

ANTECEDENTS OF EXPORT PERFORMANCE IN THE  
SECOND LARGEST 500 FIRMS OF TURKEY

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ANTECEDENTS OF EXPORT PERFORMANCE IN THE  
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## DECLARATION OF ORIGINALITY

I, Ümitcan Saral, certify that

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## ABSTRACT

### Antecedents of Export Performance in the Second Largest 500 Firms of Turkey

Exporting emerges as the primary mode of foreign market entry for emerging economy firms. Despite the large number of studies on determinants of export performance, a consensus could not be reached on the issue. This study aims to investigate the impact of a firm's international experience, export marketing strategy, internal organization and utilization of governmental support on export performance. In analysis of export marketing strategy, the extent to which a firm adapts its products, prices and promotion strategies, its use of international trade fairs as a promotional tool and distribution channels are taken into consideration. As far as, internal organization is concerned, specifically, the size of firm's export department and its reliance on regular training are considered. Finally, for governmental support, state's and its export credit agency's support is taken into account.

The sample is drawn from the exporting firms in the Second Largest 500 Firms of Turkey List published by Istanbul Chamber of Industry. Among the 278 firms in the sample, 42 filled the survey, the main tool of data collection, leading to a response rate of 15 percent. Due to the small size of the sample, mainly non-parametric analyses have been used. There are two main findings of the study. First of all, as expected, firms with more international experience have better export performances. Second, and contrary to what was proposed in the study, direct exporters have better performances than companies that use intermediaries or that establish their own marketing and sales subsidiaries in foreign markets.

## ÖZET

### Türkiye'nin En Büyük İkinci 500 Şirketinde İhracat Performansının Öncülleri

Yükselen ekonomi kökenli firmalar için ihracat yabancı pazarlara açılmanın başlıca yöntemidir. İhracat performansını etkileyen faktörler hakkında pek çok çalışma yapılmış olmasına rağmen ortak bir kanıya varılamamıştır. Bu çalışma firmaların uluslararası tecrübelerinin, ihracat pazarlama stratejilerinin, iç yapılarının ve aldıkları finansal desteklerin ihracat performansları üzerindeki etkisini incelemektedir. İhracat pazarlama stratejileri analiz edilirken; firmaların ürünlerini, fiyatlarını ve promosyon stratejilerini yabancı pazarlara ne derece adapte ettikleri, uluslararası fuarları promosyon aracı olarak ne derece kullandıkları ve dağıtım kanalı seçimleri göz önüne alınmıştır. İç yapıları ele alınırken ise firmaların ihracat departmanlarının büyüklüğü ve bu departmanlara düzenli olarak eğitim verilmesi üzerine çalışma yapılmıştır. Son olarak devlet desteği ele alınırken, firmaların devlet ve devletin ihracat kredi kurumundan aldıkları kredi destekleri incelenmiştir.

Çalışmanın örnekleme İstanbul Sanayi Odası'nın yayınlamış olduğu Türkiye'nin En Büyük İkinci 500 Firması listesinden ihracat yapan firmalardan oluşmaktadır. Örnekleme bulunan 278 firmadan 42'si ana veri toplama kaynağı olarak kullanılan ankete dönüş yapmış ve dönüş oranı %15'tir. Çalışma ölçeğinin küçük olmasından dolayı analizlerin büyük kısmında parametrik olmayan yöntemler kullanılmıştır. Çalışmanın iki ana bulgusu bulunmaktadır. İlk olarak, beklenildiği gibi, daha çok uluslararası tecrübeye sahip firmaların ihracat performansı daha yüksektir. İkinci olarak ise, çalışmada beklenilenin aksine, direkt ihracat yapan şirketlerin ihracat performansının, bir aracı veya bağlı ortaklık vasıtasıyla ihracat yapanlardan daha yüksek olduğu görülmüştür.

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## DEDICATION

This dissertation is dedicated to my beautiful family, my one and only partner and  
supportive friends!

Thank you for your never-ending support and unconditional love.

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## LIST OF ABBREVIATIONS

CAD	Current Account Deficit
ECT	Export Council of Turkey
GDP	Gross Domestic Product
ICI	Istanbul Chamber of Industry
IMF	International Money Fund
RBV	Resource-Based View

## CHAPTER 1

### INTRODUCTION

Globalization of markets, liberalization of trade and investment regimes and rapid technological developments force firms to look for opportunities in international markets. Exporting is the most commonly preferred mode of internationalization, particularly for firms from emerging economies (Morgan et al, 2012; Samiee & Chirapanda, 2019), as it is a low-cost, low-risk mode of entering foreign markets. Exporting provides firms with the opportunity to learn about and gain reputation in foreign markets, reach economies of scale, decrease exposure to fluctuations in and dependence on their domestic markets as well as get access to knowledge about new technologies, which they may also use in their domestic markets.

Exporting also contributes to national economic growth by creating new job opportunities, enhancing productivity, creating technological and managerial know-how spillovers and improving trade performance (Parlakgöl & Selekler-Gökşen, 2018). Finally, as trade accounts for an increasingly larger portion of the global gross domestic product (GDP), exporters also support global economy (Beltekian & Ospina, 2018). Recently, the Covid19 pandemic affected the global economy especially due to its negative impact on trade. In 2020, trade in goods dropped by %5.3 while trade in services also declined severely with decreases of 63% and 19% in travel and transportation services, respectively (WTO, 2021). Yet, according to the World Bank, exports of goods and services still accounted for one of fourth of the global GDP of in 2020. Thus, acquiring the knowledge needed to be a successful exporter by understanding foreign markets and analyzing the history of exporting services in their area is significant for almost all firms. This, in turn, makes

antecedents of export performance a very popular subject for researchers (Jalali, 2012; Morgan et al, 2012).

Despite the large number of studies as well as literature reviews on determinants of export performance, the field is characterized by a lack of consensus. In their seminal work which continues to be recognized widely, Zou and Stan (1998) categorize the antecedents of export performance on the basis of the environment it emerges -external vs. internal- and their degree of controllability by the firm - controllable vs. uncontrollable. This study focuses on variables emerging from the internal environment of the firm all but one of which can be controlled at least partially by a firm.

The four main antecedents in this study are international experience, export marketing strategy, internal organization and governmental support. According to learning-by-exporting hypothesis, exporting provides exposure to foreign markets, and improves a firm's understanding of them. The acquired international experience, in turn, further enhances export performance (Monreal-Perez & Geldres-Weiss, 2018). The impact of export marketing strategy on export performance is also widely recognized in the literature (e.g. Samiee & Chirapanda, 2019; Safari & Saleh, 2020). As firms face different industrial, cultural and institutional environments in domestic and international markets, they need to shape their marketing strategies accordingly. Companies may need to make adaptations in their products, prices and promotion strategies, participate in and visit trade fairs and benefit from international distributors or establish their own marketing and sales subsidiaries in foreign markets. Therefore, adaptations in product offering, use of trade fairs as a promotional tools and distribution channel preferences are studied as antecedents under export marketing strategy. As success is harder to achieve in foreign markets

in comparison to domestic market and because exporting is more complicated than domestic sales (Navarro-Garcia et al, 2015), the significance of establishing an effective internal structure is widely recognized. For this reasons, internal structure is chosen as the third antecedent to be studied. Finally, firms need various forms of support in order to face the challenges of exporting. As they contribute to their national economies, states develop export promotion programs and establish export credit agencies to support them. Thus, the impact of such support is also investigated in this study.

The thesis involves six chapters. Following this introductory chapter, the second chapter presents a literature review on the impact of international experience, export marketing strategy, internal organization structure and governmental support on export performance. Furthermore, hypotheses are developed and conceptual model of the study is presented.

Chapter three provides information about the research setting. A history of the Turkish economy starting from the establishment of the Republic is summarized and information is given about the current conditions and aspects of trade in Turkey. In addition, Turkey's main trading partners are presented with the details of sectoral distribution of Turkey's exported goods and services.

Chapter four outlines sample selection and data collection methods. The survey used to collect data is presented and variables of the study are introduced. Finally, information is provided on data analyses.

Chapter five begins with the descriptive findings of the study. This section is followed by the results of the hypothesis testing. Hypotheses were mainly tested by non-parametric tests due to the small size of the sample.



The final chapter of the thesis, chapter six, provides a discussion of the findings, the limitations of the study and suggestions for future research in this field.

## CHAPTER 2

### LITERATURE REVIEW

As a result of liberalization of trade and investment regimes in many countries in the recent decades, the world economy has gone through significant changes. As firms feel pressure to internationalize, exporting emerges as a commonly preferred mode of internationalization (Chen et al, 2016; Krammer et al., 2018) and firms with persistent exporting activities act as a key driver for global economic growth. Even though the world trade operations have been adversely affected by the Covid19 Pandemic and there has initially been a drop of 5.3% in trade in goods worldwide (The World Bank, 2021), the global trade grew throughout the quarters of 2021. In fact, trade in services reached pre-pandemic levels during the final quarter of 2021 (UNCTAD, 2022). According to UNCTAD (2022), the global trade value has reached a new record level of about \$28.5trillion in 2021. This figure indicates not only an increase of 25% in comparison to 2020 but also a 13% increase vis-à-vis 2019, that is, prior to the pandemic.

