

ANALYSIS OF EXPORT NEEDS OF BUSINESS CLUSTERS: THE CASE OF AKSARAY PROVINCE

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Abstract

The term “export” can be described as changing the ownership of goods or services that is shipping goods or services to other markets in a different country. Exportation is a vital process for organizations because in this globalized world, organizations should not only improve their production capacities but also reach a certain level of exportation success in order not to be out of the running. In this study, businesses located in Aksaray province were analyzed. One of the primary aims of the study was bringing the business clusters together and for this purpose, the businesses working on metal, automotive and machinery sector were included to the research process. Owners and managers of these businesses were chosen as the participants of the study. The data were collected through the methods of focus group, face to face interviews and survey technique. In the light of the results, recommendations were stated to empower the business clusters concerned about the exportation.

Key Words: *Exportation, Export Needs, Business Clusters*

JEL Classification: F23

1. INTRODUCTION

Countries which have completed their social and cultural developing process have always had a vision compatible with their long-term social, cultural and economic aims. As a developing county, Turkey, which is located at one of the oldest settled regions in the world, needs some several aspects of improvement methods in terms of the continuation of the vision because increased technological developments and competitive structures of the global markets have become major factors for the organizations worldwide as well as Turkish companies.

Clusters are really important for the organizations so that they increase the productivity, innovation and geographical concentration. In the light of business clusters, one of the most important business clusters empowering the export process is obviously the ones dealing with machinery, metal and automotive technologies. Therefore, in order to increase competitiveness and productivity business clusters in these industries are vital for not only a country's export performance but also for the local development.

This study is structured as follows: first of all, theoretical background information about business clusters is given and then exportation term is explained and its affects for the businesses and countries are mentioned. Secondly, methodology of the study is given and in this section, managers of fourteen businesses have been interviewed through surveying, focus group and brainstorming methods. These businesses dealing with machinery, metal and automotive technologies are selected specifically by the authors. The overall purpose of this study is to analyze business cluster potentials of local organizations and to emphasize the importance of clustering for the purpose of exportation. To conclude managers of businesses have been interviewed and through the group interactions, focus group technique is used and data have been collected. The study aims at analyzing

2. LITERATURE REVIEW

2.1. Business Clusters

A business cluster means a group of businesses, in fact a network of connected businesses, their suppliers and their associates in a specific but related field that are located in the same geographical area (businessdictionary.com). According to Porter (2000), who introduced and popularized the business cluster term, clusters increase productivity and competitiveness therefore, businesses can

compete globally. Porter (1998) defines clusters' effects in three ways that is one of them is related with the increase of productivity, the other one is about the innovativeness and the last one is the stimulation of the business opportunities. Table 1 identifies the types of cluster approaches used in studies. As it is seen in the table, there are three level of analysis and each of them has a different cluster concept and focus of analysis. First of them is national level and it's for industry group linkages using the focus type of specialization patterns and innovation needs. Secondly, industry level is for industry linkages in different stages of production chain and deals with SWOT analysis and benchmark analysis. Lastly, firm level which is a popular type of cluster analysis especially for the case studies is related with strategic business development, chain analysis and development of innovation. Table 1 represents a more detailed way of cluster analyses.

Table 1. Cluster Analysis Types

Level of Analysis	Cluster concept	Focus of analysis
National Level	Industry group linkages in the economy as a whole	*Specialization patterns of a national/regional economy *Need for innovation and upgrading of products and processes in mega clusters
Industry Level	Industry linkages in the different stages of the production chain of similar end product	*SWOT and benchmark analysis of Industries *Exploring innovation needs
Firm Level	Specialized suppliers around one or more core enterprises	*Strategic business development *Chain analysis and chain management *Development of collaborative innovation projects

Source: Roelandt, T.J.A and Hertog, P.D., 1994. OECD Proceedings, Boosting Innovation-The Cluster Approach, pp:14.

