

TRAINING AND DEVELOPMENTAL NEEDS OF MANAGERS OF SMEs

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ÖZET

Türkiye için Avrupa birliğinin gündeme gelmesiyle birlikte KOBİ'lerin uluslararası pazar bulma arayışları daha da önem kazanmıştır. Yapılan araştırmalar dış pazarlara açılma sürecinde işletme yöneticilerinin tutum ve davranışlarında ve bilgi donanımlarında önemli bazı değişiklikler yaptıklarını göstermektedir. Bir çok işletme dış pazarlara açılma ile ilgili bilgilerinde ve eğitim hizmetlerinde değişiklikler yapmaktadır, ancak bu bilgi ve eğitimlerin bir çoğunu kullanamamakta veya bu bilgi ve eğitimler gereksinimlere yanıt vermemektedir. Bu çalışmada, oldukça canlı bir piyasa yapısına sahip olan Gaziantep sanayisindeki KOBİ'lerde eğitim ve geliştirmeye duyulan ihtiyacın yürütülmekte olan eğitim ve geliştirme programlarıyla uyumlu olup olmadığı değerlendirilecektir. Bu bağlamda, aldıkları eğitim ve geliştirme programları açısından işletmelerin güçlü ve zayıf yönlerinin belirlenmesi ve tercih ettikleri eğitim ve geliştirme faaliyetlerinin ihtiyaçlarına cevap verip vermediğine ilişkin bir değerlendirme yapılmıştır. Çalışma survey yöntemiyle yürütülerek, toplanan veriler istatistiksel paket program aracılığıyla çözümlenerek yorumlanmıştır.

INTRODUCTION

Presently, there has not been a universal definition of SMEs yet. Neither scientist has agreed upon a common definition, nor the public organizations have proposed a generally accepted one. Because social organizations can be defined according to the social environment they are in. Also, it is especially difficult to define these establishments, since they are affected by continuously changing the environmental conditions.

The owners of the firm hold the administration of SMEs. Therefore they are lacking professional administration. Personal objectives of the owners and the firms' targets are generally unclear and constraining. SMEs are affected by the economic events very fast and their incorrect decisions cause them significant losses and even

making them to move out of the business. The common mistakes of SMEs are deficiency of vocational and technical knowledge in collecting and evaluating the market information, avoiding to hire experts to solve the problems, not allowing another administrator works besides themselves, and not transferring power to other bodies.

There are some advantages of SMEs, such as, having flexibility in work and product designs, strong personal relations, low level of paper works, employment opportunities, competitive advantages, opportunities for technical researches and novelties, and other social functions.

Table – 1: The Share of SMEs in Turkish Economy (%).

Share in Total Firms	Share in Total Employment	Share in Total Investment	Share in Added Value	Share in Total Exports	Share of Total Credits Received by SMEs
99.8	53	26.5	38	8	4

Source:Halil Sariaslan (1994) **Küçük ve Orta Ölçekli İşletmelerin Finansal Sorunları**, Ankara:TOBB, s.24.

Only the small portion of SMEs in developing countries has been conducting export. They are mostly produce for domestic markets where limited competition exists. Other reasons of their preference of internal markets are lack of foreign demand for their goods and services, high transportation costs, lack of information about foreign markets. However, it was concluded from this research that these drawbacks could be eliminated by the state's export activities.

As is seen in Table 1 the SMEs' shares of exports and credits are very small. But in these statistics, only the direct exports of SMEs are given, indirectly exported goods and services produced by SMEs are not shown here.

In almost all of the OECD countries more than 99% of the firms are classified as SMEs. In general, contributions of SMEs to total employment level are between 40-80% and to GNP are between 30-70%.

Not being able to overcome the restricting boundaries of unprofessional administrations and being family enterprises greatly reduced the organizational abilities of SMEs. In sufficiently big economies, the new investment areas are generally started by family enterprises but later these firms converges themselves to larger professional companies. Because, the internal ties of SMEs depend upon the moral and sentimental connections of a social group in the firm. Moreover, customs and value judgments that are formed by the close environment of administrators who are grown according to the social values of conventional societies have been transferred to and reflected in the SMEs.

Table – 2: Comparisons of Turkish SMEs with Some Countries in Terms of their Shares in Number of Firms, Employment Level and Added Value to GNP (%).