While exporting is considered vital for firm survival and growth in general, it is particularly significant for emerging economy firms for which exporting is the primary mode of internalization. Despite the increasing attention in export performance literature on emerging economy firms, the knowledge remains limited (Stoian & Rialp-Criado, 2010; Stoian et al., 2011; Krammer et al., 2018). Therefore, this study aims to investigate the antecedents of export performance in the context of an emerging economy, Turkey.

Antecedents of export performance have become a more popular topic in export studies in 2000s (Chen et al., 2016). The issue is significant as successful

exporters contribute not only to global economy as mentioned above but also to their national economies by creating employment opportunities, increasing productivity and enabling managerial and technological transfer (Parlakgöl & Selekler-Gökşen, 2018). Exporting also improves a firm's performance in the long-run by enhancing organizational capabilities, optimizing resource utilization, enabling economies of scale and diversifying sources of revenue (Czinkota, 1994; 2002; Chen et al., 2016).

Although literature is rich in terms of studies on the antecedents of export performance and various literature reviews have been written (e.g. Zou & Stan, 1998; Sousa et al., 2008; Chen et al., 2016), the field remains fragmented (Sousa et al., 2008; Chen et al., 2016). In their review of determinants of export performance, Zou and Stan (1998) categorize the antecedents of export performance along two dimensions. The first dimension regards the environment from which the determinant emerges and a distinction is made between the internal and external environment. The second dimension, on the other hand, is concerned with the controllability of the determinant. Controllable determinants can be changed by a firm while non-controllable factors cannot be changed or can be changed only in the long-run. In a later review of the literature, Sousa et al. (2008) also make a classification, which only takes into account the environment from which a determinant emerges.

This study aims to investigate the impact of four main internal environmental factors on export performance, namely, international experience, export marketing strategy, internal organization and governmental support. International experience is an uncontrollable variable for the incumbent management while governmental support is only partially controllable; firms may try to meet the criteria for governmental support and apply for it but whether they will be supported is a decision made by the state. The model of the study can be seen below.



Fig. 1 Model of the study.

In the following sections, the impact of each of these variables on export performance will be discussed and hypotheses will be developed.

## 2.1 International experience

Various past studies (e.g. (Kaynak & Kuan, 1933; Cavusgil & Zou, 1994; Kaleka, 2012) have identified international experience as a significant antecedent of firm's export performance. International experience can be defined as knowledge acquired from operations in foreign markets and is indicative of a firm's knowledge about foreign markets (Ruzo et al., 2011). According to the resource-based view (RBV) of

the firm, which is a commonly-used framework in international business literature (e.g. Stoian et al., 2011; Beleska-Spasova et al., 2012; Pehrsson, 2015), firms can derive sustainable competitive advantages from the valuable, rare, inimitable and non-substitutable resources they own and/or control (Barney et al., 2001).

Every experience, whether it ends up as a failure or a success, can be considered a valuable and intangible organizational resource. Learnings from former experiences will not only enable firms to acquire a better understanding of foreign markets, international competition and strategies that are more likely to succeed but also to identify its strengths and weaknesses, better forecast potential problems and act accordingly in the future. Such past learnings can shape the strategies and mindset for the future whereby a firm can overcome the potential export barriers when entering a new foreign market (Barkema & Shvyrkov, 2007).

What a firm learns from each new market especially in the early stages of internationalization process can vary due to the different industrial and general environments of these foreign markets. What can be learnt from, for example, a small market can be different from what can be learnt from a large one and success in the former may not necessarily bring success in the latter. Thus, firms that have been exporting for a number of years are more likely to have acquired diverse and valuable international experience. Additionally, international experience is a resource that cannot be imitated, bought or substituted for particularly because it is implicit and tacit (Fletcher, 2009). Thus, on the basis of the RBV of the firm, international experience can be seen as a resource that can improve export performance of firm.

However, both positive (e.g. Reid, 1983; Stoian et al., 2011; Beleska-Spasova et al., 2012) and negative (e.g. Ursic & Czinkota, 1984; Louter et al. 1991) relationships have been found between international experience and export

performance in the literature. The negative relationship may be attributed to more experienced firms' willingness to stick to strategies that worked well in the past although adaptation to changing market conditions and competition is obligatory. Since Turkey shifted to an export-oriented industrialization strategy as late as 1980s, Turkish firms are less likely to rely on very old strategies. Additionally, Turkish firms are known for their adaptive capacity. Thus, considering the characteristics of the Turkish context, the following hypothesis is developed.

H1: Firms that have more export experience will have better export performance

## 2.2 Export marketing strategy

The impact of export marketing strategy on export performance is widely recognized in the literature (e.g. Ruzo et al., 2011; Samiee & Chirapanda, 2019; Saleh, 2020) as it can be a life saver in international markets where the competition always forces and pushes the capabilities of the firms further (Matanda & Freeman, 2009). Export marketing strategy can be defined as the means by which a firm responds to the internal and external environmental forces it faces so as to actualize its export targets. It acts as a roadmap and reflects a firm's decisions on the 4Ps of marketing, namely product, price, promotion, and place (Çavuşgil & Zou, 1994). Whether export marketing strategy should be standardized or adapted to the industrial and general environment of the target market has been an issue of concern. Past studies conducted in developed country markets have shown a positive relationship between adaptation and export performance. Adaptation can even be more significant for emerging economy-based firms, particularly when exporting to developed

economies, due to the cultural and institutional distance between the two (Samiee & Chirapanda, 2019).

### 2.2.1 Product price and/or promotion adaptation

Product adaptation refers to changes made in the features of a product. It can help improve a firm's export performance as the product will appeal better to local customers' tastes and preferences and will be taken as a sign of dedication to customer satisfaction. These, in turn, may enable the exporter to charge a higher price (Zou & Stan, 1998; Leonidou et al., 2002; Moghaddam et al., 2011).

Price adaptation refers to implementation of different pricing strategies for domestic and foreign markets. It can be necessary due to various factors emerging from economic, legal and political environments (e.g. price controls, tariffs and quotas, level of economic development) as well as transportation costs, competitors' pricing strategies and distribution channels. Lack of responsiveness to such pressures may lead to loss of potential customers (Leonidou et al., 2002). In comparison to product and promotion adaptation, price adaptation can be done more easily and rapidly (Tzokas et al., 2000).

Finally, promotion adaptation can be defined as use of a different promotional approach in foreign markets. While a standardized approach to promotion can be considered as a valid approach in today's globalized economy, adaptation can still be beneficial in the face of governmental regulations, communication infrastructure and promotional strategies of local competitors (Leonidou et al., 2002).

Considering that the context of the study is an emerging economy, which is more likely to need adaptation (Samiee & Chirapanda, 2019), the following hypothesis is extended.

H2: Firms that make adaptations in product, price and/or promotion dimensions of export strategy will have better export performance.

### 2.2.2 Use of trade fairs as a promotional tool

One of the promotional tools that has drawn a significant deal of attention in the literature is trade fairs (e.g. Monreal-Pérez & Geldres-Weis, 2018; Sarmiento & Simoes, 2018; Kalafsky & Gress, 2013; Durmuşoğlu et al., 2012; Wilkinson & Brouthers, 2006). Participating in international trade fairs can provide firms with various opportunities. First of all, firms can present their products and staff to potential customers and establish a brand name. This may lead to new orders on the spot or over time (Monreal-Pérez & Geldres-Weis, 2018; Durmuşoğlu et al., 2012; Wilkinson & Brouthers, 2006). Second, they may build networks (Wilkinson & Brouthers, 2006; Seringhaus, 1989) which can be beneficial in getting access to new markets or establishing strategic partnerships. Third, they can learn about new products, gather/give information about the developments in the industrial environment, learn about new markets and acquire a better understanding of the competitive environment (Monreal-Pérez & Geldres-Weis, 2018; Wilkinson & Brouthers, 2006). Such networks and knowledge, in turn, are intangible resources which are not only valuable but also inimitable and non-substitutable. Therefore, the obstacles of entering new market can be slightly overcome with the help of participation in fairs. Therefore, the following hypothesis is developed:

H3: The more firms participate in trade fairs the better their export performance will be.

Even visiting fairs can be beneficial for export performance. Visitors may get acquainted with potential customers, build networks, observe the developments in



their fields and develop an understanding of the global competitive environment (Wilkinson & Brouthers, 2006; Monreal-Pérez & Geldres-Weis, 2018).

Additionally, sending employees to fairs can be motivating for them and improve morale in the firm (Durmuşoğlu et al., 2012). This, in turn, may have an indirect impact on export performance.

H4: The more firms send personnel to visit trade fairs the better their export performance will be.

### 2.2.3 Distribution channels

The last component of marketing strategy is place, namely, distribution. In case of international sales, firms can directly export their products, use intermediaries such as agents and distributors or establish their own marketing and sales subsidiaries in foreign markets (Brouthers & Hennart, 2007; Burgel & Murray, 2000). As foreign markets are complex and since it is harder to maintain long-term success in them, selecting the correct export channel is crucial for increasing and maintaining the export volume of the firm (Brouthers & Hennart, 2007).

