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**Recovery from Crisis for Turkish Firms: Synergistic Action
between Foreign Policy and Marketing Process**

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Abstract

Global economic crises and recession periods radically change the nature of markets due to the shifts in the behaviors of individuals and firms. Market players engaged in international trade have been affected unfavorably from the contraction in the volume of global trade. The purpose of this research is to investigate the impact of foreign policy of the State on firms' market performance in global or international marketplaces, considering three fully linked key constructs; awareness towards active foreign policy, awareness towards country/political image, and awareness towards new market/country opportunities. Thus this study examines the role of foreign policy in minimizing the negative effects of contraction in international trade for the country's firms. Specifically, a regression model was developed for hypothesized relations between the constructs of the study. An empirical research was conducted by using data from 374 Turkish SMEs engaged in international trade to test our conceptual model. The data were analyzed through t-test and regression analyzes. The study shows that active foreign policy of Turkey has a significant impact on market performances of Turkish firms in neighboring and peripheral countries. The findings of this study suggest that proactive and positive foreign policy towards other countries can be employed as an instrument to support market activities of the country's firms in international area. This is a signal for the possibility of synergy between foreign policy and international or global marketing performance.

Keywords: market performance, foreign policy, awareness towards market opportunities

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1. Introduction

The global economic crisis of the late 2000s and recession period after the crisis have changed the nature of target markets for firms operating internationally or globally. It is possible to state that buyers, regardless of the fact that they are actual or potential, face the direct effect of crisis from economic and

also psychological perspectives. Economic effects, in consumer side, can be considered as direct effect since it is the result of the shrink in trade volume, employment and the purchasing power. Consumers can also be exposed to psychological effects due to the possibility of decreasing their own income and the general demoralizing climate in market place [1]. In their study, Zurawicki and Braidot [2] demonstrated clearly the changing behaviors of consumers to adjust their spending in the parallel of economic crisis. Crisis conditions, therefore, have potential to create a *vicious circle* in both marketplaces and consumer psychology in the condition of pessimist expectations imposing that economic crisis or recession will continue. Both represent serious problems for market players due to the negative effects on consumer buying behavior, and also organizational reactions towards B2B (business-to- business) activities.

The most recent crisis of 2008, like the previous ones, has showed a remarkable decrease in international trade towards developed countries representing the most attractive markets based on their relatively higher purchasing power. According to WTO (2010, Press releases) the global economic crisis sparked a 12.2% contraction in the volume of global trade — the largest such decline since World War II. OECD statistics also support this negative situation. It was declared that the share of world trade of OECD countries dropped from 73% in 1992 to 64% in 2008 (OECD, 2009).

Market activities of firms, and also countries with macro perspective, have been deeply affected by global economic crises. The general view reflected from attractive markets such as OECD countries signals some potential and significant problems due to decreased demand and increased tendency towards saving for the firms or countries working especially with these markets. Similar picture has also occurred for Turkey and Turkish firms in the period of global economic crisis and recession of the late-2000s. The leading foreign markets for Turkish firms conventionally were OECD countries and especially the EU area in 2000s. The share of OECD countries in Turkey's export markets reached 69.9 % in the year 1999 [3]. It should be noted that the share of the EU market in total export of Turkey was 44 % in 2009 (TUIK Press Release), and 53.1 % for OECD countries [3]. It is possible to state that the contraction in developed markets can function as a triggering factor for Turkey and similar countries directing the most of export activities to developed economies in order to find new markets in overcoming the problems of decreased demand.

In recent years, the new foreign policy approaches have emerged in politics of Turkey. The most popular one is called *zero problems towards neighbours* by which the government aims at maximizing close relations with peripheral countries as well as neighbours. Another new approach developed by the ministry of foreign affairs was conceptualized as *being proactive* in global political arena that means taking initiative in potential problems before they emerge in the globe. With these perspectives, between the years 2003-2010 15 new embassies were opened in Africa, representing the rise of the number from 21 to 36 (The Ministry of Foreign Affairs). Thus, a reorientation of Turkish foreign policy towards Africa as the peripheral area for Turkey has been structured. The news on national and international media shows that both approaches make Turkey one of the most popular and credible players in the eye of the nations in neighbouring and peripheral countries. The credibility and popularity emerged in political arena can play an important role in finding new markets as facilitator or leverage, and in increasing the level of internationalization of Turkish firms.

In this context, the purpose of this paper is to examine the reflections of new and active foreign policy of Turkey towards neighboring and peripheral countries on the market performance of Turkish firms in these markets. Turkish firms' market performances in neighboring and peripheral countries represent an important indicator for the success of market diversification that means the existence of alternatives to the main markets including OECD countries. More specifically, this paper tries to understand whether new market opportunities are created by new Turkish foreign policy for Turkish firms in neighboring and peripheral countries. Also, we examine the awareness of Turkish entrepreneurs towards new image of Turkey in these markets, and the strategies developed by them in order to realize the potential. This paper proceeds with a review of the literature and a research model including the hypotheses of the study, followed by the methodology, the findings and conclusions.

2. Literature Review

Firms frequently must cope with unpredictable economic events, referred to as crisis, that create high levels of uncertainty and are potential threats to the viability of a firm. A crisis, according to the Oxford English Dictionary, is “a decisive moment”, “a turning point”, “a time of great difficulty”. The economic crises and the recession periods faced from past to present have radically changed the nature of target markets for firms operating internationally or globally. In these periods some markets have dramatically cut their demands for several goods and services, and some others have turned to much more economic alternatives. Firms are also forced to lay off some of their personnel, and reduce wages, posing considerable managerial challenges [4]. All these negatively affect the competitiveness of market players in the marketplace.

The experiences from the past crises show that firms react to changes in the marketplace by taking the cyclical measures. The best-known cyclical measures include reducing costs, cutting production, reducing investment, improving efficiency, exploring new markets. The countries including the *injured* firms face the risk of economic downturn because of the fact that the balance of trade changes negatively. The economic crises and recessions represent a source of tribulations for firms as well as the country administrations. Similar to firms trying to cope with the problems of crises governments are also responsible to help firms in the country by generating new strategies and policies to compensate the damage from poor economical environment. Conventional examples such as decreased taxes or subventions cannot be called long lasting solutions when compared to the government policies creating new bonds with new country-markets. Therefore it is possible to state that governments can play a strategic role as a leader of firms during the period of economic crises. However, although there is extensive research on recovery from crisis in the literature [5, 6, 7, 8] still it suffers from a lack of empirical studies that examine the relationship between foreign policy and firms’ foreign market performances. We try to add this to the body of research by studying the reflections of the active foreign policy of a country towards neighboring and peripheral (N&P) countries on the firms’ market performance during or after the periods of economic crisis.