Countries	Number of Firms	Level of Employment	Added Value to GNP
Australia	96.0	45.0	23.0
Belgium	99.7	72.0	-
Canada	99.8	66.0	57.2
Denmark	98.8	56.7	77.8
Finland	99.5	52.6	-
France	99.9	69.0	61.8
Germany	99.7	65.7	34.2
Greece	99.5	73.8	27.1
Ireland	99.2	85.6	40.0
Italy	99.7	49.0	40.5
Japan	99.5	73.8	57.0
Holland	99.8	57.0	50.0
Portugal	99.0	79.0	66.0
Spain	99.5	63.7	64.3
Sweden	99.8	56.0	-
Switzerland	99.0	79.3	-
UK	99.9	67.2	30.3
USA	99.7	53.7	48.0

Source:OECD (1997), Globalization and Small and Medium Enterprises, Vol. I Synthesis Report, p. 17.

Turkish’s SMEs are, currently facing the challenge of increased competition as a result of new open markets, especially in the process of joining to EU. In such a context, the ability to export is becoming a critical factor in the development and long-term survival of many SMEs. This factor is particularly crucial for the more vulnerable firms.

The changes in industrial organization of the two last decades led to new approaches in regional studies. One approach stresses the locality as the basis of a cultural identity that minimizes conflict between firms. This approach highlights the role of shared benefits derived from a common infrastructure and local forms of social regulation in the formation of industrial districts that spur regional growth.

Peter Drucker argues that entrepreneurship is a form of behavior with an entrepreneur being someone who 'always searches for change, responds to it, and exploits it as an opportunity' (Carlsson at all, 1999:19). Hence entrepreneurs can learn to practice systematic innovation, which 'consists in the purposeful and organized search for changes, and in the systematic analysis of the opportunities such changes

might offer for economic or social innovation'. According to this perspective entrepreneurs may therefore be in any part of the economy or society-in government as well as in the latest software start-up company, in hospitals as well as in General Motors. Clearly each of these has a significant impact upon the growth and efficiency of the macro economy.

Table – 3: The Competitive Ability of Turkish SMEs

Competition area	It can rival		It can not rival		Total	
	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%
Prices of raw material	115	35.9	205	64.1	320	100.0
Manpower costs	167	52.2	153	47.8	320	100.0
Qualified manpower	121	37.8	199	62.2	320	100.0
Financing	30	9.4	290	90.6	320	100.0
Foreign currency policy	18	5.6	302	94.4	320	100.0
The information on external markets	40	12.5	280	87.5	320	100.0
Technological substructure	59	18.4	261	81.6	320	100.0
Business capacity	105	32.8	215	67.2	320	100.0
Product quality	187	58.4	133	41.6	320	100.0
Prices of energy	52	16.3	268	83.7	320	100.0
Transport costs	75	23.4	245	76.6	320	100.0
The body of current law	33	10.3	287	89.7	320	100.0

Source:S.S.I., The Research Project of New Industrial Centers VIII. The Temporary Results of Survey about Manufacturing Enterprises in Gaziantep, Ankara, July1998.

A key role of entrepreneurs is to take opportunities presented by changes in the external environment. The role of the entrepreneur is partly to identify persistent shocks to the environment that will offer long-term opportunities, and then to synthesize the information and make judgmental decisions based upon it.

In considering the relationship between entrepreneurship and the macro economy it is useful to start by firstly considering interactions with the external environment within which entrepreneurship is practiced in terms of location. In Africa the Upas tree stifles other vegetation nearby to ensure that it captures the maximum amount of rainfall around it. This analogy has been used to describe the negative effects of older industries, such as shipbuilding, upon other industries nearby. These mature industries are seen as holding back the growth of new SMEs and the transition to a more modern industrial structure (McQuaid, Ronald, 2001:142). These negative effects may be smaller than they first appear as our statistical measurements are crude and disguise the new industries being generated within old Standard Industrial Classifications. Perhaps also as Michael Porter suggests there are no 'bad' industries, only 'bad' firms, so the determining effects of industrial dynamics may be overplayed. Alternatively there may be reasons for such a Upas tree effect such as an absence of a locally accessible growing

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market, or inadequate founders with experience of newer industries, or the education and training networks being less geared to the newer technologies or industries. This shows the importance of path dependence for an economy, or indeed path dependency for individual entrepreneurs based upon their personal histories and experience.

Second, a major reason for policy interest in entrepreneurship is that it is seen as a major source of job creation, i.e. entrepreneurship influences local and national economies. However, the cyclical volatility of job destruction is much higher than for job creation (so jobs are still generated in recessions albeit at a lower level than in expansionary periods, but job losses are much greater). This begs the question as to whether these findings are similar in non-manufacturing industries (which have accounted for relatively more job generation) or in other countries where labor markets are less 'flexible'.