Having long-lasting relationships based on trust and commitment with local intermediaries such as distributors and agents can help firms in various ways. First of all, thanks to their deeper and broader information about the local market conditions and closer relationships with the local actors, they can be sources of valuable marketing intelligence. As such, they may help a firm in product, price and promotion adaptation. This, in turn, may improve firm's competitiveness both in that market as well as others. Additionally, they may reduce the risks particularly as a result of their better understanding of and closer links with the government and bureaucracy. Finally, they may also speed up market penetration, improve delivery

schedules and decrease the costs of distribution (Fletcher, 2009; Zou, Fang & Zhao 2003; Kaleka 2002; Terpstra, 1987).

In comparison to selling through intermediaries, establishing marketing and sales subsidiaries is a riskier mode of entry. However, it also provides more control, signals a greater level of commitment to the market and is likely to establish a better image of the company as a corporate citizen (Brothers & Hennart, 2007).

Additionally, in comparison to direct exporting, it provides a firm with a better understanding of customer tastes and preferences.

Considering all the above-mentioned issues, the following hypothesis is put forward.

H5: Firms which work through foreign intermediaries and/or local subsidiaries will have better export performance.

### 2.3 Internal organization

Achieving success in foreign markets is harder in comparison to domestic markets as exporting is more complicated than domestic sales (Navarro-Garcia et al, 2015). In order to attain a high export performance, a firm needs to understand the dynamics of foreign markets and their cultural and institutional environments as well as develop strategies in accordance with the needs of the targeted market. Therefore, it is better to establish a department devoted to export strategies and businesses than to have individuals working on both domestic and international markets (Ruzo et al., 2011). An export department contributes to a firm's ability to plan and organize for the export activity.

Additionally, an export department must be staffed adequately as understanding the conditions and requirements of foreign markets and reacting to

changes and opportunities in them require employees from a wide variety of backgrounds. A larger number of employees can contribute progressively to the department's pool of experience and expertise (Navarro-Garcia et al, 2015). Finally, regular training programs that address the strategic and technical needs of export personnel will enable transmission of up-to-date knowledge and improve their ability as decision-makers. Successful exporters tend to emphasize acquisition of market knowledge through formal educational programs (Deng et al., 2003; Samiee & Walters, 2002). Therefore, the following hypotheses are developed.

H6: Firms which have bigger export departments will have better export performance

H7: Firms which provide regular training to their export personnel will have better export performance.

#### 2.4 Governmental support

In order to be successful in exporting, firms need to identify potential markets for their products, analyze their institutional, cultural and industrial environments and introduce and promote their products in these markets. All these require substantial resources which may be beyond means for all but very large firms. As exports contribute to economic development, support growth of employment opportunities more than domestic market-oriented firms, pay higher wages, increase productivity and offer a greater potential to transfer technological and managerial know-how, governments support exporters and potential exporters directly and/or through export credit agencies in order to improve their competitiveness in international markets (Bayfield et al., 2009; Jalali, 2012; Parlakgöl & Selekler-Gökşen, 2018).

State assistance may mainly take two forms as export service programs and market development. While the former includes training and counseling for potential exporters and export financing, the latter involves communication of market research data, dissemination of information on potential customers and participation in foreign trade shows (Gençtürk & Kotabe, 2001). Therefore, governments may broaden and deepen exporters' and potential exporters' knowledge, provide guidance and help them build networks. Export credit agencies, on the other hand, provide low-interest loans to local firms and insure them against political and commercial risks in foreign markets. These, in turn, may provide firms with cost advantages in foreign markets and encourage them to join the international competition (Petersen & Rajan, 1995).

Although the extent to which state support leads to better export performance is open to dispute in the literature (Gençtürk & Kotabe, 2001; Gillespie & Riddle, 2004, Lederman et al., 2006), it is expected to be significant in an emerging economy like Turkey where firms may have more limited resources. Therefore, the two following hypotheses are developed.

H8: Firms which benefit from state support will have better export performance

H9: Firms which benefit from Eximbank support/credits will have better export performance.

Table 1. Hypotheses

Hypotheses	
H1	Firms that have more export experience will have better export performance
H2	Firms that make adaptations in product, price and/or promotion dimensions of export strategy will have better export performance.
H3	The more firms participate in trade fairs the better their export performance will be.
H4	The more firms send personnel to visit trade fairs the better their export performance will be.
H5	Firms which work through foreign intermediaries and/or local subsidiaries will have better export performance.
H6	Firms which have bigger export departments will have better export performance
H7	Firms which provide regular training to their export personnel will have better export performance
H8	Firms which benefit from state support have better export performance
H9	Firms which benefit from Eximbank support/credits will have better export performance

## CHAPTER 3

### CONTEXT

In this section of the study, Turkey's economy in terms of export performance, main trading partners and distribution of active export sectors are described.

#### 3.1 Export performance of Turkey

##### 3.1.1 Historical development of Turkish economy

The earliest efforts for industrialization in Turkey can be traced back to right after the establishment of the Turkish Republic in 1923. Following a short-lived, relatively liberal stance in 1920s, the state shifted to an import-substituting industrialization strategy in 1930s, the decade during which the first breakthrough in industrialization was achieved (Öniş, 1996). State's role as the main entrepreneur in 1930s evolved to that of a supporter, which provides infrastructure and subsidized inputs to the private sector, in 1950s (Öniş, 1992; 1996). Yet, the state remained as the dominant economic actor of Turkey.

In 1960s and 1970s, the state not only maintained its presence in both manufacturing industries and banking but also supported private businesses by providing subsidized credits, low-priced inputs and investment incentives as well as by acting as a joint venture partner. In the world, 1970s is marked by a petroleum crisis which led to an increase of nearly 50 per cent in gas prices. This development hit the global economy in general and economies of developing countries in particular (Esperdy, 2019). In case of Turkey, the petroleum crisis led to a dramatic increase in inflation, current account deficit, unemployment and external debt of the private sector (Çakır & Sözen, 2016).

The economic stabilization program introduced on January 24, 1980 points out to a turning point in macroeconomic policies of the state. The program had three main objectives: reducing state's involvement in productive activities, attracting foreign direct investment and replacing the inward-oriented, import substituting industrialization with an export-oriented strategy (Öniş, 1992; 1996). The efforts towards the first objective have initially not been quite fruitful. Privatization, did not come to the agenda until 1984 and the first divestiture took place as late as 1988. In order to actualize the second objective, that is, attracting foreign trade investment, Turkey's Foreign Investment Law was liberalized, bureaucratic barriers were decreased and a more flexible setting was created for foreign firms (Etkin, Helms, Turkkan & Morris, 2000). Inward foreign direct investment inflows reached a historical peak in 1986 (Erdilek, 1982). As far as the objective regarding the shift from import-substitution to export-orientation is concerned, import liberalization took place gradually and was not started until 1983. Even after that, protection of domestic enterprises remained as an objective for the state. On the other hand, exports grew rapidly in the first half of the 1980s. Additionally, the composition of exports changed such that the proportion of manufactured increased (Şahinbeyoğlu & Ulaşan, 1999; Öniş, 1995). Until the late 1980's, Turkey continued to increase its export performance partially as a result of the depreciation of Turkish Lira. Between 1981 and 1988, exports-to-GDP ratio increased from 4.1% to 13.3% and Turkey experienced an annual GDP growth of 5.8% (Yilmazkuday & Akay, 2008; Ertuğrul & Selçuk, 2018).

The removal of controls on foreign capital movements in 1989 was another significant development for the Turkish economy. Motivated by high real interest rates, short-term-oriented foreign capital entered the Turkish market and led to

appreciation of the Turkish Lira. Coupled with populist expansionary policies of the government, which increased domestic demand, and withdrawal of export incentives, export performance deteriorated between 1989 and 1993 (Şahinbeyoğlu & Ulaşan, 1999). The economic crisis in early 1994 led to announcement of a new stabilization program, which was followed by a stand-by agreement with the International Monetary Fund (Ertuğrul & Selçuk, 2018). Although Turkey experienced the worst recession ever in 1994, the recovery was rapid and the economy grew by more than 7% between 1995 and 1997 (Yılmazkuday & Akay, 2008). The second half of 1990s witnessed the East Asian Crisis and Russian Crises in 1997 and 1998, respectively as well as two devastating earthquakes in Turkey in 1999. Although the impact of Russian Crisis was felt strongly, neither of the crises caused a financial crisis in Turkey. However, the banking system went through difficult times and the government had to take over eight insolvent banks. This, in turn, led to further deterioration of the government's fiscal stance (Yılmazkuday & Akay, 2008).

The government increased the interest rates by almost 800% in the final month of 2000 in order to increase the very much needed liquidity with the recent events. This led to an inevitable economic crisis in 2001, second biggest crisis in history of Turkey after the crisis of 1994, with an inflation rate of almost 75%, a GDP decrease of 7.5% (See Figure 2 and Figure 3 below) and an unemployment rate of almost 12% (Yılmazkuday & Akay, 2008).





Fig. 2 Unemployment rate (The World Data Bank, 2020).