Business clusters mean that a group of businesses linked together to improve their business processes through their collaboration. So, it is thought that business clusters have the same focus point with social networking concept. That is, managers bring to their job more than just the skills they have accumulated through years of education and experience. They also “bring the assets they can procure through their social networks” (Gargiulo and Benassi, 2000:183). Social networking means that businesses create ties for their societal institutions. Also, it signals its adherence to institutional prescriptions of appropriate conduct and obtains a variety of rewards that are predicted to contribute to its likelihood of

survival, including greater invulnerability to questioning (Baum and Oliver, 1999; Meyer and Scott, 1983).

2.2. Exportation

Exportation means that shipping the goods and services out of the port of a country. The seller of these goods and services is called exporter and its opposite that is the overseas based buyer is named as importer. In international trade, export refers to selling goods and services produced in the host country to the other markets (Mohan, 2005). Exporting is way of stuttering in domestic sales to growing overseas markets. During this process businesses both maintain flexibility and minimize the costs and risks unlike other foreign expansion modes (Lee and Makhija 2009). In the light of exportation performance, marketing managers play the key role for their business exportation needs so that these managers are responsible for initiation, sustenance, and performance (Hultman et al, 2011; Sousa et al, 2010). Table 2 presents the exportation amounts of Aksaray province in 2009. According to these figures, Germany is the biggest buyer of goods and services produced in Aksaray in 2009.

Table 2. Exportation Amounts of Aksaray

Country	Amount
Germany	4.907.428,52
Bulgaria	1.615.111,80
Egypt	2.618.751,21
Azerbaijan	1.135.837,65
Russia	4.831.419,22
Iraq	2.507.213,70
Litany	3.294.524,35
Jordan	1.125.936,95
Holland	3.113.101,01
Kazakhstan	2.540.425,45
Iran	16.445.451,11

Source: Barca et al. 2011, Aksaray Economic Development Research, (Unpublished Study), Aksaray.

In Table 3, the number of businesses dealing with exports and total amount of income can be seen. So, it can be inferred that there is a continuous increase in the number of exporting businesses. This situation can be thought as there is a huge need for exportation clusters for Aksaray province. Also, in order to analyze exportation the term “need” has to be clarified. According to Atwood and Ellis (1971), the need is a way of showing the lack of individual motivation.

Morgan (1995) indicates that need is the lack of important conditions which is required for the harmonious relationship with environment.

Table 3. Exporting Figures of Aksaray (2003-2011)									
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Aksaray	41	38	48	45	58	57	62	56	73
Total	35.587	39.432	42.138	44.159	48.265	48.143	48.588	56	73
Export Amount per Year (\$)									
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Aksaray	10.396	20.578	21.258	23.411	43.140	69.250	56.620	56.915	83.618
Total	47.252.836	63.167.153	73.476.408	85.534.676	107.271.750	132.027.196	102.142.613	113.883.219	134.917.635

Source: Republic of Turkey, Ministry of Economy, Trade Information Package: 2011:37.

3. METHODOLOGY

Required data for this study were collected from business managers and not only surveying technique was used but also focus group and one to one interviews were carried out. Data were collected from randomly but purposefully selected 14 businesses and population of this study consisted of 14 linked businesses. For the research process, businesses related with machinery, metal and automotive technologies were included. All of the participants were informed about the study and reasons for data collection. Data collection method of the study is not a single one, instead more than one method is preferred in order to have a more reliable satisfactory data. First of all, data collection tool included three parts. First part was about the managers and businesses. The questions were about gender, salary, marital status, experience, education level, language skills and achievement level of the managers. Also, type of the industry, the number of workers, location, and management type of the businesses were included. Besides that technological backgrounds of the businesses were questioned and their official web pages, official e-mail accounts, use of internet, intranet and extranet levels, IT capabilities were identified. Last part of the data collection tool was

about exportation needs and situations of the businesses. The responses for the sections were placed with a rating scale system ranging from 1, "not at all characteristic," to 5, "very characteristic". Besides data collection tool, managers were invited and a meeting was carried out. Focus group technique was used in order to gather information from the managers. During the data collection, ethical considerations were observed because data were treated as confidential.