A major policy area used to support entrepreneurship has been trying to bridge the 'finance gap' whereby new firms or SMEs are unable to raise adequate finance. Financial assets or inheriting money have been found to be positively correlated with start-up rates. There are conflicting views as to whether this reflects a human capital rather than financial gap. And so, finally, technology and innovation influence and are influenced by entrepreneurship. Technological regime has a great influence upon changes within firms, the types of firms entering an industry, and the survival of existing or new firms. It is often claimed that both large and small firms are significant engines of innovation, but in different circumstances one or other may have a relative advantage. The type of innovation must be clearly defined, as process innovation significantly reduces the probability of firm failure over time, but the introduction of product innovation increases the probability that the firm will be acquired. Smaller firms may have an advantage due to greater incentives (including property rights) for the people involved compared to larger firms. However, larger firms have resource and market entry advantages and are able to receive immediate benefits from innovations due to their scale and scope.

Globalization and the emergence of internationally active SMEs are key worldwide trends. Research on the international activities of small and medium-sized enterprises has been increasing in recent years. Because of the globalization of markets, advances in transportation and communications technologies, and other facilitating factors, more and more SMEs are pursuing opportunities in international markets. Globalization is the growing interdependence of national economies--involving consumers, producers, suppliers, and governments in different countries (**Knight, Gary, 2000:12-43**). Boundaries between domestic and international markets are becoming less relevant as businesses increase their profiles abroad. In this environment, to the extent that smaller businesses can be engines of growth for product-market innovations and the broader economic development of nations, the rise of the international SME is an important trend. The success of SMEs under globalization depends in large part on the

formulation and implementation of strategy (Porter, 1980). Strategy reflects the firm's short- and long-term responses to the challenges and opportunities posed by the business environment. Globalization reflects the trend of firms selling and distributing products and brands in many countries around the world. It is associated with governments reducing trade and investment barriers, large firms manufacturing in multiple countries, local firms sourcing raw materials or parts from cost-effective suppliers abroad, and foreign firms increasingly competing in domestic markets (**Dunning, 1993**). Marketing leadership is characterized here by innovative marketing techniques, employment of a highly skilled sales force, and careful control of distribution channels (Morrison and Roth, 1992:399-418.). For most companies, because it tends to be the nexus of their strategic gestalt, skillful marketing strategy can be the most important requirement for success. Many studies have emphasized the importance of superior marketing in the operations of the firm.

SMEs are at the center of interest in the debate of marketing effectiveness for several reasons. The importance of SMEs in economic development is a subject that has been receiving increasing attention in the literature. The decline of the mass production paradigm and the increasing importance of flexible organizations have focused attention on SMEs. The main elements of the flexible specialization model are clusters or networks of small firms, and flexibility of equipment and human resources.

The growing importance of SMEs is related to changes in the pattern of capitalist competition. As observed by Hirsch (**Hirsch at all, 1994.**), competition at present tends to increase the 'time-to-market' phase of product development and decrease the 'time-in-market' phase. In order to compete in this environment and increase their chances of having products with longer 'time-in-market', firms must have (**Acs and Audrestch, 1990; Dodgson and Rothwell, 1991**):

- ?? Leadership in product variety;
- ?? Process innovation;
- ?? Customized/incremental innovation;
- ?? Advantages associated with low prices and fast delivery.

SMEs may present these features, since they have:

- ?? Leading to reduced risk-aversion;
- ?? Operation in niches which stimulate competition;
- ?? Diversity in activities and technical capabilities that leads to
- ?? Greater diversity of innovation efforts;

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- ?? A hands-on management that stimulates quick decision processes;
- ?? Low specialization of production factors;
- ?? Low formality of external and internal information systems;
- ?? More effective information and communication flows;
- ?? Greater motivation of workers.

Defining small businesses

Although there is no generally accepted definition of a small business, the SMEs definition is the most widely used one. A firm that is independently owned and operated and not dominant in its market is classified as a small business. Revenues and number of employees are also used in identifying small businesses. An definition about SMEs has been developed by the European Commission which defined and classified SMEs in terms of the number of people that they employ: 0-9 employees -- micro enterprise; 10-99 employees – small enterprise; 100-499 employees -- medium enterprise. But, there is no consensus on the definition of SMEs; variations exist between countries, industries and even different government agencies within one country.

Ghobadian and Gallear (**Ghobadian and Gallear, 1997:121-163**) made a list of the differences that exist between large and small and medium-sized businesses. Adding the advantages and disadvantages with respect to the main characteristics; these are shown in Table 4. Certain characteristics can encourage the process of implementing new management approach, while others can hinder it. Some of the advantages are (**Yusof at all, 2000:281-295**):

- ?? A flat structure and short decision-making process allows shorter and faster information flow which can improve communication;
- ?? A low degree of specialization results in having a broader perspective of issues and problems rather than narrow specialist functional views--better in providing improvement ideas;
- ?? High management visibility and closeness to point of delivery--easier to permeate new change initiatives ;
- ?? A unified culture provides a good foundation for change;
- ?? The high incidence of innovativeness and a continuous improvement culture;
- ?? People-dominated together with organic behavior, rather than bureaucratic and system-dominated, helps improve the chances of success for new initiatives.