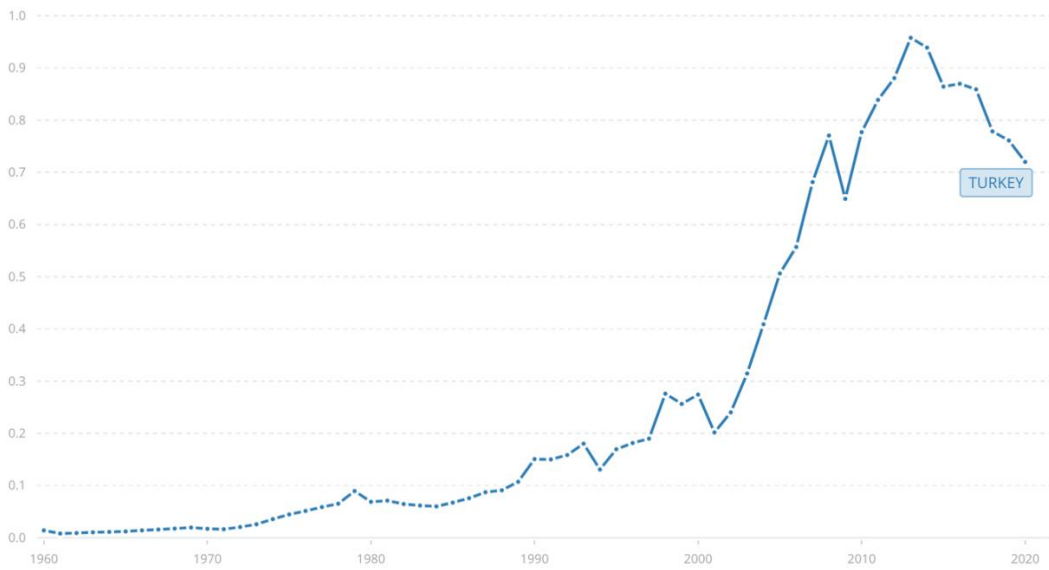


Fig. 3 GDP trend in billion (The World Data Bank, 2020).

Although the country as a whole was surrounded by increased tension with the 2001 crisis, a decreased demand in domestic market directed the Turkish companies to the path of exporting. Increasing productivity and benefiting from decreasing costs of labor and supportive structural changes, Turkish companies took important steps in integrating with the global economy. Turkey ranked 33<sup>rd</sup> in export

volume in 2007 (The World Data Bank, 2020). This meant that after the successful exporting period in 1980s, the Turkish industry managed to find a place in the exporting world for the second time in Republic's history but this time with a more stable ground to stand on and with more exporting destinations. Drivers of success for these two periods are however different (Aydın et al, 2007). In 1980s, success mainly emerged from the economic stabilization program of 1980, governmental subsidies to exporters and depreciation of the Turkish Lira. On the other hand, in the second period, export success is mainly driven by Turkish firms which improved their product quality to the level of foreign products, updated their technologies and benefited from the previous experience they acquired.

After achieving a high rank in export volume, in 2008 another crisis hit the global economy. Although it originated from the United States, it affected numerous countries including Turkey's main trading partners in Europe. Turkey as an emerging economy experienced an increase in unemployment and a decrease in growth rate but managed to remain stable in the domestic market because of the sustainable and successful period between 2002 and 2007. On the other hand, since the current crisis was not a domestic but a global one, export performance decreased substantially.

As the United States was the original location of the crisis, The Federal Reserve System (FRS) announced an expansion plan with the inclusion of emerging and developing economies among which Turkey was also included. With the help of FRS's interest rate decisions, Turkey managed to attract a substantial amount of foreign direct and portfolio investment which helped growth in both domestic and foreign markets between 2008 and 2012.

See Figure 4 below for Export sales throughout the years of Turkish Economy.

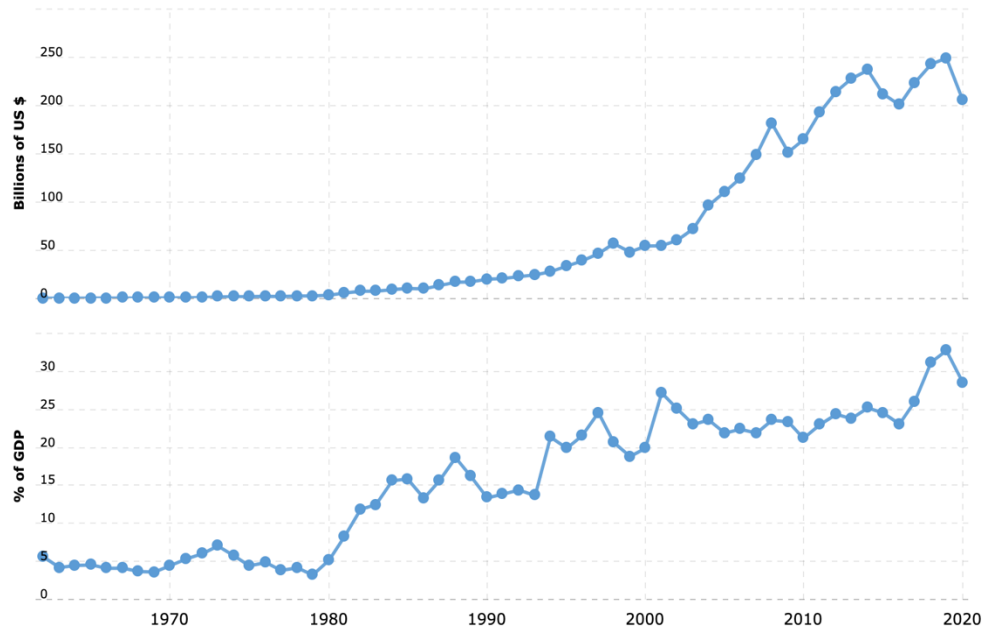


Fig. 4 Export sales throughout the history of Turkey in billion dollars & GDP percentage (current US\$) – Turkey (MacroTrends, 2021).

Starting with 2009, European Debt Crisis took place where five of the Eurozone members failed to pay off their national debts without the help of third parties such as International Monetary Fund (IMF). This resulted in an economic slowdown in Turkey's main export markets. Also in 2013, when the Federal Reserve Bank of the United States made an announcement signaling a change in their policies, Taper Tantrum struck the global economy, causing turbulence especially affecting the emerging markets (Sahay et al., 2014; Fang et al., 2020). This was a major change for the global economy. As an emerging economy, Turkey was affected and in order to minimize the risks of losing export volume, Turkey has attempted to diversify its export partners and destinations (Fang et al., 2020). In the presence of these events, exporting partners and destinations have been fragile since then, open to influence by the global economic policies and political instabilities.

On the other hand, while Turkey stabilized its economy with both foreign and domestic sides, Current Account Deficit (CAD) increased significantly. In other words, Turkey's value of imported goods and services has exceeded the value of its exported goods and services. Turkey is poor in terms of natural energy sources, suffers from an insufficient technological infrastructure and R&D is rather slow when it is compared to the developed economies. This results in a current account deficit that increases the foreign debt of Turkey. In 1970 the external debt of Turkey was 5 Billion Dollars. By the year of 2018, it increased with a devastating percentage of 552% to 27.6 billion dollars as can be seen in the figure below.



Fig. 5 External debt stocks, total (DOD, current US\$)- Turkey (World Data Bank, 2020).

### 3.1.2 Current sectoral distribution of export products and services

When sectoral distribution of exports among agriculture, industry and mining is considered between 2000 and 2017 (see Figure 6 below), industrial exports have been the main driving force for Turkey. Each year between 2000 and 2017, industrial exports maintained a share of at least 80% of the total exported goods. The effects of the European Debt Crisis can be seen on the figure 6 with a decline in both overall

export volume and share of industrial exports. After the decrease in total exported goods volume in 2009, by the year of 2011 Turkey managed to increase the total export volume above the 2008 level. After 2009, agricultural exports have increased in total share. Export volume provided by the mining category has always been low varying between 2-4 %.

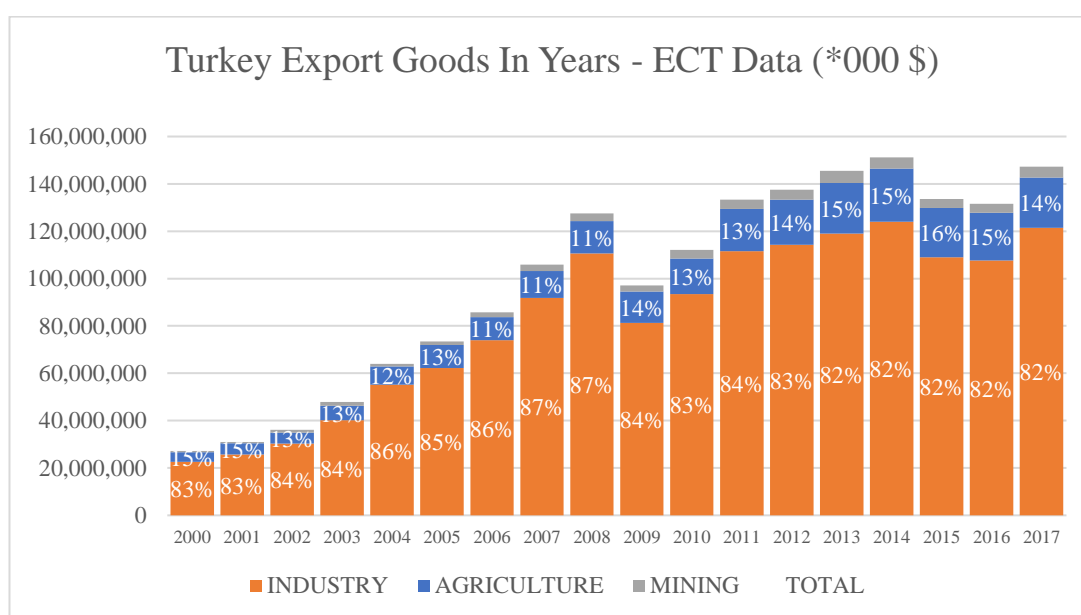


Fig. 6 Exported goods' share between 2000-2017 (ECT, 2018).