4. FINDINGS

There is not enough definition about the need term in the light of exportation concept in related literature. Researchers in their studies have mostly dealt with need terms in terms of people's aims and values. Some researchers define the need terms as the gap between present situation and desired condition. First of all the businesses involved in the research process are capable of producing the goods indicated below:

- Garbage truck and superstructure construction (month/25 units),
- Manufacturing palette, furniture, supplies and PVC door (month/400m3)
- Store Equipment (shelving unit 2400)
- Aerial Equipment (ay/100 tone hair metal),
- Truck Accessories (month/120 tons of sheet metal),
- Pumice, Cobblestone Patterns (year/12 units),
- Steel Materials (year/10000 tons of steel)
- Accessories for Children (month/30 pieces)
- Market, shop and warehouse racking systems (year/10000 tons of steel) has emerged produce.

Table 4 presents the demographical features of entrepreneurs and businesses. According to the information indicated in Table 4, entrepreneurs are the actual managers of their businesses. 71,5% of them are owners of the businesses and most of them (71,4% - 36+) are young enough to manage their businesses. Also their education levels are shown and only three of them have the second cycle degree that is, they have graduated from graduate schools. Foreign language is also given in the table and it is clear that most of them don't know any foreign language so, it can be inferred that exportation process is carried out by another person in the business. Participants' technological views are also can be seen in the same table. Unfortunately most of the participants have no e-mail accounts. This gives us the idea that most of the online and instant communication for exportation and foreign trade is carried out by an employee in the businesses. Lastly, we can see the experience levels of the participants and it can ve said that

there is an equal distributions for the experiences so, four of the participants have an experience between 2 and 5 years and five of them have more than twenty years experience. Table 4 also indicates the information technology levels and exportation backgrounds of the businesses. When Table 4 is analyzed, it can be seen that all of the businesses have internet connections and corporate e-mail accounts, but only 8 of them have social media accounts. So, it can be inferred that some of the businesses haven't recognized the effects of social media on

marketing.

Table 4. Socio-Demographical Features of Entrepreneurs and Businesses

Entrepreneur/Business Features	Fq.	%		Fq.	%
Position			Main Target for Marketing		
Owner of Business	10	71,5	Aksaray	2	14,3
Shareholder	3	21,4	Neighboring Cities	1	7,1
Professional Manager	1	7,1	Turkey	10	71,4
Age			Overseas	1	7,1
26-30	2	14,3	Capacity Use Level		
31-35	2	14,3	Less than 40%	1	7,1
36-40	5	35,7	40-60%	4	28,6
41-45	3	21,4	61-80%	4	28,6
46 +	2	14,3	81-90%	2	14,3
Education			Full Capacity	3	21,4
Primary Education	3	21,4	Internet Connection		
Secondary Education	5	35,8	Yes	14	100
Short Cycle	2	14,3	Corporate E-Mail		
First Cycle	1	7,1	Yes	14	100
Second Cycle	3	21,4	Extranet		
Foreign Language			No	10	71,4
None	8	57,1	Yes	4	28,6
English	5	35,8	Online Material		
German	1	7,1	No	9	64,3
Personal E-Mail Account			Yes	5	35,7
Yes	1	7,1	Social Media		
No	13	92,9	No	6	42,9
Manager of the Business			Yes	8	57,1
Entrepreneur	7	50,0	Online Sales		
Family Members	7	50,0	No	9	64,3
Experience			Yes	5	35,7
2-5 years	4	28,6	IT Use Level		
6-10 years	3	21,4	Low	3	21,4
11-15 years	1	7,1	Medium	2	14,3
16-20 years	1	7,1	High	8	57,1
20 years +	5	35,8	Very High	1	7,1
Total:	14	100	Total:	14	100