Table 4. Small business characteristics--advantages and disadvantages

<i>Characteristics-1: Structure</i>	
Flat with very few layers of management, top management highly visible and close to the point of delivery. Less delegation. Division of activities limited and unclear. Low degree of specialization. Flexible structure and information flows. Strategic process incremental and heuristic	
<i>Advantage</i> Faster communication line, quick decision-making process, faster implementation, short decision-making chain	<i>Disadvantage</i> Low specialization may result in lack of expertise in change initiatives. Need outside assistance. Owner controls everything and lack of delegation can stifle growth
<i>Characteristics-2: Systems and procedures</i>	
Activities and operations not governed by formal rules and procedures. Low degree of standardization and formalization. People-dominated. Simple planning and control system. Incidence of 'gut feeling' decisions more prevalent. Informal evaluation, control and reporting procedure. Flexible and adaptable processes	
<i>Advantage</i> Simple system allows flexibility and fast response to customer needs	<i>Disadvantage</i> Lack of proper system--difficulty in ensuring efficiency of work, and high variability in work outcome. 'Gut feeling' approach may result in wrong decisions
<i>Characteristics-3: Culture and behavior</i>	
Operations and behavior of employees influenced by owners'/managers' ethos and outlook. Organic, not strong departmental/functional mind-set, corporate mindset. Unified culture. Result oriented	
<i>Advantage</i> Corporate mind-set is conducive for new change initiatives, i.e. company first.	<i>Disadvantage</i> Uncommitted or dictatorial owner/manager ethos can damage new initiatives
<i>Characteristics-4: Human resources</i>	
Personal authority mainly high. Few decision-makers. Dominated by pioneers and entrepreneurs. Individual creativity encouraged and high incidence of innovativeness. Modest human capital, financial resources and know-how. Individuals normally can see the results of their endeavors. Low incidence of unionization. Low degree of resistance to change. More generalist, some staff may cover more than one department	
<i>Advantage</i> High authority and responsibility can ensure job is done. Innovative environment will support improvement culture. Early union involvement needed to ensure success. Fewer employees-better relationship, knows almost everyone	<i>Disadvantage</i> Lack of financial support, e.g. no training budget ad hoc, and small-scale approach can stifle improvement efforts Improvement needs investment in human resources
<i>Characteristics-5: Markets and customers</i>	
Span of activities narrow. Limited external contacts. Normally dependent on a small customer base. Close contact, easily accessible and many known personally. Mostly local market, few national or international	
<i>Advantage</i> Immediate feedback from customers can make response quicker. Understand better customer needs	<i>Disadvantage</i> International marketing expensive, after sales support not as extensive as large businesses. Easily suppressed/dictated by larger multinationals (if they are customers), e.g. imposed ISO 9000, QS 9000, EMS, etc.

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In terms of structure, processes and people, a small business seems to be in an advantageous position for adoption of a new change initiative, provided that the owner/management has the commitment to and leadership of the change process, together with a sound knowledge of it. Small businesses can provide high-quality employment in terms of involvement and a generally high level of satisfaction (Thompson, and Leyden, 1983:7-45).

There are also characteristics that can result in a disadvantageous situation. The most important is believed to be the financial and human resources constraint faced by many small businesses. Other disadvantages include:

- ?? Lack of financial resources, which can affect investment in new products and processes.
- ?? Training and staff development being ad hoc and small-scale can hinder the improvement effort.
- ?? Owner not delegating and trying to control every aspect of the business can stifle teamwork and involvement.
- ?? Improper and inadequate system and procedures can affect efficiency and will result in dissatisfaction from employees, e.g. inconsistent industrial relations policies between different people.

SMEs and Exporting

Beyond technical and situational factors, it is also seen that one of the most important obstacles is the unwillingness of SMEs owner-managers to consider exporting. The decision of SMEs to export (or not) is profoundly influenced by the owner-manager, and in particular by his or her perceptions and attitudes. Given the considerable impact of the owner-manager's personal attitude on the firm's decision to export, it is relevant to consider the various paths available to help owner-managers overcome barriers to exporting and to encourage more internationally oriented business behavior. In this respect, training and development may offer a potentially interesting solution. Both the business community and the government sector are aware of the need to intervene at the executive level to encourage internationalization through training and export support programs. In fact, a number of seminars and other forms of coaching or training are already available on the market. One of the most common components of a small enterprise development program is the training and development of the owner-managers. This is understandably so because of the key roles that they play in the operations of small businesses. Owner -managers are so closely and intimately identified with their small businesses that business development is almost synonymous to ownership-management development and vice-versa.