For the year 2018, Turkey's total exports volume is 188 billion dollars. Turkey has been one of the world's biggest exporter of raw iron bars, hand-woven rugs, wheat flours, marble-travertine& alabaster and stranded copper wire (Gaulier & Zignago, 2010). In terms of goods, in 2018 most export sales originate from cars, vehicle parts and delivery truck exports (Figure 7). On the other hand, especially in the last decade Turkey's export performance in services is driven by the travel and transport services. Travel and transportation services have covered more than %80 of the total service exports in the last decade. In 2018, service exports reached 8.27 billion Dollars while personal travel and specifically air transport covered more than

50% of the services provided to foreign markets. In order to understand the details of export measures of services provided by Turkey, 2018 detailed data can be used since after Covid19 exporting of services decreased worldwide substantially (Figure 8).

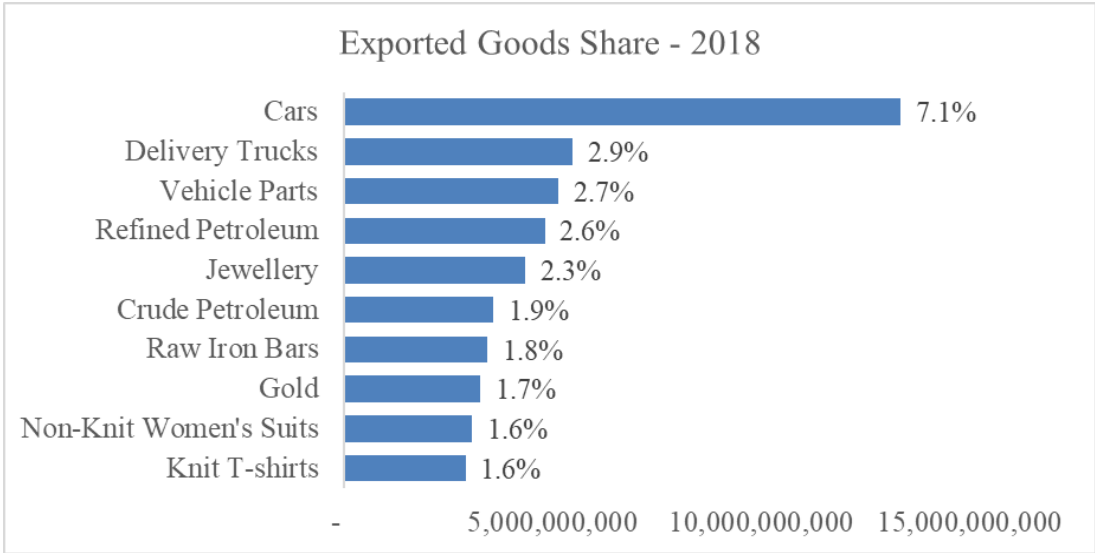


Fig. 7 Exported goods (OEC,2021).

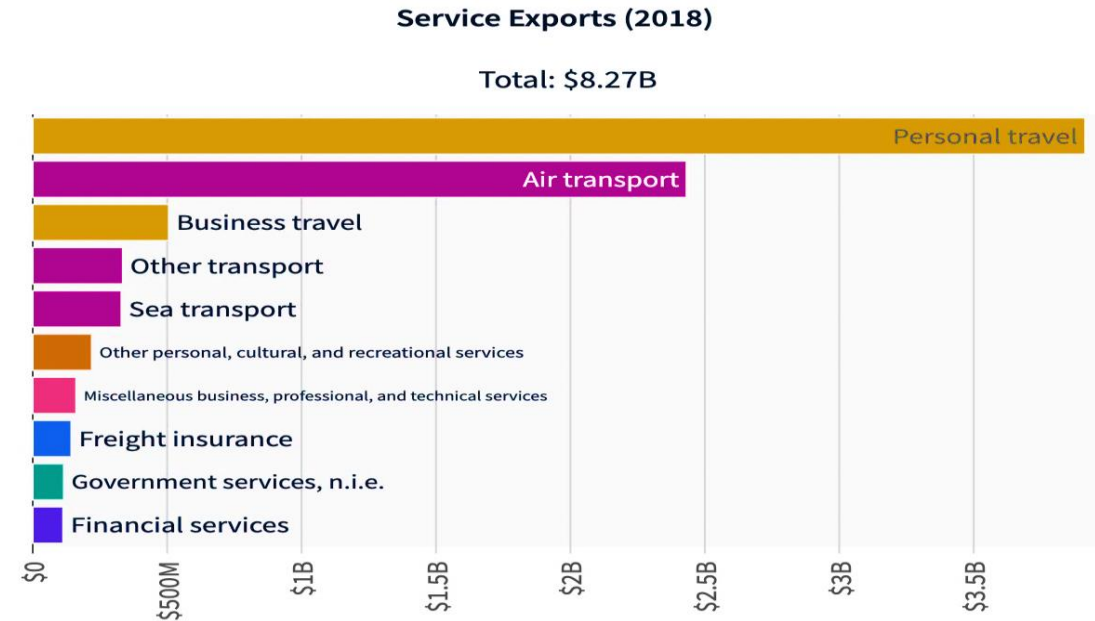


Fig. 8 Exported services (OEC,2021).

### 3.1.3 Main trading partners

Turkey's geographic location is suitable to maintain trading partners in both Europe and Asia. Particularly the European partners have pushed the quality of Turkey's exported goods throughout the years and improved its ability to compete with the high quality products in international markets. Higher quality led to increase in quantity of exports resulting in a GDP growth. European countries are not only the most significant export destination but also the biggest import partners of Turkey. As of 2018, the year for which data have been collected, European Union countries were Turkey's largest export partner with Germany being the most common destination of exports with a total of 16.1 billion dollars. European Union exports covered almost half of Turkey's total exports in 2018 (Trading Economics, 2021). Germany is followed by United Kingdom, Italy, Iraq, United States and France, respectively. Thus, Turkey has managed to adapt its products to several important locations worldwide (Figure 9).

Partner Name	Export (US\$ Thousand)	Export Partner Share (%)
Germany	16,144,214.82	9.61
United Kingdom	11,113,290.66	6.61
Italy	9,566,345.51	5.69
Iraq	8,350,701.99	4.97
United States	8,306,524.94	4.94
Spain	7,710,439.53	4.59
France	7,296,040.82	4.34
Netherlands	4,778,109.03	2.84
Belgium	3,952,510.02	2.35
Israel	3,900,317.48	2.32

Fig. 9 2018 Export destinations (WITS, 2018).

## CHAPTER 4

### RESEARCH METHODOLOGY

This chapter provides an overview of research methodology. The first section presents sample selection criteria while the second focuses on data collection. Variables of the study and their operationalization are introduced in the third section. In the final section, information is provided on data analyses.

#### 4.1 Sample selection

The sample is drawn from Istanbul Chamber of Industry's (ICI) list of "The Second Largest 500 Firms of Turkey" for the year 2018. ICI provides consultancy to its members while also giving information and training in order to help development of the Turkish industry since 1952. After being active for 29 years, ICI started to announce and publish the top 1000 manufacturing companies by dividing them into two groups as First Largest 500 Firms of Turkey and Second Largest 500 Firms of Turkey.

Among the 500 firms in the list, 222 firms did not have export sales and were thus eliminated. The remaining 278 firms were all were invited to be a part of the study although 42 of them fully answered the survey questions, leading to a response rate of slightly higher than 15%.

#### 4.2 Data collection

The data were collected from archival sources and through the use of an online questionnaire. Data on export sales and turnover were collected from ICI's 2018 publication on the Second Largest 500 Firms of Turkey. The on-line questionnaire



was designed to collect information about the independent variables of the study: firm's export experience, export marketing strategy, internal organization and governmental support. The questionnaire was created and sent online through google forms. 15 questions were included in the survey.

The survey was sent to the e-mail addresses of the firms included in the study by requesting it to be completed by the highest-level employee responsible for exports. After collecting the responses for two weeks, a kindly reminder was sent to the nonresponding firms requesting them to fill the survey. A week later, for the third round, all of the nonresponding firms were called via phone and asked for the questionnaire to be completed. Two weeks later, as a final round, nonresponding firms were called once more with the same request. After four rounds, a total of 42 surveys were obtained, with a response rate of %15. Table 2. shows the positions held by the Institutional informants in their respective firms.

