment and experience are important factors explaining international business behavior. Moen and Servais (2002) revealed that the managers in firms that began exporting soon after establishment are found to have stronger global orientation in terms of vision, proactiveness and responsiveness. According to the study by Moen and Servais (2002), it can be stated that characteristics of CEO also reflect importance for firm's internationalization commencement from born global perspective.

Thus, the study aims to evaluate the impact of decision-maker on firm's export status using CEO age as a factor. Then, following hypothesis is planned to examine:

*H4: The age of the manager is positively related to whether the firm has exporting activities.*

*Formal Planning Meetings*

Planning is critical for small firms to survive in an environment of intensive competition. Due to economic scale, small firms are expected to adapt to its environment. Small firms with strategic planning process can successfully manage their activities in market environment. Monitoring market and planning by the managers of firms can contribute to realize potential alternatives within

international market. Some studies in the literature attempt to investigate the effect of strategic planning on the internationalization process empirically (O'Cass and Julian, 2003; Andersson, Gabrielsson and Wictor, 2004). O'Cass and Julian (2003) found that firm resources such as extent of careful planning carried out by the export venture have importance for export development. Monitoring the market, defining strategies, and planning can happen with meetings held by top management of firms. Thus, the time devoted or the number for formal planning meetings may be seen important for the planning issue and the present study defines following hypothesis:

*H5: The number of formal planning meetings is positively related to whether the firm has exporting activities.*

#### *International Fairs*

Participation in a fair is an activity which when well planned can give good knowledge about the market and its reactions to the product in a very short time. It also constitutes a very cost-effective form of market research (SIDA, 2003). SMEs must be encouraged to participate in international fairs (Baykal and Gunes, 2004) so that management seeks information from other executives, state agencies and the Turkish Department of Commerce. Informal contacts with other participants from foreign firms are very important in international fairs. The following hypothesis will be examined.

*H6: The participation in international fairs is positively related to whether the firm has exporting activities.*

### **3. Research Methodology**

The study is a combination of theoretical and empirical work. The research methodology used for the study is questionnaire survey. The research population is the small-sized manufacturing firms in the Ankara- Ivedik Organized Industrial District (Ivedik OID).

Ivedik OID which is established on a huge area of 477 hectares is one of the most important small-sized industry complexes in Turkey. Machinery, chemicals, metal works, wood work, plastics, printing, and construction equipment are the main manufacturing sectors of the District. Ivedik OID is a center which brings all support units, required for manufacturing quality are together, with manufacturers.

Data were collected from 915 firms using a questionnaire. In order to determine the present situation exactly and to reach accurate results, "face to face interview" method in the district was used for collecting data and for that reason the response rate was 100%. In this study, the criterion for small firms was set to include firms with 10 to 50 employees, in accordance with the statistical definition of small firms in the European Union. There were 170 small-sized manufacturing firms with 10 to 50 employees within the population. The hypotheses were tested for these firms. This size is statistically adequate for the methods used. The applicability of the questionnaire was tested by a pilot study. Experience and knowledge obtained from the pilot application shed light on the study. Survey pollsters, who visited firms and interviewed managers, were trained. In the first visit to the firm interview was requested from the top manager or the owner. If it was not possible to see them, another appropriate time was determined to conduct the interview. Firms were reviewed twice.

Data obtained by applying questionnaire forms were systematically analyzed and a digital data foundation formed. In the data analysis phase, SPSS 11.5 software program was used. Findings obtained through the analysis were evaluated and interpreted.

Two groups of statistical methods were used in this study. Findings obtained in the first group are presented as frequency tables. In the second group, to evaluate the hypotheses, the Chi-Square Test is used to investigate the relationship between dependent and independent variables. As it analyses the existence of a reasonable relationship between two categorical variables, the "Chi-Square Test" is preferred. Hypotheses were tested at the 95% significance level ( $p < 0.05$ ). In the light of the data, the export barriers of small-sized manufacturing firms in Ivedik OID are discussed and solution sugges-

tions were presented. These suggestions were taken into consideration by Ivedik OID Directorate. It is thought that findings would also be useful for both practitioners and academics in the field.