The degree of the firms’ awareness towards crisis pressure can be an antecedent for their efforts to develop new strategies to recovery from crisis. The more they feel the pressure of crisis, the higher the degree of developing new strategies. It is possible to expect that the dysfunctional market strategies would be visible when the firms are exposed to crisis pressure. Contrary to this, it is difficult to expect for firms to generate creative strategies leading to away from the poor environment of crisis if not exposed to challenging factors. The crisis conditions, therefore, can play a role as a trigger event to start developing new perspectives. In sum, the degree of awareness of the firms towards crisis pressure can be described as critical factor in building their *new* market process and performance. On the other hand the foreign policy of the state may function in decreasing the destructive effects of crisis periods when they are established with positive aspects towards other countries. The direction of foreign policy towards specific countries and the degree to which its effectiveness on related countries can be expected to preserve the firms operating internationally. It is possible to state that this factor can be employed as a functional tool by the firms looking for the way out from crisis. Also, there exists a vast body of research about country image in international or global market activities [9, 10, 11]. According to Nagashima [12] country image is “the picture, the reputation the stereotype that businessmen and consumers attach to products of a specific country. This image is created by such variables as representative products, national characteristics, economic and political background history and traditions”. The literature of country image presents many proofs about the functionality of image variable in international marketing [13, 14]. In general, image studies have focused on its effect on consumers’ evaluation of product attributes.

However, when a country is perceived as a whole product in other countries, the perceptions of foreign people may determine their decisions towards firms related to any specific country [15]. This view requires firms to be interested in country image in international markets. As applicable for the variable of *awareness towards foreign policy of the state*, the pressure of crisis can trigger the awareness of firms towards country image in the pursuit of new opportunities.

Based on the theoretical explanations and empirical studies, the case of Turkey, and its active foreign policy in the last decade, can generate some valuable findings into the area of international business. In this context, three principles of Turkey's relatively new foreign policy can be mentioned as follow [16]: "zero-problem policy towards neighboring countries", "developing relations with the neighboring regions and beyond including peripheral countries" and "not to follow a passive line; rather, pursuing an active policy" developing good relations in public opinion of neighboring and peripheral countries. It is possible to follow the reflections of these new foreign policy principles on economic indicators such as trade volume figures. According to trade statistics (www.TUSKON.org) total trade volume with Africa has reached to 16 billion USD in 2008 from 3 billion USD in 2003. Some selected numbers are presented at Appendix. The global economic crisis of 2008 made Turkey's active foreign policy more important for firms operating internationally. Therefore, it is possible to state that firms' interest towards foreign policy can source from economic motives. The direction of this body of knowledge leads us our first three hypotheses:

H1: The awareness of SMEs towards active foreign policy positively relates to the awareness towards crisis pressure.

H2: The awareness of SMEs towards country/political image positively relates to the awareness towards crisis pressure.

H3: The awareness of SMEs towards country/political image positively relates to the awareness towards active foreign policy.

By developing subsidy policies, governments are expected to help firms in turbulence times. GATT defines subsidy as a "financial contribution provided directly or indirectly by a government and which confers a benefit" [17]. Subsidies may take many forms – including cash, interest rate, value added tax, corporate income tax, and infrastructure. Apart from these economic subsidies, governments can also employ non-economic policies that create significant reflections on performance of firms in international markets. Although political and economical motives are two separate components, political approaches of governments have potential to generate economical results as well as financial performances of individuals or firms may result in political positions. The factor of foreign policy can be employed by governments as a tool to build a positive image, sympathy and credibility in the minds of people of other countries. In contrast, when it is not managed successfully one can expect the reflections in the form of negative image and antipathy for the country name. Thus, in terms of firms, it is possible to state that active foreign policy means generating proactive strategies creating economic advantages or opportunities in foreign markets through credibility and popularity of the country name. Based on these explanations we expect that the more awareness SMEs have towards active foreign policy, the more awareness towards new country/market opportunities they have. Thus, we posit the fourth and fifth hypotheses of the study:

H4: The awareness of SMEs towards new country/market opportunities positively relates to the awareness towards country/political image.

H5: The awareness of SMEs towards new country/market opportunities positively relates to the awareness towards active foreign policy .

In the literature on the internationalization of firms, the internationalization process (IP) model proposed by Johanson and Vahlne [18] has been influential, with the argumentation of internationalization for firms in gradual steps by acquiring, integrating, and using knowledge of the foreign market. The lack of knowledge and unfamiliarity towards foreign markets are expected to increase the risks of the firm planning or engaging in international marketing. At the same time, entrepreneurial awareness has important role in the process of internationalization of firms. It can be

stated that entrepreneurial awareness has initiator effect to benefit from foreign market opportunities and therefore there is a close relation between entrepreneurial awareness and opportunity recognition. Ardichvili, Cardozo and Sourav [19] discuss opportunity recognition and posit that it includes three processes: perception, discovery, and realization. For our purpose, we contend that the behavior of detailed market research and lobbying activities can be viewed as processes closely related with perception and realization. In line with the foundation built above, we hypothesize that:

H6: Politically/economically motivated lobbying behaviors of SMEs in foreign markets positively relate to the awareness towards new country/market opportunities.

H7: Detailed market research behavior of SMEs in foreign markets positively relates to the awareness towards new country/market opportunities.

H8: Market-specific strategies developed by SMEs positively relate to the detailed market research behavior of SMEs in foreign markets.

The question of “what produces superiority in business performance” represents a central area in strategic marketing and management [20]. Business performance in market processes, called market performance, is a result of business strategies as a whole. According to Mintzberg [21] performance will arise from strategy formation processes. On the other hand, Day [22] suggested a set of integrated decisions and actions to realize the objectives of the firm completely as preplanned. Strategic decisions and actions underlie market segmentation and targeting, and building proper strategies for positioning based on 4P of marketing [23, 24]. Major commitments from firms to consumers to provide them *satisfaction and welfare* through better offerings imply market-specific strategies based on marketing mix decisions. The fundamental issue in providing better satisfaction and welfare is whether or not the firm knows specific conditions that encompass the market and consumers. Since performance is the consequence of marketing capabilities [25] it should be mentioned that employing specific factors in distinct markets will be influential to persuade target people.