Considerations such as this led us to wonder about the relevance of this type of intervention, which often seems to have been developed by specialists working for different agencies without input from the firms themselves with respect to either the content or the teaching approach used. Given that owner-managers are the key elements in the decision to export, as stated earlier, it is vital that awareness and training interventions should concentrate on their perceptions, weaknesses, and development needs. It is also important to know which intervention methods the owner-managers prefer, and the information and teaching formulae most likely to encourage them to take up exporting. The low attendance rate at export workshops, seminars, and clinics provides evidence of our current failure to meet the expectations of owner-managers.

Diagnosing Training and Development Needs of Managers

Because of the nature of small business management and the key roles that owner-managers play in the over-all management of the business, environmental analysis is a basic component of any assessment of training needs in the small enterprise sector. Its purpose is to relate training to actual opportunities and constraints that characterize a particular business environment. It will indicate key competencies, information, and linkages that an owner-manager will need to have to be able to operate the small business successfully in such an environment. If a standard training package is planned to be used, environmental analysis helps to adapt it to local needs.

The issues covered include:

- ?? Political climate and the policy and regulatory environment affecting business creation and operations;
- ?? Established ways of doing business in the community;
- ?? Cultural values and traditions related to business and entrepreneurship;
- ?? Existing and potential markets (including competition) and forecasts of demand;
- ?? Resources that are available or can be mobilized
- ?? Infrastructure and technical services;
- ?? Availability and forms of credit;
- ?? Information, training and advisory services available;
- ?? Economic activities in the community;
- ?? Linkages among the enterprises in the community, e.g. trade associations, business networking.

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The training and development of the target owner-managers will have to take these issues into consideration both for new enterprise creation and for strengthening of existing small businesses. A proper time perspective is important: the analysis not only has to identify the factors and forces that operate in the current period, but should also aim to reveal or predict future developments.

The training and development needs of owner-managers of existing small businesses can best be determined by analyzing the over-all performance of the business as well as of the effectiveness and sufficiency of specific business systems e.g. marketing, production, finance. An analysis of the causes of unsatisfactory performance or of opportunities that could be taken advantage of will indicate training and non-training needs of the business and the corresponding competencies required of the persons running the business.

RESEARCH SUBJECT AND PROBLEM PRESENTATION

SMEs in Gaziantep that is an important center in Southeastern Anatolian Project (SAP) have shown outstanding efforts in international competition resulted from opening them up the foreign markets. Especially the economic activities intensified following accommodation to EU processes have triggered these efforts. In this context, the SMEs' abilities to access to external markets are perceived as the success indicators of their progress. This is specifically important for SMEs that are protected less in terms of public policies and legal obligations compared to the larger companies. The size of SMEs, the related sector's industrial structure, and the investment potentials are taken as the major criterion of SMEs' that have weak protected design against big industries. The results indicate that it is very difficult for 53% of total number of SMEs' to open up to external markets in the short and medium terms and they do not have any plan in this respect. This high percentage can be seen connected to some wrongdoings in competition and export policies.

In this research, the basic assumptions causing SMEs not being able to export, are lack of information pertaining to opportunities in the foreign markets, to distribution and marketing tools available, and lack of financial means that increase the complications of accessing to foreign markets. The objective of this research is to investigate the reasons of SMEs not being able to export more to outside markets.

Another important factor that is barrier to exports of SMEs, besides existing technical and situational difficulties, is the unwilling approach of their managers for export. Generally owner-managers of SMEs take the decisions. In this case the behaviors and cognizance of the owner-managers of SMEs are deeply affecting them. Therefore, the decision makers of SMEs are the basic variables in the globalization process of firms (**Kedia, ve Chokkar, 1986:33-43; Ogram, 1982:70-84**).

Miesenbock (1988:42-61) supports by his findings that the decision makers in SMEs are the most important variables in the globalization process. Many other researchers indicate that, there are significant differences between the administrators of the firms that are exporting to the outside markets and are operating only in the domestic market in terms of export processes and the risk and difficulties of personnel orientation to this area, (**Sharkey, at all. 1989:33-40; O'Rourke, 1985:25-29**). As a result, some authors emphasize that the owner- managers who cannot become professionals and institutionalize are the only criteria that indicate whether they can open up to the foreign markets.