Table 2. The Positions Held by The Institutional Informants in Their Respective Firms

<b>Position</b>	<b>Frequency</b>	<b>Percent</b>
General Manager	1	2,4
Assistant General Manager	1	2,4
Export Manager	18	42,9
Export Operation Executive	10	23,8
Export Sales Specialist	9	21,4
Export Sales Executive	1	2,4
Strategic Planning Manager	1	2,4
Board Member	1	2,4

### 4.3 Variables of study

In this section, the dependent and independent variables of the study are introduced.

#### 4.4 Dependent variable: Export performance

Export performance can be defined as the outcome of a firm's export activities. It has been variously operationalized and the different measures used can be categorized as financial, non-financial and composite measures (Zou & Stan, 1998). Export intensity, which is a financial measure and is calculated as the share of export sales in total sales, is more widely used in the literature (Beleska-Spasova et al., 2012). Thus, it is also chosen as the export performance measure in this study. Both export sales and total sales belong to the year 2018.

### 4.5 Independent variables

#### 4.5.1 International experience

As in previous studies (e.g. Deng et al., 2003), international experience was conceptualized as the length of time through which a firm has been exporting. In order to measure international experience, institutional informants were provided with seven categories. Firms with an international experience of 1-5 years were coded as 1, with 6-10 years as 2, with 11-15 years as 3, with 16-20 years as 4, with 21-25 years as 5, 26-30 years as 6 and 31 or more years as 7. As some of the categories were small, the firms in the first four categories and the last three categories were later combined. In the last categorization, the first group included firms which had international experience of 20 years or less while the second category included firms with more than 20 years of experience. They were recoded as 1 and 2, respectively.

#### 4.5.2 Export marketing strategy

Export marketing strategy is analyzed on the basis of three variables: adaptation of product, price and/or promotion, use of trade fairs as a promotional tool and choice of distribution channels.

##### 4.5.2.1 Price, product and/or promotion adaptation

In order to evaluate the extent of adaptation in export markets, institutional informants were asked whether their firms made adaptations in their products, prices and promotion strategies. Later, firms that did not make any adaptations were coded as 0, those that made adaptation on one dimension were coded as 1, in two dimensions as 2, and in all dimensions as 3.

##### 4.5.2.2 Use of trade fairs as a promotional tool

In order to evaluate the extent to which trade fairs were used as a part of promotion strategy, institutional informants were asked about the extent to which their firms participated in trade fairs and sent personnel to them for visiting purposes.

###### 4.5.2.2.1 Participating in trade fairs

Institutional informants were asked the number of times they participated in trade fairs between 2014 and 2018, the year for which export performance is measured. As participation in fairs may have both short- and long-term consequences, it was thought that going back would provide a better evaluation of trade fairs' impact on export performance. Although five categories were provided in the survey, a recategorization had to be made due to the small sample size. Firms which have not

participated in any trade fairs established the first category and were coded as 0. The second and third categories, respectively, included firms that participated in fairs between 1-5 times, and six times and more. The second category was coded as 1 and the third as 2.

#### 4.5.2.2.2 Visiting trade fairs

Institutional informants were also asked the number of times personnel from the company were sent to trade fairs for visiting only between 2014 and 2018. They were provided with 5 categories, namely, never, 1-5 times, 6-10 times 11-15 times and 16-20 times. For the statistical analysis, three groups were formed. The first group included firms which did not send employees to trade fairs and were coded as 0. The second category included firms the personnel of which were sent to trade fairs between 1-5 times and the last category was formed of the firms which sent their personnel to trade fairs more often. The second and third categories were coded as 1 and 2, respectively.

#### 4.5.2.3 Distribution channels

In order to learn about the firm's distribution channels, two questions were asked. The first questions probed whether the firm had international intermediaries such as distributors and agents and the second questions probed whether it had foreign marketing and sales subsidiaries. Both variables were coded as 0 if the answer was no and 1 if the answer was yes. Later, in order to test the hypothesis, a recategorization was made and those firms that had neither were coded as 0, either as 1 and both as 2.

#### 4.5.3 Internal organization

The two variables under this category are export department size and whether the firm provides regular training to its export personnel.

##### 4.5.3.1 Export department size

In order to measure export department size, institutional informants were provided with five categories. Firms with an export department size of 1-5 employees were coded as 1, with 6-10 as 2, with 11-20 as 3, with 21-30 as 4, and 31 or more employees as 5. Due to the small sample size, two categories were used in the statistical analysis. The firms with 1-5 employees were recoded as 1 and others as 2.

##### 4.5.3.2 Use of regular training

Regular training is a binary variable. Firms which provide regular training to the employees in the export departments were coded as 1, while the others were coded as 0.

#### 4.5.4 Governmental support

Under this category, there are two variables, namely state support and Eximbank support.

##### 4.5.4.1 State support

State support is a binary variable. Firms which benefited from any kind of state support between 2016-2018 were coded as 1, while the others were coded as 0. As the support from the state may have short- as well as long-term implications, it was

thought that going back from the year export performance is measured would be a better strategy.

#### 4.5.4.2 Eximbank support

Eximbank support is also a binary variable. Firms which benefited from Eximbank supports between 2016-2018 were coded as 1, while the others were coded as 0.

#### 4.6 Data analysis

Data analysis has been made on SPSS 22 program. In order to use parametric methods, sample size needs to be sufficiently large ( $N > 20$ ), continuous and normally distributed (Tabachnick & Fidell, 2013). Due to the small size of the sample, in comparisons of two or more groups, non-parametric analysis methods of Mann Whitney U and Kruskal Wallis were used. Independent Sample T method could be used only in evaluation of the impact of export department size on export performance. Skewness and Kurtosis valuation has been checked in order to verify the normality of variables; if the values are between  $\pm 1$  then the distribution is identified as normal (Tabachnick & Fidell, 2013). Error value of  $p < 0.10$  has been used in the statistical analysis done.

## CHAPTER 5

### FINDINGS OF THE RESEARCH

This chapter presents the findings of the study. The chapter begins with the descriptive findings on the dependent and independent variables and proceeds by hypothesis testing.

#### 5.1 Descriptive findings

In this section, frequency analyses are provided for export performance, international experience, product, price and promotion adaptation, use of trade fairs as promotional tools, distribution channels, export department size, regular training for export personnel and direct and indirect governmental support.

##### 5.1.1 Dependent variable

Export performance values vary between 0.52% and 95.2% with an average of 31.1%. While slightly more than 20% of the companies in the sample earn less than 10% of their revenues from export sales, for about 24% of them exports make up more than half of their revenues.

##### 5.1.2 Independent variables

Descriptive findings about the independent variables are presented in this section.

###### 5.1.2.1 International experience

As can be seen in Table 3, about 65% of the firms in the sample have been exporting for more than 15 years and slightly more than a quarter more than 25 years. Only four of them (9.5%) can be considered as new to exporting.

Table 3. Export Experience

Category	Frequency	Percent
1-5 years	4	9.5
6-10 years	6	14.3
11-15 years	5	11.9
16-20 years	10	23.8
21-25 years	6	14.3
26-30 years	11	26.2

#### 5.1.2.2 Export marketing strategy

##### 5.1.2.2.1 Product, price and/or promotion adaptation

Despite past findings that emerging economy firms do not have the necessary orientation and information for making adaptation (Samiee & Chirapanda, 2019), super majority of the Turkish firms in the sample adapt at least one dimension of their marketing strategy in their export markets. As can be seen in Table 4, 45.2% of the firms in the sample make adaptations in their products, prices and promotion strategies. Price adaptation is the most commonly observed form of adjustment with more than two thirds of the firm modifying their prices in line with the requirements of the foreign markets while promotion adaptation is the least common form although almost 60% of the firms adapt their promotional strategies as well. 3

Table 4. Adaptation Frequency

Adaptation	Category	Frequency	Percent
Adaptation	None	6	14.3
	One Adaptation	4	9.5
	Two Adaptations	13	31
	Three Adaptations	19	45.2
Price Adaptation	No	9	21.4
	Yes	33	78.6
Product Adaptation	No	13	31
	Yes	29	69
Advertisement/Promotion Adaptation	No	17	40.5
	Yes	25	59.5



#### 5.1.2.2.2 Use of trade fairs as a promotional tool

The first dimension under this variable is participation in trade fairs. Among the 42 firms in the sample, 50% of them participated in trade fairs for five or more times. In other words, they took part in at least one fair on an annual basis. On the other hand, 19% of firms did not participate in any fairs.

Table 5. Participating in Trade Fairs

Number of Participating in Fairs	Frequency	Percent
0	8	19
1	3	7.1
2	2	4.8
3	6	14.3
4	2	4.8
5	5	11.9
6	2	4.8
7	1	2.4
9	1	2.4
10	4	9.5
11	8	19

The first dimension under this variable is visiting trade fairs. Firms in the sample have a greater tendency to visit trade fairs than to participate in them. Almost half of them sent personnel to trade fairs at least once a year while 12 of them visited fairs two or more times a year. On the other hand, 3 out of 42 firms (7.1%) have never sent personnel to visit fairs.