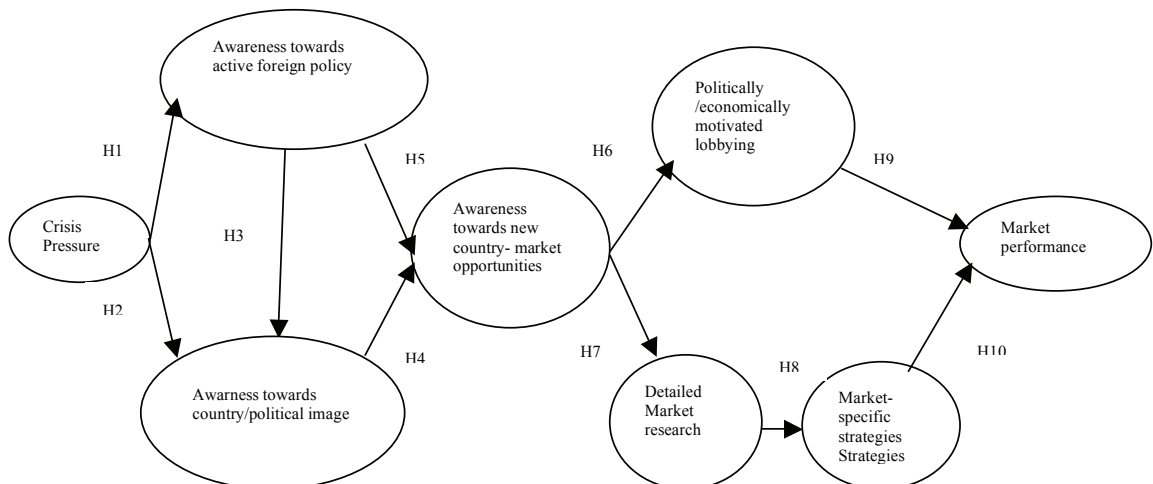
Firms in international operations should also be sensitive to political context for persuasion activities towards policy-makers in foreign markets. Epstein [26] long years ago suggested that firms could employ the agents of governments as competitive instrument to design proper business environment for their activities. In this context, lobbying efforts provide firms to introduce themselves and then establish close relations with the actors of any specific market. On the other hand, lobbying activities can be directed into not only the agents of governments but also non-governmental organizations (NGOs) that can function in building a general view of public opinion towards country-of-origin (CoO), the firm or some specific offerings of the firm. In short, lobbying activities can be considered as the supportive process towards persuading public opinion about market-specific 4P strategies. Thus, we posit the last two hypotheses, H9 – H10, of the study:

H9: Market performance of SMEs in foreign markets positively related to politically/economically motivated lobbying activities.

H10: Market performance of SMEs in foreign markets positively related to market-specific strategies developed by them.

The hypotheses explained above are presented in the framework of a research model shown in figure 1 below for this study.

Figure 1- Research Model of the study



3. Research Methodology

3.1. The Measuring Instrument

Data on the relationship between the awareness of SMEs towards foreign policy of the state and their market performance are not available in the secondary sources such as academic books and journals or reports. It is necessary, therefore, to design a questionnaire to measure the construct of this study. The questionnaire developed by the authors consists of four sections and also the section of demographic data about respondents. The first part, towards understanding to what extent do they feel the pressure from crisis-suffered marketplace, involves 7 items. The second part based on the questioning for awareness towards active foreign policy (AFP), country-political image (C/PI) and new country-market opportunities (C/MO) has 25 items in total. The third component of the instrument involves 16 items on detailed market research (MR), market-specific strategies (M-sS) and economically/politically motivated lobbying in foreign markets (E/PML). With its 5 items, the fourth part is designed to reveal the respondents' market performance (MP) in foreign markets. A five-point Likert type scale (strongly agree/strongly disagree) was used in the whole questionnaire to increase the effectiveness of the research by providing the alternative answers in comparison.

3.2. The Sample and Procedures

The population for this study consists of all the Turkish SMEs engaging in export activities, and thus international marketing. However, the population of the study is too large it is used in this research the method of non-probability sampling in order to access to data. Non-probability sampling is a sampling technique where the samples are gathered in a process that does not give all the individuals in the population equal chances of being selected [27]. When it is almost impossible to randomly sample the entire population due to several limitations, this method maybe functional for researchers. The downside of this type of sampling is that the difficulty in generalizations pertaining to the entire population can exist. However, the nature of this study of being exploratory is a factor to compensate this negative aspect.

In this study, therefore, the SMEs who are the members of TUSKON, a trade body, were selected as a field of survey due to the feature of TUSKON bringing 25,000 (twenty-five thousands) SMEs together under the one central organization. TUSKON (Confederation of Businessmen and Industrialists of Turkey) is operating as the top organization of associations of businessmen. TUSKON, formed by 7 different regional business federations throughout the country, was established in 2005 in Istanbul. There are 160 associations of businessmen within TUSKON, which are operating in 80 different provinces of Turkey. They announce that their aim is "...to make our enterprises and entrepreneurs a part of the global world of business" (see the website of TUSKON; www.tuskon.org). In short, considering that it might be possible to reach 25,000 SMEs through TUSKON was an important motivator for preferring SMEs registered in TUSKON.

In quantitative research, in order to minimize the sampling error and maximize the accuracy of the survey the sample should be larger [28]. The literature shows the state of a positive relationship between the number of items and the sample size, representing a ratio of at least 1:4 or 1:5 [29]. Therefore, the sample population for each group was aimed at a total sample size of 384 which permits an allowable error rate less than 5 % at the 95 % confidence level. Prior studies based on data collected from SMEs reported some important problems with very low response rates [30] and the difficulties of respondents in interpreting the questions [31]. Consequently, we prepared and proposed a webpage

including a self-administered questionnaire with close-ended questions to the sample. Due to some objections expressed by TUSKON, we contacted just 700 (seven-hundred) SMEs located in 7 different region of Turkey. The list of SMEs contacted in each region was constituted by the method of selecting every third firm in the main list from top to bottom.

The collected data were analyzed by employing the Statistical Package for the Social Sciences (SPSS) computer program. To the analyses, the respondents were categorized as “first-movers” who engaged in foreign market activities before TUSKON membership, and “late-movers” experiencing foreign markets after their TUSKON membership. First, a series of independent t-tests were used to determine if differences existed between the awareness of first-movers and late-movers towards crisis pressure, AFP, C/PI, New C/MO, Detailed MR, E/PML, and finally their market performance. Second, regression analysis was used to measure the validity of the research model developed in this study that estimates the effect of independent variables of the model on final dependent variable called SMEs’ market performance.

3.3. Scale Validity and Reliability

Before conducting the analysis, validity and reliability of the scale should be analyzed to understand whether the statistical figures from the scale are dependable [32]. Comprehensive reliability analyses were conducted for all items and components in this study through Cronbach’s Alpha value. It is used as a measurement tool for internal consistency. Cronbach’s Alpha values indicated that all the scales were reliable ranging from 0.79 to 0.88, all greater than the benchmark of 0.70 [32].

Fornell and Larcker’s test [33], that examines the square root of the average variance extracted for a given construct is greater than the standardized correlation of the given construct with each of the other constructs, was used to measure discriminant validity of the scale. Table 1 presents the relevant table, with the square root of the average variance extracted represented by the diagonal. In all cases, the Fornell and Larcker’s test [33] is met for all pairs of constructs. That is, there is discriminant validity; the constructs are distinctly different from each other.