#### 4. Findings

Findings reveal the export barriers obtained from the questionnaire and the results of hypothesis tests. The percentage of exporting in small-sized manufacturing firms in Ivedik OID is 44.1%

##### *Export Barriers*

Through the questionnaire applied, 85 non-exporting firms were asked to list barriers to export according to the degree of importance. According to the classified list, "satisfaction in the domestic market" is found as the most important reason (34, 3 %). All the barriers are presented in order in Table 1.

Similar to these findings, Leonidou (2004) in his literature review study related to export barriers indicated relevant topics with the present study findings. Cavusgil and Naor (1987) stated that real barriers to a firm's involvement in export marketing were internal rather than external to the firm. A study by Fourcade (1998) found human resource without international experience and foreign language skills as barriers to export.

On the other hand, Kaynak, Ghauri, and Olofsson-Brednlöw (1987) in their study of small firms found problem topics described as export barriers such as reliable distributor, communicating with customers, governmental restrictions. Hibbert (2000) stressed the lack of quality factor resulting from financial and technological problems which preventing small firms from having competitive advantage in international markets.

Table 1

Barriers to Export

Barriers to Export	Degree						Total	Importance Degree
	I. Degree		II. Degree		III. Degree			
	f	%	f	%	f	%		
Satisfaction in the domestic market	24	34,3	3	5,9	1	2,7	28	(1)
Lack of resources	21	30,0	12	23,5	4	10,8	37	(2)
Lack of international market relations	15	21,4	17	33,3	11	29,7	43	(3)
Difficulty in finding agent	4	5,7	11	21,6	5	13,5	20	(4)
Insufficiency of quality and quantity	2	2,9	–	–	4	10,8	6	(5)
Lack of foreign language skills	1	1,4	3	5,9	8	21,6	12	(6)
Others	3	4,3	5	9,8	4	10,8	12	(7)
Total	70	100	51	100	37	100	158	–

##### *Results of Hypothesis Tests*

**H1:** No support is found for the relationship between the size of the firm and exporting activity. The hypothesis is not supported ( $p > 0, 05$ ).

The size of the firm was found to be ineffective as a factor for the internationalization process of firms in the sample. In explaining the internationalization process of these firms, firm size is not a determining factor (Table 2). The result of that hypothesis supports findings of the study conducted by Andersson, Gabrielsson and Wictor (2004). Moreover, it is in line with the findings of the study conducted by Cavusgil (1984) in which no statistically significant relationship was found when firm size was measured as the number of full-time employees.

Table 2

The relationship between total number of employees and export  
( $X^2 (3) = 1, 21, p > 0, 05$ )

Total Number	f / %	Exporting Firms	Non-exporting Firms	Chi-Square	Sign.
10-20	f	60	68	1,21	0.750
	%	46,9%	53,1%		
21-30	f	10	10		
	%	50,0%	50,0%		
31-40	f	3	6		
	%	33,3%	66,7%		
41-50	f	2	1		
	%	66,7%	33,3%		
Total	f	75	85		
	%	46,9%	53,1%		

**H2:** No support is found for the relationship between the age of the firm and exporting activity. The hypothesis is not supported ( $p > 0, 05$ ).

The age of the firm was not strongly supported for the sample firms as a determinant for the internationalization process. Export status in small firms was determined not increasing through the life period of the firm. Although there is not any relationship, it is very interesting to see abundance of exporting firms founded earlier in numerical when comparing exporting firms younger (Table 3). Although the relationship between firm age and export status of the firm is not part of the present study, age can not be ignored as it is widely used in studying the dimensions of the small firms (Cavusgil and Naor, 1987; Servais, 2002; Andersson, Gabriellsson and Wictor, 2004).

Table 3

The relationship between the age of the firm and export  
( $X^2 (6) = 6, 23, p > 0, 05$ )

Establishment Year of the Firm	f / %	Exporting Firms	Non-exporting Firms	Chi-Square	Sign.
1990	f	19	20	6,23	0.398
	%	48,7%	51,3%		
1991-1999	f	26	28		
	%	48,1%	51,9%		
2000	f	9	5		
	%	64,3%	35,7%		
2001	f	3	11		
	%	21,4%	78,6%		
2002	f	4	7		
	%	36,4%	63,6%		
2003	f	4	3		
	%	57,1%	42,9%		
2004	f	2	2		
	%	50,0%	50,0%		
Total	f	67	76		
	%	46,9%	53,1%		

**H3:** No support is found for the relationship between the technology level of the firm and exporting activity. The hypothesis is not supported ( $p > 0, 05$ ).