Table 6. Visiting Fairs

Number of Visiting Fair	Frequency	Percent
None	3	7.1
1-5 times	20	47.6
6-10 times	7	16.7
11-15 times	6	14.3
16-20 times	6	14.3

#### 5.1.2.2.3 Distribution channels

For the firms in the sample, exporting through an intermediary is more common than exporting to a foreign subsidiary, which later distributes company's products. While about one third of the firms in the sample have marketing and sales subsidiaries, about 75% of them work through local partners.

Table 7. Existence of a Foreign Subsidiary

Foreign Subsidiary	Frequency	Percent
No	29	69
Yes	13	31

Table 8. Existence of an Intermediary

Intermediary	Frequency	Percentage
No	11	26.2
Yes	31	73.8

In order to test the hypothesis, firms were categorized into three groups as those which neither have a subsidiary nor a distributor/agent, those which have either and those that have both. As can be seen in the following table, 10 of the companies make direct exports to foreign markets and do not use an intermediary or a subsidiary. This, in turn, tends to be a common approach for small firms.

Table 9. Foreign Subsidiary or Intermediary

Foreign Subsidiary or Distributor/Agent	Frequency	Percent
Neither	10	23.8
Either	20	47.6
Both	12	28.6

### 5.1.2.3 Internal organization

Export departments of firms in the sample tend to be small. In 21 firms, which make up exactly half of the sample, export department is composed of five or fewer employees while almost 80% of the firms have export departments of 10 or fewer employees.

Table 10. Export Department Size

Export Department Size	Frequency	Percent
1-5	21	50
6-10	12	28.6
11-20	7	16.7
31 and more	2	4.8

Among the 42 firms in the sample, 24 of them (57.1%) provide regular training for the personnel in the export department while 18 of them do not (42.9).

Table 11. Regular Training for Export Department

Department Training	Frequency	Percent
No	18	42.9
Yes	24	57.1

### 5.1.2.6 Governmental support

As far as support from the state and Turkey's export credit agency Eximbank is concerned, both seem to be used about half of the companies in the sample. While 22 of the firms benefited from at least one type of support, 20 of them have been supported by the Eximbank.

Table 12. State Support

State Support	Frequency	Percent
No	20	47.6
Yes	22	52.4

Table 13. Eximbank Support

Eximbank Support	Frequency	Percent
No	21	50
Yes	21	50

## 5.2 Hypothesis testing results

A comparison of firms with more and less international experience reveals that more experienced companies have higher export performances ( $Z=-1.68$ ,  $p<0.10$ ) as suggested by H1. While more experienced firms earn about 35% of their revenues from exports, less experienced firms earn slightly less than one fourth of their revenues from international sales.

Table 14. International Experience - Mann-Whitney U Test

International Experience	N	Mean	ss	Z	p
1-10 years	15	24.5	27.9	-1.68	0.093*
11 and/or more years	27	34.7	25.0		

\* $p < .01$

Hypothesis 2 suggested that firms which adapted their products, prices and promotion strategies to foreign markets would have higher export performance. As the number of firms which made a single adjustment was only four, this category was combined with no adjustments category that also was small ( $N=6$ ). A comparison of three groups revealed no statistically significant results ( $\chi^2=0.697$ ,  $p>.10$ ). Thus, H2 was not supported.

Table 15. Product, Proce and/or Promotion Adaptation Kruskal Wallis Comparison

Adaptation	N	Mean	ss	$\chi^2$	p
None or One adaptation	10	35.7	28.7	0.697	0.706
Two Adaptations	13	28.7	21.2		
Three Adaptations	19	30.2	29.0		

Hypotheses 3 put forward the expectation that the more firms participate in trade fairs the better their export performance will be. Although companies which participated in trade fairs the most had the best export performance, unexpectedly, they were followed by firms which did not participate in any fairs between 2013 and 2018. Nevertheless, a comparison of the three groups did not point out to a statistically significant difference among them ( $\chi^2=3.981$ ,  $p>.10$ ). Therefore, H3 was not supported.

Table 16. Participating in Trade Fairs - Kruskal Wallis Test

Participating in Trade Fairs	N	Mean	ss	$\chi^2$	p
Never	8	35.1	27.8	3.981	0.137
1-5 times	18	25.2	28.2		
6 and/or more times	16	35.7	23.4		

\* $p < .10$

Hypothesis 4 suggested that the more firms send personnel to visit fairs the better their export performance will be. As there were only three firms which did not send their personnel to any trade fairs, they could not be included in the analysis. Additionally, a comparison of firms the personnel of which visited trade fairs one to five times and those the personnel of which visited trade fairs more than six times did not point out to a statistically significant difference in terms of export performance ( $Z=-0.225$ ,  $p>.10$ ).

Table 17. Visiting Trade Fairs - Mann-Whitney U Test

Visiting Trade Fairs	N	Mean	ss	Z	p
1-5 times	20	33.1	29.6	-0.225	0.822
6 and/or more times	19	27.8	22.0		

\* $p < .10$

Hypothesis 5 suggested that firms which work through foreign intermediaries and/or local subsidiaries will have better export performance. Comparison of direct

exporters with firms that either work through an intermediary or a foreign subsidiary and those that use both intermediaries and foreign subsidiaries revealed a difference among the three groups. However, the difference was in favor of direct exporters. Further analysis of the difference with Mann-Whitney U showed that the difference was statistically significant in the case of direct exporters and those companies that use either an intermediary or a foreign subsidiary.

Table 18. Distribution Channels - Kruskal Wallis Test

	<b>N</b>	<b>Mean</b>	<b>ss</b>	<b><math>\chi^2</math></b>	<b>p</b>
None	10	46.3	35.4	6.16	0.046
Either	20	20.6	20.0		
Both	12	35.8	20.3		

\*p < 0.1

Table 19. Two-Groups Comparisons For Distribution Channels - Mann Whitney U Analyze Table

Group (i)	Group (ii)	<b>p</b>
None	Only One	0.053
	Both	0.598
Only One	Both	0.036

In order to test the sixth hypothesis which proposed that firms with bigger export departments would have better export performance, t-test was used. Although companies that have larger export departments earn more of their revenues from exports, the difference is not statistically significant. Thus, H6 is not supported.

Table 20. Export Department Size - Independent Sample T Test

Department Size	<b>N</b>	<b>Mean</b>	<b>ss</b>	<b>t</b>	<b>p</b>
1-5 employees	21	29.1	31.4	-0.478	0.635
6 and more employees	21	33.0	20.5		

\*p < .01

The analysis did not reveal a statistically significant difference between the export performances of firm which do and do not provide regular training to their export personnel ( $Z=-0.508$ ,  $p>.10$ ), lending no support to H7.

Table 21. Regular Training - Mann-Whitney U Testi

Regular Training	N	Mean	ss	Z	p
No	18	30.9	28.8	-0.508	0.611
Yes	24	31.2	24.8		

As proposed in H8, firms which benefit from state support have better export performance than those that do not. While the former earns 36.3% of its revenues from exports, the same number is 25.3% for the latter. This difference, however, is not statistically significant ( $Z=-1.436$ ,  $p>.10$ ).

Table 22. State Support (2016) – Mann-Whitney U Test

State Support(2016)	N	Mean	ss	Z	p
No	20	25.3	24.7	-1.436	0.151
Yes	22	36.3	27.0		

\* $p < .10$

Finally, Hypothesis 9 suggested that companies which receive support from Eximbank would have higher export performance. The export performance scores of the two groups are quite similar and there is not a statistically significant difference between them ( $t=-0.071$ ,  $p>.10$ ).

Table 23. Eximbank Support – Independent Sample T Test

Exim Bank Support	N	Mean	ss	t	p
No	21	30.8	28.3	0.071	0.944
Yes	21	31.4	24.7		

\* $p < .10$

## CHAPTER 6

### CONCLUSION

This final chapter of the thesis begins with an overview of the study. Then findings are discussed and contributions to the continues with a discussion of findings and ends with study limitations and recommendations for future research are presented.

#### 6.1 Overview of the study

The purpose of this study is to explore the impact of firm's international experience, export marketing strategy and internal organization structure as well the supports it received from the state and Eximbank on its export performance. The sample is drawn from "Second Largest 500 Firms of Turkey" list announced by Istanbul Chamber of Industry in 2018. Data have been collected mainly by a survey and from archival sources. Among the 278 exporting firms in the list, 42 of them answered the survey fully leading to a response rate of 15%. Due to the small size of the sample, non-parametric tests have been used in one but all analyses.

#### 6.2 Discussion of the findings

Various past studies (e.g. Kaynak & Kuan, 1933; Cavusgil & Zou, 1994; Kaleka, 2012) drew attention to a firm's international experience as a significant antecedent of export performance. The knowledge a firm acquired from its operations in foreign markets in the past is not only a valuable resource but due to its intangible nature it is also inimitable and non-substitutable. As such, it has the potential to contribute to a firm's performance in international markets. In line with the expectations put forward in the first hypothesis, firms with more international experience have been found to have better export performances.