Though the social network applications have a short history, they have been widely used. Internet technology has been renewed and its users and area of usage have been increased, so internet has become an indispensable part of communication. Users being members of these social networks contribute the content through using multi-media contents such as news, photos and video formats. As a result, businesses constitute their social networks via social media organizations. The concept of social network on the internet has many subfields. Simply from sharing a video to the complex use of blogs, social media bring many advantages to their users and producers and it is seen that online communication and other facilities have not been developed adequately. Table 6 presents the exportation features of included businesses. Data given below in Table 5 shows us that only two of the participant businesses don't have any exportation applications. The rest indicate that they have either direct or indirect exportation abilities. Also target countries for their exports have been analyzed and it is seen that mostly Middle East and Gulf Countries are the buyers of goods and services produced in Aksaray province. Furthermore, it is questioned if there is a department for international trade or not. 9 of the businesses don't have any special department or unit for their international trade. Generally most of them don't have any specialist for exportation and entrepreneur is actually responsible for the international trades. Lastly, three of them don't need any export expert in the business but 11 of them indicate that there is a need for a specialist who will with export process and international trading activities

Table 5. Export Analysis of Businesses

Exportation Features	Fq.	%	Planned Export Target	Fq.	%
Exportation			Turkic Republics	2	14,3
No Export	2	14,3	Europe	2	14,3
Direct	6	42,9	Russia	3	21,4
Indirect	11	7,1	Middle East / Gulf Countries	4	28,6
Both Direct and Indirect	5	35,7	North Africa	3	21,4
Exportation Target			Department for International Trade?		
Turkic Republics	5	35,7	No	9	64,3
Europe	1	7,1	Yes	5	35,7
Middle East / Gulf Countries	6	42,9	Who is responsible for exportation		
North Africa	1	7,1	Owner	10	71,4
Other	1	7,1	Salesmen	1	7,1
Exportation Capacity			Export Department	3	21,4
Low	3	21,4	Need for exportation expert		
Medium	1	7,1	No	3	21,4
High	10	71,4	Yes	11	78,6
Total:	14	100	Total:	14	100

In Table 6, core competences of the businesses are given.

Table 6. Core Competences Awareness Level of Participant Businesses

Core Competences	Not At All	Slightly aware	Somewhat aware	Moderately aware	Extremely aware
General Level of Foreign Language	-	-	-	21,4	78,6
Writing Level in a Foreign Language	-	-	-	35,7	64,3
Export Culture of Host Country	-	-	-	35,7	64,3
Customer Knowledge of Host Country	-	-	-	21,4	78,6
Foreign Markets Knowledge	-	-	7,1	28,6	64,3
Quality Level of Your Products	-	-	-	7,1	92,9
Knowledge of Receivable arising from	-	-	-	28,6	71,4
Geographical Preference of the Products	-	-	-	7,1	92,9
Knowledge about FOB, CIF	-	-	-	14,3	85,7
Knowledge about Foreign Financing	-	-	-	21,4	78,6
Geographical Preference of the Products	-	-	-	7,1	92,9
Human Resources Management	-	-	-	21,4	78,6
Level of Institutionalization	-	-	-	7,1	92,9
Preparing of a Business Plan	-	-	-	-	100
Strategic Management Knowledge	-	7,1	7,1	7,1	78,6
Brand Management	-	7,1	-	-	92,9

These core competences given in Table 6. are their language use abilities, exportation cultures, foreign markets knowledge, quality levels of their products, awareness levels of human resources management, strategic management and their brand management etc. As it is seen, almost of all the businesses indicate their core competences as high levels and they are aware of these core competences.

5. CONCLUSION

Research process was carried out with 14 businesses located in Aksaray province. Data collection method was not only surveying but also focus group and face to face interviews so, multi-method was preferred. When the results are analyzed, it is seen that most of the businesses included in the research process were managed by the entrepreneurs. Professional managers were not employed and this situation makes us think that it can be a disadvantage for the businesses. All of the businesses are small and medium-sized ones and it is obviously known that being a SME in local perspective is a great opportunity for development because SME's are the key elements of improvement for their innovation readiness and capabilities. In this descriptive study, only socio-demographical features of participants were given because data were not sufficient enough to make statistical analyses. When the data are less than 30, generally non-parametric statistical analyses are preferred but in this study these tests are eliminated due to the page limitation. For the next studies dealing with exportation needs, the data used in this study can be increased and a different cluster can be chosen for the comparisons.

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