Methods used for production process are found to be weak indicators of the export status of the firm within the present sample. Analyzing present hypothesis did not produce clear results. Firms which used both methods equally are found more likely engaged in export activity among exporting firms. Also, the same result was obtained for non-exporting firms. Although the relationship between technology level and firm internationalization was not found to be statistically significant, technology-based production and technology-intensive industries appear to be more likely to be involved with international activities (Table 4). That approach was also supported in the study by Cavusgil and Naor (1987). In their study, the technology level used in the production process was not statistically significant as a discriminator between exporting firms and non-exporting firms.

Table 4

The relationship between technology level of firm and export  
( $X^2 (2) = 4,96, p>0,05$ )

Methods Used in Production Process	f / %	Exporting Firms	Non-exporting Firms	Chi-square	Sign.
Technology Based	f	9	13	4,96	0,084
	%	40,9%	59,1%		
Labour Based	f	10	22		
	%	31,3%	68,8%		
Both	f	55	49		
	%	52,9%	47,1%		
Total	f	74	84		
	%	46,8%	53,2%		

**H4:** No support is found for the relationship between the age of the top manager and exporting activity. The hypothesis is not supported ( $p>0,05$ ).

The relationship between the age of top management and international activities in terms of export status is not found to be strong, although the effect of decision makers is found to be considerable for firm strategies related to international enterprises. On the other hand, findings in the sample suggest that older top managers are more associated with non-exporting than exporting firms (Table 5). From this point of view, it is in line with the study by Halikias and Panayotopoulou (2003), even though the finding is not statistically correlated with their study. Similarly, Andersson, Gabriellsson and Wictor (2004) could not obtain a strong relationship between top management age and export status, though they insisted on the importance of experience and personality of the top managers when considering the export activity of small firms.

Table 5

The relationship between the age of the manager and export  
( $X^2 (3) = 2,30, p>0,05$ )

The age group of top manager	f / %	Exporting Firms	Non-exporting Firms	Chi-square	Sign.
20-30	f	29	30	2,30	0,512
	%	49,2%	50,8%		
31-40	f	26	24		
	%	52,0%	48,0%		
41-50	f	11	14		
	%	44,0%	56,0%		
51 +	f	9	17		
	%	34,6%	65,4%		
Total	f	75	85		
	%	46,9%	53,1%		

**H5:** Support is found for the relationship between the number of formal planning meetings and exporting activity. The hypothesis is supported ( $p < 0,05$ ).

Strategic planning proxied by number of formal planning meetings is statistically found to be a direct determinant for small firms' export status. When scrutinizing the percentage within the analysis, it seemed that strategic planning was critical among exporting firms to some extent. Among exporting firms, identified as positive for having formal planning meetings are found to have a higher percentage than firms identified as negative for having formal planning meetings (Table 6). Also similarly, Andersson, Gabriellson and Wictor (2004) in their study revealed the importance of strategic planning for exporting activity.

Table 6

The relationship between the number of formal planning meetings and export  
( $X^2(1) = 5,69, p < 0,05$ )

Formalized Meetings	f / %	Exporting Firms	Non-exporting Firms	Chi-square	Sign.
Yes	f	63	60	5,69	0,017
	%	51,2%	48,8%		
No	f	7	20		
	%	25,9%	74,1%		
Total	f	70	80		
	%	46,7%	53,3%		

**H6:** Support is found for the relationship between the participation in international fairs and exporting activity. The hypothesis is supported ( $p < 0,05$ ).

Small firms must be active in information collection with regard to exporting. International fairs are effective information sources and the intensity of information seeking must be higher to increase the export status of small firms. As can be seen in Table 7, the hypothesis is supported. There is a positive relationship between participation in international fairs and the export status of small firms. As mentioned in the literature review, participation in a fair is an activity which when well planned can give good knowledge of the market and its reactions to the product in a very short time and which also constitutes very cost-effective market research (SIDA, 2003). SMEs must be encouraged to participate in international fairs (Baykal and Gunes, 2004).