Table 1: Discriminant Validity Matrix

Construct	1	2	3	4	5	6	7	8
Market Performance	0.86							
P/EM Lobbying	0.37	0.79						
Crisis Pressure	0.42	0.40	0.77					
Awareness towards C/PI	0.33	0.36	0.39	0.83				
Awareness towards AFP	0.41	0.43	0.31	0.29	0.88			
Awareness towards nCMO	0.28	0.24	0.40	0.27	0.33	0.91		
Detailed MR	0.32	0.41	0.48	0.41	0.49	0.30	0.80	
Ms Strategies	0.50	0.37	0.34	0.44	0.29	0.27	0.53	0.88

Note: The figures corresponding to square root of AVE for each column construct is captured in bold along the diagonal. Other figures are the correlation between two constructs.

3.4. Demographic Characteristics of the Sample

In total, 395 usable questionnaires were collected from the owners or top managers of SMEs over the period of five weeks in February – March of 2011 representing 56.4 % response rate (total number of questionnaire distributed; 700). Of those returned, twenty-one questionnaires were eliminated

(5.3 %). These questionnaires were incomplete or had an excessive amount of missing data. After elimination, 374 questionnaires were coded for data analysis. The distribution of questionnaires analyzed by the groups is as follows: “early-mover” SMEs 198 (52.9 %) and “late-mover” SMEs 176 (47.0 %). The data were collected from 269 manufacturing (71.9 %) and 105 (28.0 %) commerce firms as total. In terms of age groups, majority of them (62 %) reported that they were more than 10 years old.

4. Results

An independent sample t-test was carried out on the mean scores of each individual item in order to understand whether significant differences existed between the mean scores assigned to the items by those in the group of early-movers versus those in the group of late-movers. Table 1 reports that the awareness of late-mover SMEs towards *crisis pressure* appears to be more intensive ($p < 0.01$ in majority of items). In comparison with those of late-mover SMEs, early-mover SMEs’ reflect less anxious views in their evaluations for crisis pressure they feel. The mean score of late-mover group for the item of *feeling clearly the demoralization in marketplace* (4.11) is the highest among all scores in this group. It should be noted that the most important statistical difference between the two groups occurred in this item (t : -2.74 ; sig: 0.008). This group of rankings points out the situation of early-mover SMEs as having more advantages coming from “being a player in foreign markets for long years” against global crisis pressure. However, there is no statistically important difference between groups in 2 items showing *concern on the possibility of having a long-lasting crisis* and *concern about insufficient demand for the next terms* ($p > 0.05$).

Table 1: Comparisons between Early-mover^a (E-m) and Late-mover^b (L-m) firms for Crisis Pressure

Awareness towards crisis pressure	(E-m) Mean ^c	(L-m) Mean ^c	t ^d	Sig.
Decreases in consumer demand in local markets	3.81	4.07	- 2.19	0.029
Decreases in consumer demand in foreign markets	4.01	3.83	2.31	0.020
Risk on Debts incurred before the crisis	3.57	3.89	- 2.46	0.013
Insufficient external funds	3.66	3.96	- 2.50	0.012
Insufficient demand for the next terms	3.92	4.03	- 0.79	0.403
Concern on the possibility of having a long-lasting crisis	4.04	3.92	0.67	0.498
Feeling clearly the demoralization in marketplace	3.88	4.11	- 2.74	0.008

^a : exporter firms before TUSKON , ^b : exporter firms with TUSKON, ^c : Measurement based on five – point scale indicating “1 :strongly disagree” and “5: strongly agree”,

^d : Negative t values indicate that late-mover firms have higher mean scores than early- mover firms.

The findings of the comparison between early-mover and late-mover SMEs stating their awareness towards AFP, C/PI and new C/MO are presented in table 2. The result of the mean scores from the sample, in the first part of table 2, shows that there is no statistically important difference ($p > 0.05$) between early-mover SMEs and late-movers in terms of awareness towards AFP of Turkey. All the sample reflect relatively higher level of awareness towards the factor of Turkey’s AFP that can function as a leverage for Turkish firms in neighboring and peripheral countries. However, early-mover SMEs exhibited more positive awareness than late-mover ones throughout the list except the two items. It is seen that both of the groups have a reservation on the statement of *Turkey becomes a contact country in global conflicts* (mean values; 3.47 and 3.53, respectively). Contrary to this, they reflect very high level

of awareness for Turkey to become a contact country in regional conflicts (mean values; 4.41 and 4.52, respectively).

The second part of Table 2 shows comparisons between the mean scores of the two groups based on their *awareness towards C/PI of Turkey in neighboring and peripheral countries*. Based on t-test results, the two groups were not significantly different in their awareness towards Turkey's C/PI (for all items; $p > 0.05$). It should be noted that overall measures for *awareness towards Turkey's C/PI* have reported late-mover SMEs with more positive awareness, compared to early-mover SMEs, that one can consider it as a signal for the group of late-mover SMEs to become more enthusiastic in transferring this positive image into market plans.

Awareness towards new C/MO for Turkish firms by the sampled SMEs in the process of their foreign market activities was reported in the third part of Table 2. The result of t-test analyses based on the mean scores indicates some significant differences between the groups of the sample. Majority of the items for the variable of *Awareness towards new C/MO* resulted in statistically different evaluations. In the statements "Neighboring and peripheral countries are virgin markets in terms of goods and services" and "Neighboring and peripheral countries have strong demand backed by purchasing power" the group of late-mover SMEs obviously exhibited more positive tendency in reporting their evaluations (mean values; 4.29 and 4.34, respectively) than early-movers (mean values; 3.93 and 4.02, respectively). The identity "being relatively new" of late-movers in foreign markets can create more positive and keen responsiveness in comparison to early-mover SMEs. Actually, t-test scores on the other two statements of statistically difference ("New image of Turkey in Neighboring and peripheral countries makes the investment easier" and "New image of Turkey in Neighboring and peripheral countries helps us overcome bureaucratic barriers") suggest the importance of "the identity" in terms of seniority in foreign markets. The comparative evaluations by early-movers or *seniors* in foreign markets appeared clearly stronger than late-movers (p : 0.029 and 0.036, respectively).