It is seen that the export decisions of the companies are basically effected by the owner-managers' own personal behavior. It is possible to utilize some means to change the personal behaviors of these managers and to encourage them to enter foreign markets. Among these means the most permanent and rational ones are education and improvement which are claimed by some authors that they are more effective than foreign demands, (**Joyal, vd., 1993 :50-62**). As a matter of fact the firms realize that globalization is easier by education and export promoting programs. In fact, presently many firm representatives have been attending various seminars, educational projects and some support programs,

According to the observations, research findings have objective of determining educational subjects needed by managers of SMEs relevant to exports. In this respect the followings will be determined:

- ?? Behavior of managers related to exports;
- ?? The factors that prevent them to establish relationships with outside markets (barriers and weaknesses);
- ?? Possible educational areas for improvement;
- ?? Necessary interventions and their extends;
- ?? Preferred educational forms;
- ?? Data collection tools from foreign markets;
- ?? Collected data;
- ?? Utilization of managerial information.

This research was undertaken to examine the export training and development needs of SMEs' owner-managers. More specifically, participants were asked to express their attitudes on the following issues :

- ?? Their effort to gathering information

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- ?? The means of collecting information
- ?? The kinds of information
- ?? The using of this information
- ?? Their attitude to exporting.
- ?? The factors that prevent them from exporting (obstacles and perceived weaknesses).
- ?? The areas in which training might to offer possibilities for improvement.
- ?? The types of intervention required, and their content.
- ?? The preferred teaching formula and the trainers considered credible.

RESEARCH METHOD AND ORGANIZING DATA

This research is based upon collection of data by survey method for which the sample of 134 firms is analysed. From the inspection of questionnaire forms it was concluded that only 75 out of 134 were containing sufficient information for this research. The interviews were made specifically with the owner-managers who held the decision-maker positions in a company. The variables were designed according to the 5-point Likert scale. The questionnaire forms contained questions covering supplementary variables of general situation, determination of attitudes towards accessing to outside markets and difficulties received in this respect, weak and strong sides, the things that can be improved through education, and recommended approaches to education issue.

RESEARCH RESULTS AND THEIR INTERPRETATION

When the answers of managers related to process of accessing to outside markets are analysed it is observed that a large number of them (70%) perceives it as an compulsory matter. Representatives of many firms claim that they emphasize foreign trade in order to increase the market share in the presently available ones for them or to find new markets alternative to the highly saturated ones in this respect. However, in spite of showing high level of interest in the foreign markets and seeing the potential benefits of them, still, the managers do not perceive export as an attractive opportunity. Those who cannot persuade themselves to open up to outside markets claim the following reasons effecting this situation: Improving their trading skills in domestic markets before starting exports, and loosing production controls in the factory due to high demand exceeding their regular production programs.

The research results indicate that for adopting positive approach towards export and developing export skills of the managers' education and improvement are important

matters. In Table 5 the obstacles and difficulties of export are listed according to their importance.

In addition, the important weak areas of the firms are presented in Table 5. The weakest point of the firms is their short-term decisions that contain no strategy what so ever. It is also seen in this table that the managers who cannot think long-term issues ignore the developments in the markets. Reductions in the demand for high quality products and the firm' products, not allocating financial sorce for creating and improving firm images, not investing in education are other important weaknesses of these firms.

Not being able to contact with foreigners or not to know how to behave in this respect are the problems that effect the firms' performance very much. The second important issue is not having necessary and sufficient information on the competitive firms in the foreign markets. The third issue is the lack of information about redemption rules. Besides these, language differences become an important barrier for people's communication. In order to overcome this problem hiring someone knowing a foreign language is recommended.

The barriers that halt export, weak areas of the firms, and the structural disadvantageous situations of SMEs can only be eliminated by means of education and improvement programs. For this, initially the weak and strong points, lacking and superior sides of the firms, and their abilities are to be determined and then special education programs can be developed on the problematic matters that can be solved by those programs. Education can solve too many problems from personnel training to organizational development issues. In the present time, it has been observed that large number of firms be conducting educational activities. However, their common belief is such that the education taken not providing any benefit for them. The reasons for this are not making necessary analysis on educational needs and making unplanned investments.

Table – 5: The Obstacles of Export Perceived by the Firms and the Education Subject they Need (The items are ordered by their importance).

	Point	
Proposed Educational Subjects	9	International finance
	8	Representative branches in foreign markets
	7	International marketing
	6	Acts and laws and bylaws
	5	Redemption and debt collection methods
	4	Requirements of foreign markets
	4	Foreign cultures
	4	Transportation and customs
	3	Special standards in foreign markets
	3	Production technologies
	2	Industriel information
	2	Export collection
	Areas in which the Managers Need Information	8
8		Financing and payment methods
6		Lack of information on the process to be followed
5		Lack of foreign contacts
5		Language problems
4		International exporting problems
4		Lack of time
4		Technological hardware
3		Customs and transportation
3		Poor knowledge of legislation and payment methods
6		Strategic management
Weak Areas of the Firms	5	Product Quality
	5	Firm not well-known domestic market
	5	Firm not well-known outside local market
	5	Lack of specialized full-skilled manpower
	4	Specific or avant-garde design
	4	Flexibility and speed of adaptation
	4	No financial room to maneuver
	4	Foreign Language (especially English)
	3	Product innovation
	3	Limited production capacity
	1	All-consuming everyday management
	1	Special expertise