Table 7

The relationship between participation to international fairs and export  
( $X^2(1) = 4,59, p < 0,05$ )

Participation	f / %	Exporting Firms	Non-exporting Firms	Chi-square	Sign.
Yes	f	40	31	4,59	0,032
	%	66,3	43,7		
No	f	35	54		
	%	39,3	60,7		
Total	f	75	85		
	%	46,9	53,1		

## **5. Discussion**

Export activities are generally the first stage for the process of internationalization. The number of small firms engaged in export activities should increase in Turkey due to the growing subcontracting between SMEs and foreign firms. Since exporting is an important factor contributing to the future maintenance of economic growth, prosperity and increases in production and regional employment (Kaynak, 1992); an understanding of export strategy and performance should be scrutinized and promulgated among firms to enable them to consider the importance of international activities as an alternative strategy to survive in severe competition conditions.

The hypotheses of the present study are not statistically supported except for two of them. Support is found for the relationship between the number of formal planning meetings and exporting activity. Besides, the statistical analyses indicate that there is a positive relationship between participation in international fairs and the export status of small firms. These two factors are considered important in the field of the small firms. The findings of the study enable us to define "number of formal planning meetings" and "participation in international fairs" as direct indicators affecting the export status of small-sized manufacturing firms.

The study finds out that in terms of incentives aiming to supporting small-sized manufacturing firms to extend business beyond national frontiers, small firms benefit from close cooperation with various organizations in Turkey such as the National Productivity Centre (MPM), The Union of Chambers and Commodity Exchanges of Turkey (TOBB)...etc. Other than this, support from SMIDO could be beneficial especially regarding participation in international fairs and may facilitate the solution of export problems in Turkey. So, it is possible for firms to increase their export potential through uniting each other's knowledge, experiences and benefiting continuously through government support.

The research has particular limitations. One of the limitations of the study is related to the scope of it. The results come from a study of small Turkish firms and the findings may be specific to this setting. Although there are some general comparisons with other countries in the text, this study focuses on Turkey's experience which could be interesting for future research. Future research attempts should be made in order to extend the generalization of the results found in this study and comparative samples of firms should be used. Another limitation is that the study was carried out in one country and only in the manufacturing industry. Further studies in more countries and several industries are recommended; especially with regard to the manager's behaviour, experience, motivation and beliefs at different points in time. When compared with other techniques, questionnaires are more efficient for gathering information on a large scale. However, it is not possible to include all the countries in the world or even just the European countries and Turkey due to the time and money allocated for the study. Since small-sized manufacturing firms are located in a wide area in Turkey, this case study was conducted with small-sized manufacturing firms located in the Ankara-Ivedik Organized Industrial District. Although studying the Turkey experience is educational for both practitioners and academics in the field, other researchers can consider their own country in the context of this study format. This study is a starting point in the subject, not a conclusion. Longitudinal studies will bring more insight on the subject.

Although there are some limitations, this study makes important contributions to the literature. The research shows the factors influencing small firms export activities and it investigates how small firms' managers might successfully manage their export problems. Especially to find out "international fairs" and "number of formal planning meetings" factors which have positive relationship with the export status of small firms is an important contribution to the literature. These two hypotheses are supported in the study. In addition to this, export problems are discussed and suggestions for the small manufacturing firms are also presented. In the light of these suggestions, Ankara-Ivedik Organised Industrial District Directorate has developed training programs (such as international market relations, quality management, foreign language courses) and consultancy modules. Moreover, according to the determined in-service training needs, the cooperation with universities and Small and Medium Sized Industry Development Organization (SMIDO) is estab-

lished. Further detailed information about SMIDO support for international fair participation was also presented to the firms. As a result, the participation rate increase is realized in the district. This paper has presented a widely based discussion on the subject which may offer a basis of understanding for managers. Management should give importance to the export process in order to solve the problems. Finally, the results of the study have a great number of implications for policy-makers and practitioners.

Turkey's SME policy is an integrated part of its general economic policy. In order to increase SMEs' business performance (i.e. export-information, fairs, consultancy, R&D and innovation...etc.), improve business environment (i.e. taxation, competition law, training and education, business law...etc.) and financing possibilities (i.e. export financing, support to firm training, tax allowance, loan guaranties, equity, venture capital.. etc.) priority must be given to pursuing a national SME policy in Turkey.

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