Table 2: Comparisons between Early-mover^a (E-m) and Late-mover^b (L-m) firms for AFP, C/PI, nC/MO

Awareness towards Active Foreign Policy (AFP)	(E-m) Mean ^c	(L-m) Mean ^c	t ^d	Sig.
Turkey becomes a regional leader country	4.16	3.99	1.10	0.199
Turkey becomes a contact country in global conflicts	3.47	3.53	- 1.65	0.093
Turkey becomes a contact country in regional conflicts	4.41	4.52	- 0.54	0.579
Turkey has very active foreign policy to improve the relations with neighboring and peripheral countries	4.20	4.08	0.77	0.421
The new foreign policy approach (Zero problems) is very functional to make countries closer	4.37	4.27	0.91	0.335
Policy of visa liberalization is very functional to make nations closer	4.49	4.35	0.97	0.309
Policy of opening new embassies in peripheral countries has direct contribution on developing new relationships	4.44	4.38	0.48	0.620

Awareness for Country/Political Image				
Turkey is perceived....				
as a part of the same or close geographic area causing a positive psychology	3.87	3.99	- 1.09	0.244
as a role model country based on its foreign politics	3.91	4.13	- 1.68	0.089
as a developed country	4.11	4.23	- 1.62	0.096
as a country having a strong economy	4.21	4.32	- 0.68	0.501
as a country having a strong democracy	4.25	4.37	- 0.81	0.397
as a country having similar cultural identity	4.07	4.20	- 1.02	0.288
as a country having the same religious identity	4.43	4.58	- 0.88	0.341
as a historical friend	4.01	4.18	- 1.09	0.244
as an exciting country	4.19	4.33	- 1.13	0.198
as an inspiring country	4.10	4.22	- 1.28	0.171
as a prestigious country	4.41	4.54	- 0.43	0.421

^a: exporter firms before TUSKON , ^b: exporter firms with TUSKON, ^c: Measurement based on five – point scale indicating “1 :strongly disagree” and “5: strongly agree”

^d: Negative *t* values indicate that late-mover firms have higher mean scores than early- mover firms.

Awareness towards New Country/Market Opportunities				
N&P countries have important opportunities for Turkish firms	4.21	4.33	- 1.22	0.179
New image of Turkey in N&P countries makes the investment easier	4.32	4.09	2.23	0.029
New image of Turkey in N&P countries helps overcome bureaucratic barriers	4.30	4.11	2.11	0.036
New image of Turkey in N&P countries helps overcome psychological barriers	4.38	4.20	1.87	0.062
N&P countries are virgin markets in terms of goods and services	3.93	4.29	- 2.34	0.018
N&P countries are attractive markets in terms of natural resources	4.04	4.18	- 1.50	0.113
N&P countries have strong demand backed by purchasing power	4.02	4.34	- 2.27	0.023

The comparisons between the mean scores of the sampled groups for the *activity of Detailed Market Research (DMR)*, *Generating Market-specific Strategies (MsS)*, and *Politically/economically motivated lobbying (P/EML)* are reported in Table 3. According to the findings for *DMR*, the only significant difference between early-movers and late-mover SMEs was found in *organizing market research department for specific foreign markets* (t-value: 2.91; $p < 0.01$). The behavior of organizing a separate department for market research activities by the group of early-mover SMEs appeared clearly stronger than late-mover group in terms of activating its functions in especially unknown environments. The mean scores of remaining three items did not show any significant difference ($p > 0.05$). This means that both of the groups have similar behaviors towards *DMR* activities with a positive tendency to employ local experts (mean values for early-movers and late-movers; 3.99 and 4.11, respectively) although they don't conduct market research periodically to capture new market opportunities (mean values; 3.33 and 3.46, respectively).

The second part of Table 3 indicates the differences between the subgroups of the sample in the evaluation of their market-specific strategies. The findings of the comparison between early-movers and late-mover SME groups show that early-mover SMEs have slightly higher mean scores. But this finding cannot be confirmed by statistical results ($p > 0.05$) throughout the items. Based on the results in table 2, no significant difference was found for the evaluation towards *MsS* they create. Although early-movers have higher scores, late-mover SMEs also have *not negative* overall evaluations towards the firm's behavior to generate *MsS*. However, it should be pointed out that relatively lower mean values occur for both groups when questioning the behavior of *designing foreign market- specific promotion strategies such as PR and after-sales service* (mean values; 3.81 and 3.75) and *developing foreign market- specific advertising strategies* (mean values; 3.70 and 3.83).

Table 3, with its last part, provides the results of *Politically/Economically motivated Lobbying (P/EML)* by respondents towards the firm's foreign market activities. The results reveal that there were

significant differences between the mean scores of the sampled groups throughout the statements about *P/EML* activities in N&P countries. Early-mover SMEs are seen to have very positive assessments in 4 of 7 statements. In comparison with those of late-movers, the group of early-mover SMEs has clearly higher scores that are confirmed statistically ($p < 0.05$ and $p < 0.01$). While the most positive evaluations by early-movers were reported on the items *Giving Turkey-origin prominence towards consumers* (mean: 4.58) and *Developing personal relationships with high-level executives* (mean: 4.43), the late-mover SMEs were seen *relatively inactive* in terms of lobbying behavior (mean; 3.70 and 3.80, respectively). Also, the behavior of SMEs in both groups towards *having introductory news done in the media about firm* and *Having the news emphasizing especially Turkey-origin done* is realized at relatively lower levels.

Table 3: Comparisons between Early-mover^a (E-m) and Late-mover^b (L-m) firms for DMR, MsS, and P/EML

Detailed Market Research	Early -mover		t ^d	Sig.
	Mean ^c	Late-mover Mean ^c		
We organize market research department for specific foreign markets	3.52	2.98	2.91	0.008
We employ local people who know the specific market well	3.99	4.11	- 1.51	0.108
We do market research periodically to capture new market opportunities	3.33	3.46	-1.79	0.071
We do market research repetitiously to understand the nature of demand	3.77	3.89	-1.68	0.089
Market – specific Strategies				
We develop brand-new products as foreign market- specific	4.02	3.89	1.34	0.157
We adopt current products into demands in specific foreign markets	4.08	3.91	1.61	0.095
We design foreign market- specific promotion strategies such as PR and after-sales service	3.81	3.75	1.13	0.198
We develop foreign market- specific advertising strategies	3.70	3.83	1.55	0.107
We make our production in foreign markets to cut off the costs	4.11	3.98	1.49	0.115
Politically / Economically Motivated Lobbying				
Giving Turkey-origin prominence towards consumers	4.58	3.70	2.82	0.010
Giving Turkey-origin prominence towards bureaucrats	4.18	3.59	2.49	0.015
Emphasizing Turkey-origin invariably to out foreign competitors	4.24	3.68	2.60	0.012
Having introductory news done in the media about firm	3.23	3.32	- 0.87	0.349
Having the news emphasizing especially Turkey-origin done	3.33	3.41	- 0.98	0.310
Developing personal relationships with high-level executives	4.43	3.80	3.02	0.006
Having special activities towards managers or owners of distribution channels	3.90	3.97	- 0.66	0.513

^a : exporter firms before TUSKON , ^b :exporter firms with TUSKON, ^c : Measurement based on five – point scale indicating “1 :strongly disagree” and “5: strongly agree” , ^d : Negative *t* values indicate that late-mover firms have higher mean scores than early- mover firms.

Table 4 provides the results for the variable market performance by sampled SMEs. The results reveal that there were no significant differences between the mean scores throughout the statements ($p > 0.05$). The negative signs of the t -values indicate relatively less positive results by early-mover group than late-mover SMEs. However, the mean scores of early-mover SMEs cannot be considered as poor figures since they are higher than 3.79, the minimum.