The educational subjects given in research findings contain the areas that cover exporting problems faced by the firms. These areas may change from firm to firm; therefore the combination of education areas can be designed according to the needs of the firms. Education needs are concentrated in the export finance and marketing subjects. The questions on the researches of the firms about the foreign markets and the ways of reaching to information sources are given below:

Table – 6: Criteria Related Market Knowledge		Mean
The Way Reaching Information	Comprising surveys	1.1
	Customer visits	4.4
	Exhibitions	3.7
	Visiting distributors and/or representing offices	4.2
	Phoning	1.4
	Test marketing	1.7
	Interview with persons (customers)	3.6
	By mail questionnaire	2.4
	Competitor visits	1.2
	Seminars	2.3
	Type of Collected Information	Competition in external markets
Changes in exchange rate		3.6
Preferences of foreign buyers		3.9
Competitive foreign products		4.1
International competition in foreign markets		3.9
Important purchase criteria of buyers		3.7
Price tendency in foreign markets		3.7
Legal requirement to enter the foreign markets		3.2
Size of the market		3.2
The techniques to convert conventional products to exportable goods		3.1
Potential barriers to enter foreign markets		3.9
State aid		2.4
Social and political background of foreign markets		2.7
Economic background of foreign markets		3.6
Transportation structure		2.6
Development of the market		3.1
Utilization of Knowledge	Knowledge is used in order to support the administrator's foresight	3.3
	Export decisions change according to results of market research	3.4
	Market research is not effective since it is not referred by decision makers.	2.3
	Export decisions are not made without market research	2.6

Answers are obtained according to Likert type scale with 5 categories. (1:Never agree; 5:Completely agree.)

Interpretation of the study

Related to context of this study question, some findings were summarized below:

Obstacles Related to Exporting:The main problem lies in the lack of foreign contacts, which seemed to constitute a major obstacle to exporting. In depth questioning revealed that respondents do not know where to begin, or who to ask for help. The export process itself was perceived to be highly complex, full of pitfalls and with a high level of inherent risk. The issue of distribution is of particular concern: respondents do not know where to find the agents they needed in order to move into foreign markets, and they have the impression that simply identifying distribution agents would require a significant financial investment.

These concerns generated a tremendous amount of uncertainty and prevented many of the respondents from adopting a more aggressive approach to international trade. A second major source of perceived difficulty lies in the general lack of knowledge of potential foreign markets in the firm's sector. Many respondents do not know which countries or regions they should consider, how their products should be adapted to the specific requirements of those markets, or the efforts required to make the necessary changes. They have no idea where to begin gathering information, and are not inclined to commit themselves to the process, given the high level of uncertainty regarding possible penetration into foreign markets. The technical aspects of export payment methods are perceived to be a major difficulty by many respondents. Exporting is perceived as a business activity with a high risk of nonpayment due to a number of factors, the most common of which were the distance between the parties and the consequent control problems.

Many firms also mentioned lack of time and money. However, in-depth questioning revealed that this was simply the result of the concerns described above. Because the respondents know little about the export process, possible distribution networks, and potential markets, and because they also have the impression that they would be running a considerable financial risk, they also think they would have to invest a lot of time and money before they would be ready to venture into the foreign trade jungle. Language constitutes a significant obstacle for at least a quarter of all respondents. Those who mentioned this problem deplored their lack of knowledge of the English language, or admitted a level of difficulty that would severely impair them in trade negotiations in English.

Strengths of SMEs with Respect To Exporting: Respondents were also asked to list the current strengths of their firms with respect to exporting, once again with the goal of identifying future training needs.

Another strengths emerged very clearly, and were mentioned by nearly a third of the respondents. First, the quality and/or originality of the product design were

perceived to be a significant advantage, especially in a context in which consumers tend to seek personalized products that meet their own specifications.

Many respondents mentioned their firm's flexibility and speed of adaptation, due in particular to its small size and the speed of its decision-making and direct action processes. This strength was repeated at a more technical level, with two respondents also identifying the flexibility of their production process as a major competitive advantage.

Weaknesses of SMEs with Respect To Exporting: Export-related weaknesses were perceived more intensely than strengths. The most frequently mentioned weakness is everyday management, which left operators with very little time to think about and plan major strategic shifts such as foreign trade. Respondents said they held two or more positions in their firms, and that "operational" tasks leave them with very little flexibility to think about future directions for the firm.