Export marketing strategy was analyzed along three dimensions: the extent to which a firm adapts its products, prices and promotion strategies, its use of international trade fairs as a promotional tool and distribution channels. The most common adaptation for the firms in the sample was price adaptation, followed by product and promotion adaptations. Thus, Turkish firms seem to be aware of the need to shape their prices, products and promotion strategies to foreign markets. However, a comparison of firms which are involved in more and less adaptation did not point out to a statistically significant export performance difference. This might be because those that do not adapt or adapt less may be exporting more commodity-like items. Additionally, the extent to which adaptations have been done effectively has not been evaluated in this study. Use of trade fairs as a promotional tool was studied along two dimensions as participating and visiting fairs. Firms in the sample tend to visit rather than participate in trade fairs. The analyses supported neither the third nor the fourth hypothesis pointing out that use of trade fairs did not create a difference in export performance. This finding may be an indicator of decreasing role of trade fairs in international sales as businesses rely more on the internet to introduce and promote their products as well as to contact potential buyers. Distribution channels, on the other hand, seem to influence export performance. Although selling through subsidiaries or intermediaries in the foreign markets was expected to improve firm's export performance, analyses showed that direct exporters performed better.

In analysis of the internal organization, size of export departments and training provided to the personnel in them were taken into consideration. All but one of the firms in the sample had export departments. Among the remaining 42, half of them had small departments of one to five employees and close to 60% of them

provided training. Yet, analyses did not reveal any impact of these variables on export performance. This may be because composition of an export department may be more significant than its size or the quality of training may be more important than whether it is given.

Finally, while slightly more than half of the firms benefited from some forms of state support, exactly half of them received support from Eximbank. Findings show, contrary to expectations, that receiving either kind of support does not lead to better export performance. In a study analyzing the impact of export promotion agencies in 104 countries, Lederman et al. (2006) find that export promotion agencies only have a positive impact on export performance in developed countries; the impact is negative but statistically insignificant in poorest countries. On the other hand, according to Gençtürk and Kotabe (2001), export promotion programs are neither panacea or wasted resources; their impact is not automatic and the extent to which they will influence performance depend on many factors emerging from the firm's internal environment. Thus, the firms in the sample may also not be effectively benefiting from the support they receive.

### 6.3 Limitations of this study and recommendations for future research

This study has some limitations. First of all, the sample includes only manufacturing firms located in Turkey. Additionally, as the sample is drawn from the Second Largest 500 Firms of Turkey, firms are large in size and not representative of all manufacturing firms. Therefore, findings lack generalizability. Another limitation emerges from the small size, which decreased the ability to conduct more rigorous analyses. Therefore, studies with more representative and larger samples may be suggested for future research.

Variables of this study focus more on hard data such as whether there is adaptation in product, price and promotion, the kind of distribution channels used or the size of the export department. However, the extent to which adaptation was done effectively, whether intermediaries have been chosen successfully or if the export department has been structured well are not evaluated. These, however, may also be influential on export performance. Future studies may also take into account these issues. Furthermore, industry-based studies can also be conducted in the future as the relative significance of the antecedents may vary from sector to sector.

APPENDIX A  
QUESTIONNAIRE

Değerli Katılımcı,

Bu anket formu, Boğaziçi Üniversitesi Sosyal Bilimler Enstitüsü Uluslararası Ticaret Yönetimi Yüksek Lisans Programında Prof. Dr. Nisan SELEKLER GÖKŞEN danışmanlığında Yüksek Lisans Öğrencisi Ümitcan SARAL tarafından hazırlanan tez çalışmasına veri sağlamak amacıyla hazırlanmıştır. Anket formu genel olarak kişisel rahatsızlık verecek sorular içermemektedir. Ancak, katılım esnasında sorulardan rahatsızlık duymanız ve/veya soruları cevaplamak istememeniz durumunda anketi tamamlamamakta serbestsiniz.

Katılımcılardan kimlikleri ile ilgili herhangi bir bilgi talep edilmemektedir. 5-10 dakikanızı ayırarak dolduracağınız bu anketten elde edilecek veriler tamamen bilimsel çalışmaya hizmet edecektir. Anket sorularını dikkatlice okuyup samimi olarak cevaplamanız ve anketi eksiksiz olarak tamamlamanız araştırma sonuçlarının bilimsel geçerlilik ve güvenilirliği bakımından önem arz etmektedir. İlginiz ve katılımınız için çok teşekkür ederim.

Ümitcan SARAL

Yüksek Lisans Öğrencisi

Boğaziçi Üniversitesi

Uluslararası Ticaret Yönetimi Bölümü

Görev yaptığınız pozisyon

Genel Müdür

Genel müdür yardımcısı

İhracat müdürü

Pazarlama Müdürü

Üretim Müdürü

Fabrika Müdürü

İdari Birim Sorumlusu

Diğer:

Şirketiniz kaç yıldır ihracat yapmaktadır?

1 Yıldan Az

1-5 Yıl

6-10 Yıl

11-15 Yıl

16-20 Yıl

21-25 Yıl

26-30 Yıl

31 Yıl ve üzeri

İşletmenizde ayrı bir ihracat birimi var mı ?

Evet

Hayır

İşletmenizde ayrı bir ihracat birimi varsa, bu birimde kaç kişinin görev yaptığını belirtiniz.

1-5

6-10

11-20

21-30

31 ve Üzeri

İhracat biriminde görevli personele bu konuda (örneğin ihracat ile ilgili kanun ve yönetmeliklerle ilgili) düzenli eğitim veriyor musunuz?

Evet

Hayır

2014-2018 yılları arasında yurtdışında düzenlenen fuarlara siz veya kurumdaşlarınız ziyaretçi olarak kaç kez katılım sağladı?

0 (Hiç)

1-5

6-10

11-15

16-20

2014-2018 yılları arasında yurtdışında düzenlenen fuarlara şirketiniz katılımcı olarak kaç kez katıldı?

Hiç

1

2

3

4

5

6

7

8

9

10

11 ve üzeri

Yurt dışında işletmenize ait bir satış birimi var mı?

Evet

Hayır

İhracat işlemlerinizde yabancı ülkedeki yerel bir aracı (dağıtıcı/distribütör) ile çalışıyor musunuz?

Evet

Hayır

Yurt dışı satışlarınız için farklı bir fiyat politikası izliyor musunuz?

Evet

Hayır

Yurt dışı satışlarınız için farklı bir üretim/ürün politikası izliyor musunuz?

Evet

Hayır

Yurt dışı satışlarınız için farklı bir tanıtım/reklam politikası izliyor musunuz?

Evet

Hayır

Son 3 yıl içerisinde (2016-2018) Exim-Bank'tan herhangi bir destek aldınız mı?

Evet

Hayır

Destek aldıysanız, ne desteği aldığınızı belirtiniz.

Cevap:

2016-2018 yılları arasında devletten herhangi bir teşvik aldınız mı?

2016 Evet. Hayır

2017 Evet Hayır

2018 Evet Hayır

Destek aldıysanız, ne desteği aldığınızı belirtiniz.

Cevap:



APPENDIX B  
QUESTIONNAIRE

Dear respondent,

This questionnaire is prepared in order to provide the needed data for the thesis of Boğaziçi University Social Sciences Institute Master's Program Student Ümitcan SARAL, advised by Prof. Dr. Nisan SELEKLER GÖKŞEN. The questionnaire does not include any personal questions. Feel free to discontinue if the questions bother you in any way. The respondents are not asked about any identification information. Information provided with this questionnaire will only be used for scientific study. Reading the questions and answering them with sincerity is very important for the scientific outcomes of the study.

Thank you for your time and contributions.

Ümitcan SARAL

Masters Degree Student

Boğaziçi University

International Trade Management Department

What is your position in the company?

General Manager

Assistant General Manager

Export Manager

Marketing Manager

Product Manager

Factory Manager

Administrative Unit Manager

Other:

How long does your company been exporting?

Less than 1 year

1-5 years

6-10 years

11-15 years

16-20 years

21-25 years

26-30 years

31 years and more

Is there an export department in your company?

Yes

No

If any export department exist in your company, please state the number of employees working there

1-5

6-10

11-20

21-30

31 and more

Does your company provide the export department employees with regular trainings?

Yes

No

Between 2014-2018, how many times did your company visited international fairs abroad?

0 (None)

1-5

6-10

11-15

16-20

Between 2014-2018, how many times did your company joined international fairs abroad?

None

1

2

3

4

5

6

7

8

9

10

11 times and more

Does your company have any foreign subsidiary partner?

Yes

No

In terms of export activities, does your company work with a foreign distributor abroad?

Yes

No

Do you have any price adaptations for your exporting products?

Yes

No

Do you have any product adaptations for your exporting products?

Yes

No

Do you have any promotion adaptations for your exporting products?

Yes

No

Between the years 2016-2018, did your company benefit from any Exim-Bank supports?

Yes

No

If the answer is yes, please state what kind of support.

Answer:

Between the years 2016-2018, did your company benefit from any state supports?

2016 Yes    No

2017 Yes    No

2018 Yes    No

If the answer is yes, please state what kind of support.

Answer:

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