Table 4: Comparisons between Early-mover^a (E-m) and Late-mover^b (L-m) firms for Market Performance

Market Performance	(E-m)		t^d	Sig.
	Mean ^c	(L-m) Mean ^c		
Stronger growth in sales revenue	3.88	4.03	- 1.14	0.196
Better able to acquire new customers	4.11	4.20	- 0.77	0.401
Has a greater market share	3.79	4.01	- 1.09	0.244
Able to increase sales to existing customers	3.95	4.09	- 1.03	0.279
More profitable activities	4.14	4.05	0.79	0.396

^a: exporter firms before TUSKON, ^b: exporter firms with TUSKON, ^c: Measurement based on five – point scale indicating “1: strongly disagree” and “5: strongly agree”

^d: Negative t values indicate that late-mover firms have higher mean scores than early- mover firms.

In the context of this study examining SMEs’ market performances in N&P countries, 10 hypotheses were suggested to explain the phenomenon. In order to assess the validity of the hypotheses developed in this study we used regression analysis. Separate regression analyses were run to exhibit the explanatory level of awareness towards crisis pressure on awareness towards Turkey’s active foreign policy and country/political image in N&P countries. Through these 2 constructs as antecedents, the main dependent variable of the study called *market performance* was examined.

Before doing the regression analyses we determined that no violations of the assumptions of regression were observed. Prior to running the regression analyses, a correlation test was applied to look for possible signs of multicollinearity. The presence of multicollinearity was tested by obtaining the Tolerance and Variance Inflation Factor (VIF) statistics from a linear regression using the original set of variables [34]. Correlations of variables were not high enough to be of concern for regression analysis. Although not reported here in a table, the greatest variance inflation factor (VIF) statistic in the model was 3.7, substantially less than the conservative cut-off of 10 suggested by Hair et al. [35], and maximum 5 indicating a problem with multicollinearity by Hutcheson and Sofroniou [36].

The results of the regression analyses for how predictive the construct of *awareness towards crisis pressure* on *awareness towards Turkey’s active foreign policy (AFP)*, *awareness towards Turkey’s country/political image (C/PI)*, and also the effect of awareness towards AFP on C/PI are shown in Table 5. According to data in table 5, the regression coefficients for awareness towards AFP in both groups are statistically significant when $p < 0.001$. This result supports our H1 hypothesis for both early-movers and late-mover SMEs. The R square scores were 0.39 and 0.45 for early-movers and late-mover SMEs respectively; about 39 and 45 percent of the variance in predicting the awareness towards AFP could be explained by the items in this questionnaire. The beta values indicate that the variable of awareness towards crisis pressure (0.48, 0.70 respectively) made statistically positive and significant contribution on awareness towards AFP. Thus, it is possible to state that awareness of SMEs towards Turkey’s AFP is positively related to their awareness towards crisis pressure. In other words, the higher SMEs’ awareness

towards crisis pressure, a more positive tendency in their awareness towards AFP that may function as a leverage in foreign markets.

The second hypothesis (H2), which tested the association between awareness towards crisis pressure and awareness towards C/PI, was also supported by our data for both groups ($p < 0.001$). The higher scores of R square in each group (0.51 and 0.61, respectively) show the strong influence of crisis pressure on the awareness of SMEs towards C/PI. The beta values (0.56 and 0.67, respectively) indicate that awareness towards crisis pressure made more positive and significant contribution on awareness towards C/PI in the sample of late-mover SMEs.

Our third hypothesis (H3) predicted that SMEs' awareness towards C/PI is positively related with their awareness towards AFP. The data collected in this research have supported the hypothesis in each group of SMEs separately although R squares were relatively lower (0.39 and 0.34, respectively). As in the first two hypotheses, the beta value of late-movers was higher than those of early-mover group (0.39 and 0.49, respectively). According to the result of this hypothesis, when SMEs who intend to enter into foreign markets have higher level of awareness towards AFP, their awareness towards C/PI in foreign countries will change positively.

Table 5 : The Results of Regression Analyses for H1 (Crisis Pressure – Awareness towards AFP),

H2 (Crisis Pressure – Awareness towards C/PI), H3 (Awareness towards AFP– Awareness towards C/PI)

H 1 (Crisis Pressure – Awareness towards AFP)

Variable in Model	B (E-m)	B (L-m)	Std. Error (E-m)	Std. Error (L-m)	Beta (E-m)	Beta (L-m)	t (E-m)	t (L-m)
(Constant)	1.208	1.566	0.412	0.905				
Crisis Pressure	0.401	0.578	0.123	0.304	0.487	0.701	7.897	7.336
Multiple R	0.507	0.775						
R Square	0.392	0.458						
Adjusted R2	0.322	0.409						
Std. Error	0.461	0.402						
F-Value	66,202*	58.236*						
Observations	198	176						

H 2 (Crisis Pressure – Awareness towards C/PI)

Variable in Model	B (E-m)	B (L-m)	Std. Error (E-m)	Std. Error (L-m)	Beta (E-m)	Beta (L-m)	t (E-m)	t (L-m)
(Constant)	1.003	0.982	0.506	0.611				
Crisis Pressure	1.033	0.899	0.077	0.081	0.564	0.670	3.901	5.703
Multiple R	0.658	0.701						
R Square	0.510	0.614						
Adjusted R2	0.433	0.497						
Std. Error	0.323	0.501						
F-Value	111,021*	123.332*						
Observations	198	176						

Std. Error	0.753	0.202
F-Value	37.344*	41.430*
Observations	198	176

Note: * represents significance at the 0.001 level.

The two constructs (awareness towards AFP and C/PI) as the antecedents of awareness towards new country/market opportunities (nCMO) in exploring the evaluations of SMEs were analyzed for how predictive they were of the construct of nCMO. The results of a series of regression analyses are presented in table 6. The fourth hypothesis of the research expecting a positive relationship between awareness towards C/PI and SMEs' awareness towards nCMO was supported by our data. It was expected that as SMEs have a relatively higher level of awareness towards positive C/PI they will have a higher level of awareness towards nCMO that are in the form of either actual or potential ones. In line with our expectation the regression model was significant in each group (F -value: 100.211 and 91.013 respectively, $p < 0.001$).

The fifth hypothesis of the study (H5) was also supported by the sampled groups. The variable of *awareness towards AFP* has positive and significant ($p < 0.001$) coefficients. It is expected in the context of this hypothesis that as the awareness level of SMEs towards AFP of the State occurs at relatively higher so does their awareness towards nCMO more positive and stronger. As argued in the conceptual section, the awareness of SMEs towards nCMO can make them more sensitive to competitiveness that requires being interested in new opportunities and challenges in market environment. AFP of the State can trigger new opportunities for firms in related markets through creating a popularity or sympathy towards the country itself in foreign countries. It is expected that the sympathy or popularity of the country in the other countries/markets would remove or minimize the psychological and actual barriers for firms in marketplace. The fifth hypothesis supported by the data showed that the awareness towards AFP played an important role on the awareness towards nCMO to be benefited.