Another weakness is the lack of specialized technical staff familiar with the export process. As several respondents pointed out, the time required to explore the possibility of exporting is only one side of the coin - the firm subsequently needs the expertise to actually engage in exporting.

Production problems and the lack of sufficient specialized staff are other concerns raised by the firms. Although they perceived their products as having certain advantages in terms of design and differentiation, they were nevertheless aware that automation and more advanced technologies would eventually become necessary, both to be able to compete abroad, and to produce more quickly and in larger quantities for the additional customers obtained through internationalization. Respondents thought it would be necessary to make major financial investments in order to increase the size of the management team needed to address strategic concerns, hire technical staff for export-related operations, improve the performance of production equipment, and train staff to satisfy the new demands.

Possibilities for Improvement through Training: We considered above the perceived export-related obstacles and weaknesses. However, the owner-managers interviewed do not necessarily think these deficiencies could be improved by training or development. They were therefore asked to identify the areas in which they feel improvement is possible, to improve their own deficiencies, those of their employees, and of the firm as a whole. More specifically, they were asked to list five main training and/or development themes that they think it would improve their export trade skills.

The reader will note that we have not changed the theme statements. A close reveals that several of the statements, although formulated differently, in fact reflect the same need. The demanded training theme most commonly identified related to export financing in general, and export credit and collection methods in particular. The

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interviews clearly showed that the contractual financial relationship with a foreign buyer generated much concern and hesitation for owner-managers. Some said they had already experienced problems in collecting customer accounts at the local level, especially in the current difficult economic context. They perceived distance and the more impersonal nature of export contacts as factors that would increase the probability of collection difficulties and said they were unable to accept the level of risk that this implied.

Other main areas for training are given below.

- ?? International marketing concerns.
- ?? Identifying needs of foreign markets.
- ?? The level of product adaptability required to satisfy those needs
- ?? Hiring a marketing agent or distributor.
- ?? Obtaining information on relevant aspects of foreign cultures.
- ?? The processes of logistics, transportation, customs.
- ?? Legal aspects of international trade.
- ?? Sophisticated production techniques.

Belief in the value of information for enhancing decisions by reducing uncertainty has increasingly led to the consensus that the growth and even survival of today's business entities will depend on their strategies for handling and processing information (**Deshpande and Zaltman, 1982:14-31; Turner, 1991:55-64.**) Marketing research is an important element in companies' success. Focusing on SMEs, Dolinger (1985:24-30.) found a positive relationship between the use of environmental information and small firm financial performance.

Other findings with respect to this study are given below:

While neither "market attractiveness information" nor "adaptations required" shows a significant relationship with either export performance measure, the more general "background/ infrastructure information" is significantly related to both performance measures. This is an interesting finding, as it shows that collection of general, strategic information regarding economic background, transport infrastructure, growth trends, and government aid may be more important to improve export sales and profit ratios for SMEs than more specific information which might be used to assess individual market potential or the need to adapt products to local conditions. This finding can be attributed to the fact that the vast majority of the exporting activities of SMEs in industrial markets is "customer initiated," proactively directed at a small

customer base abroad, or achieved by participating in networks of relationships (Coviello and Munro, 1995:49-62.), all of which enable a close collaboration between the exporting firm and its customers. As such, information about market attractiveness and required product adaptations, although critical for the initial decision to export, does not provide any differentiating competitive advantage later on.

RESULTS AND CONCLUSIONS

In this study, SMEs upon which economy of Gaziantep based are examined in terms of their exporting efforts in the foreign markets. The results that is to be reached in this work are, firstly, to establish the relationship between education of the decision maker of a firm and the firm's export performance and secondly, determination of education subjects suitable for the needs of decision makers of a firm considering the education they take and the problems faced by the firm.

According to the research results, there is a conflict between the tendency of the firms towards export and their behavior at this matter. The managers are eager to enter to foreign markets, yet they are quite hesitant. The main reason of this is their lack of information in many areas. The factors that prevent many firms to establish some kind of relations with outside markets, in other words the firms' weaknesses in export activities are alike in many firms. The education taken by the managers is generally on administration techniques and production processes. These education subjects that are necessary but not sufficient for company's efficiency must be supported by education on exporting and marketing subjects. It will only be possible to enter to outside (foreign) markets by good market researches and expert analyses of educational needs of the firms. In this context the matter to be emphasized is making the owner-managers to concentrate on organizational development the type of education is also determined by the specialists according to educational needs of the groups.

In this study the following results are also interesting: Data collection is in the foreign markets, the type of data to be collected, and the way these data utilized by the managers. The point which needed to be emphasized here one more time that these data are not utilized by the managers and/or decision makers as often as required.

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