Table 7: The Results of Regression Analyses for H6 (Awareness towards nCMO - P/E motivated Lobbying), H7 (Awareness towards nCMO – Detailed MR) and H8 ((Detailed MR – Ms Strategies)

H6 (Awareness towards nCMO - P/E motivated Lobbying)								
	B	B	Std.	Std.	Beta	Beta	t	t
	(E-m)	(L-m)	Error	Error	(E-m)	(L-m)	(E-m)	(L-m)
			(E-m)	(L-m)				
(Constant)	2.366	0.901	0.509	0.882				
Awareness towards NMO	1.206	1.556	0.445	0.671	0.408	0.107	7.099	1.353
Multiple R	0.449	0.310						
R Square	0.568	0.246						
Adjusted R2	0.461	0.201						
Std. Error	0.301	0.411						
F-Value	87.911*	8.990**						
Observations	198	176						
H7 (Awareness towards nCMO – Detailed MR)								
	B	B	Std.	Std.	Beta	Beta	t	t
	(E-m)	(L-m)	Error	Error	(E-m)	(L-m)	(E-m)	(L-m)
			(E-m)	(L-m)				
(Constant)	1.023	2.115	0.586	0.377				
Awareness towards NMO	1.062	1.487	0.351	0.299	0.722	0.892	14.116	17.773
Multiple R	0.681	0.739						
R Square	0.603	0.699						

Adjusted R2	0.511	0.647
Std. Error	0.307	0.208
F-Value	137.401*	156.987*
Observations	198	176

H8 (Detailed MR – Ms Strategies)

	B (E-m)	B (L-m)	Std. Error (E-m)	Std. Error (L-m)	Beta (E-m)	Beta (L-m)	t (E-m)	t (L-m)
(Constant)	1.931	2.223	0.300	0.189				
Detailed MR	1.159	1.821	0.199	0.208	0.769	0.871	12.098	14.110
Multiple R	0.712	0.823						
R Square	0.666	0.792						
Adjusted R2	0.582	0.761						
Std. Error	0.302	0.192						
F-Value	151.991*	178.222*						
Observations	198	176						

Note: * represents significance at the 0.001 level.

** not significance at the 0.05 level

The sixth hypothesis (H6), which tested the association between the awareness of SMEs towards nCMO and their lobbying activities in related markets, was supported in each group although β values for late-mover SMEs and early-movers were the lowest ones in the series of regression analyses (β : 0.40 and 0.37, respectively). Indeed, the R square of late-mover SMEs was 0.35 as one of the lowest value in the series of hypotheses; about only 35 percent of the variance in predicting the construct of P/E lobbying activities could be explained by awareness towards nCMO in terms of late-mover SMEs. Similarly, in the sample of early-mover SMEs the value of R square (0.40) appeared relatively lower. The question on *why firms need to design lobbying activities* reminds the realization efforts of firms towards market opportunities. It is possible, therefore, to state that lobbying activities of firms should be the result of perceived CMO to benefit from. In other words, awareness towards nCMO can motivate lobbying activities as an indirect supporter together with core activities for any specific country/market. The sixth hypothesis of the study supported by the data for both groups confirms this expectation.

Table 7 also reports the statistical results related to H7 addressing the issue detailed MR of SMEs during their foreign market process. In the context of H7, the effect of SMEs' awareness towards nCMO as independent variable of this hypothesis on the behavior of DMR as the dependent variable of the relationship was tested. The results indicate that H7 was confirmed by the sampled groups (F values: 137.40 and 156.98; $p < 0.001$). More specifically, the relatively higher scores reported for R square in each group (0.60 and 0.69, respectively) show the strong influence of SMEs' awareness towards nCMO on planning and activating the detailed market research of SMEs in foreign markets. The relatively higher beta values (0.72 and 0.89, respectively) suggest a positive and significant contribution made by the independent variable of the hypothesis on SMEs' detailed market research behaviors.

According to table 7, the approach of SMEs to generate market-specific strategies is positively related with their detailed market research activities. The statistical parameters reveal that DMR has a positive and significant effect on MsS developed by SMEs for both groups of the sample. That is, as the DMR conducted by SMEs occurs relatively higher so does the behavior towards developing MsS more positive.

The results of hypothesis 9 (H9) and hypothesis 10 (H10) are presented in Table 8. H9 and H10, final hypotheses of this study, investigate the impact of MsS developed by SMEs in foreign markets, and

their lobbying activities on firms' market performance. It should be noted that the variable called *market performance* is the main dependent variable of research model. Table 8 summarizes the results of regression analyses for H9 and H10. According to the results shown in table 8 both of the hypotheses were confirmed by the sampled groups. The results suggest that lobbying activities and market-specific strategies can be accepted as the antecedents of market performance in foreign markets. However, the relatively higher β scores for H9 by early-movers and late-mover SMEs together indicate the stronger impact of MsS than lobbying activities on market performance outcome.

Table 8: The Results of Regression Analyses for H9 (M-s Strategies – Market Performance) and H10 (P/E motivated Lobbying - Market Performance)

H9 (M-s Strategies – Market Performance)								
	B (E-m)	B (L-m)	Std. Error (E-m)	Std. Error (L-m)	Beta (E-m)	Beta (L-m)	t (E-m)	t (L-m)
(Constant)	1.498	1.677	0.405	0.211				
M-s Strategies	1.609	1.915	0.158	0.202	0.815	0.904	15.994	19.907
Multiple R	0.785	0.832						
R Square	0.761	0.799						
Adjusted R2	0.688	0.737						
Std. Error	0.374	0.281						
F-Value	201.012*	254.757*						
Observations	198	176						
H10 (P/E motivated Lobbying - Market Performance)								
	B (E-m)	B (L-m)	Std. Error (E-m)	Std. Error (L-m)	Beta (E-m)	Beta (L-m)	t (E-m)	t (L-m)
(Constant)	0.811	0.605	0.401	0.179				
P/E motivated Lobbying	0.809	0.711	0.193	0.092	0.609	0.433	11.982	8.009
Multiple R	0.733	0.505						
R Square	0.658	0.402						
Adjusted R2	0.497	0.386						
Std. Error	0.506	0.319						
F-Value	123.038*	91.118*						
Observations	198	176						

Note: * represents significance at the 0.001 level.

Figure 2: The general view of the research model for Early-mover SMEs

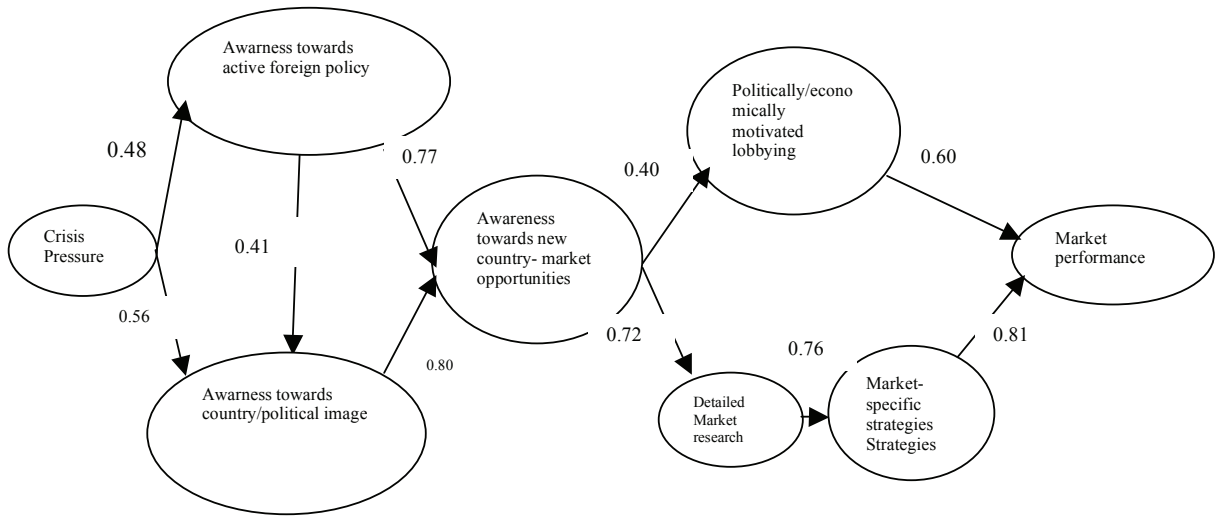
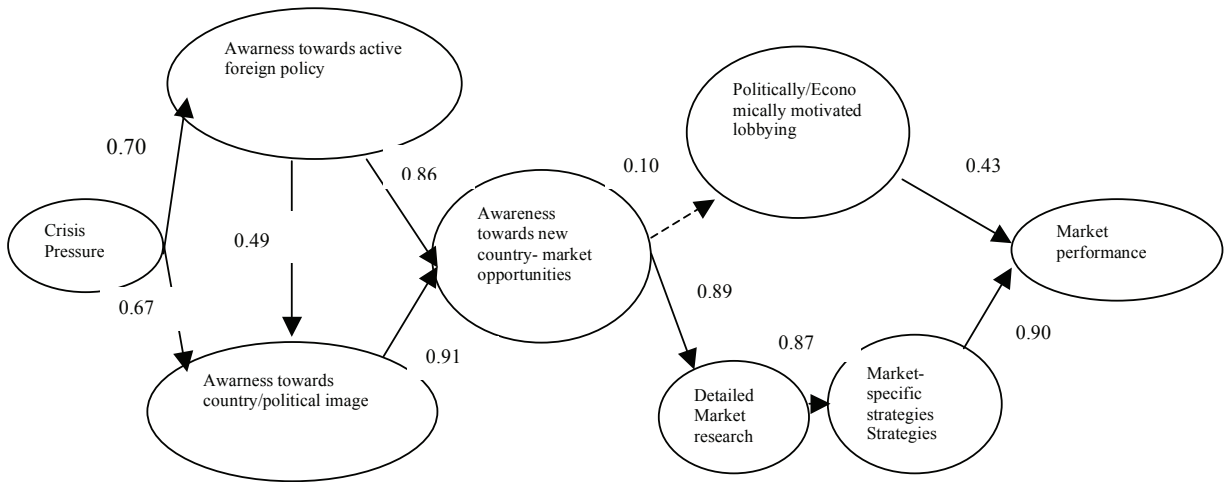


Figure 3: The general view of the research model for Late-mover SMEs



5. Conclusion

A major point of contribution to the literature from this study is the consideration of the awareness in SMEs towards active foreign policy of the State and the awareness towards country/political image in foreign markets as determinants of international market performance. A multi-path model is proposed and tested as a regression model. It should be stated that the overall model worked satisfactory in terms of explanatory level of key variables and provided a clear support for the relationship between

SMEs' foreign market performance and active foreign policy of the State. As the leading variable *market-specific strategies*, through *detailed market research* based on the *awareness towards new country/market opportunities*, is the most influential construct on market performance of SMEs in foreign markets. It should be noted that two key variables, *awareness of SMEs towards active foreign policy and country/political image*, are the central players in explaining *awareness towards new country/market opportunities* as the antecedent of market performance. Both variables as very effective trigger seem to be core to the way market performance works, but no previous study has examined and confirmed their contributions in the context of SMEs' foreign market performance.

The findings of this study are consisted with the expectation for the contributions non-economical actors and factors into the area of economy in especially foreign markets. Awareness of SMEs towards active foreign policy has a strong influence on both awareness towards new country/market opportunities and awareness towards country/political image. The responsibilities of firms such as quality and warranty to succeed in international markets, of course, have "critical" priority. But non-economical factors such as the direction, intend and depth of foreign policy governments implement has been carrying the potential to do major changes in marketplace. When the foreign policy of their origin-country changes the rules negatively in marketplace as non-economical interventions it should be expected possible market failure even if high level quality products firms offer into foreign markets. This study, with its findings, presents some proofs about the positive contributions of active and positive foreign policy of the State on market performance of SMEs especially in the context of neighboring and peripheral countries.

This study also contributes to the literature by delineating the role of awareness level of SMEs towards non-economical determinants in understanding market opportunities in foreign markets. It should be noted that comprehending the availability and importance of non-economical actors and factors represents an important progress in terms of strategic thinking for those who are SMEs not larger-sized firms.

6. Limitations and Future Research

In this study the sample selected is diverse in terms of industry type, location, age, market type. This might cause damage to generalizations towards SMEs' market performance based on the reflections from active foreign policy and country/political image in foreign markets. Additionally, the findings are restricted to one trade body, TUSKON, among some others. Some variables, such as awareness towards active foreign policy, might be observed in different direction for some other SME groups.

Future research should initially target different and larger sample of SMEs. Such research could then test the generalizability of the results. Additionally, future efforts on this research area should also cover larger-sized firms to be able to compare the differences or similarities. The current study suggests awareness of SMEs towards active foreign policy and its possible fruits for firms is determinant in their foreign market performance—would the same results appear in other SME groups, and also in larger-sized firms?

Appendix A. Some selected African countries in terms of Turkey's export

Country	2006 export	2010 export
Angola	44.657	109.527
Benin	6.003	118.346
Equatorial Guinea	9.567	32.741
Gabon	6.108	18.697
Ghana	32.965	96.433
Congo	14.737	45.449
Liberia	9.540	67.323
Madagascar	8.963	26.978
Mauritania	8.910	37.436
Mozambique	8.559	45.689
Namibia	0.810	3.431
Rwanda	0.981	7.992
Sierra Leone	6.620	24.465
Tanzania	27.360	89.694
TOTAL	185.810	724.201

Source: Vatan newspaper, March, 28 2011, p.8

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