The Perception of Export Barriers by Turkish Manufacturing Firms

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Abstract

Export is one of the most popular mode of internationalization due to its low commitment, flexibility and less risky structure. Turkey's share of manufacturing exports in total exports have not dropped below 90% since 1999. This paper investigates what export barriers Turkish manufacturing firms are facing and how they perceive the magnitude of the difficulty of each barrier. After an extensive literature review related to export barriers, a survey was developed and conducted with the help of the undergraduate students. By applying factor analysis, eleven factors were identified. Based on factor means, ranking and comparisons were completed. Findings show that input and procedural costs, financing and tax are seen as the most important export barriers by the managers followed by labor, technological and non-tariff issues. Perceptions on export barriers differ by firm size, export volume and export frequency. The study has implications for businesses and the government.

Keywords: *Export Barriers, Manufacturing, Survey, Ranking*

İmalat Firmalarının İhracat Engelleri Algısı Üzerine Bir Çalışma

Öz

İhracat, düşük katılım gerektirmesi, esnekliği ve diğer yatırım araçlarına göre daha az riskli olması açısından uluslararasılaşmanın en popüler biçimlerinden biridir. Türkiye'nin toplam ihracatı içerisinde imalat sanayii ihracatının 1999 yılından beri %90'ın altına düşmemiştir. Bu çalışma, Türk imalatçılarının hangi ihracat engelleri ile karşılaştıklarını ve bu ihracat engellerinin zorluk büyüklüklerini nasıl algıladıklarını araştırmaktadır. Bu durumu ölçmek için, ihracat engellerine ilişkin geniş bir literatür taraması paylaşıldıktan sonra, bir anket geliştirilmiş ve bu anket lisans öğrencilerinin yardımı ile doldurtulmuştur. Faktör analizi yöntemi uygulanarak 11 faktör belirlenmiştir. Faktör ortalamalarına göre, sıralama ve karşılaştırmalar yapılmıştır. Bulgulara göre girdi ve prosedürel maliyetler, finansman ve vergi yöneticiler tarafından en önemli engeller olarak görülürken, bunu çalışan maliyetleri, teknoloji ve tarife-dışı engeller takip etmiştir. İhracat engellerine ilişkin algı, firma boyutuna, ihracat miktarına ve ihracat sıklığına göre farklılık gösterebilmektedir. Çalışmanın işletmeler ve devlet açısından çıkarımları vardır.

Anahtar Kelimeler: *İhracat Engelleri, İmalat Sanayi, Anket, Sıralama*

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1. Introduction

Manufacturing has been the engine of growth and the way the advanced countries have industrialized. Moreover, it is not the only way for the advanced countries; it could also be used to explain how emerging countries are developing. Turkey's growth in the last decade could be attributed largely to development of manufacturing industry as well. One of the recent studies on Turkey's growth, Bilgin & Sahbaz (2009) reports a 0,9858 correlation coefficient between GDP and Industrial Production Index (IPI), which clearly shows a great relationship between the economic growth and manufacturing. Again, it is not a coincidence that China is rising as a world economic power, since U.S. and European countries have shifted their manufacturing to China. On the other hand, what could be understood from the China example, manufacturing sector is not locally fixed, it moves across its borders for growth, if there are appropriate conditions and conjuncture is suitable. This is one of the type of the term "internationalization" and it has been the complementary way for the advanced countries' manufacturing sector. However, due to fierce competition caused by globalization, it is not a necessity for only advanced countries and their firms but also emerging and non-developed countries and their companies.

While firms could engage global markets with different entry strategies (the way the companies internationalize), exporting is one of the most popular mode due to its low commitment, flexibility and less risky structure (Uner, Kocak, Cavusgil, & Cavusgil, 2013). It offers some advantages to firms such as dispersing the risk with several markets, raising the production or serving standards by importing technological innovations from where it is invented, generating more revenue for reinvesting, increasing the efficiency and using the capacity more effectively, and ensuring more attention from new possible shareholders and raising the chance of hiring better employees (Czinkota & Ronkainen, 2012). Moreover, export is not only important for firms, but also for countries to decrease unemployment, to accelerate the socio-economic development and to increase the productivity in domestic industries (Moosa, 1999; Pinho & Martins, 2010; Sharpe, 1995). Thus, countries that are advanced or trying to advance, encourage their companies to export in order to create a path to sustainable growth. This has been known as "export-led growth theory" and applied extensively by Asian emerging economies such as South Korea and China which are following the example of Japan (Rocha, Freitas, & Silva, 2008). Beside these examples, Turkey's approach after the January 24th Decisions could be defined as export-led growth approach as well. Hence, export related statistics, such as export volume and share of export on GDP has been accepted very important on Turkey's economic development. It is not interesting to see a reciprocal trend on Turkey's both rise of those export related numbers and economic growth since other countries those are applying this approach having the similar results for a long time. For instance, Turkey's total exports have increased quickly after 1980's: 2,9 billion dollars in 1980, 27,8 billion dollars in 2000 and 157,6 billion dollars in 2014 where GDP jumped from 265,4 billion dollars in 2000 to 798,3 billion dollars in 2014 (Table-1). Although rise of export volume is important, contents of this export also matters. To achieve a sustainable growth, export volume of high added value goods (usually manufacturing goods), should be placed more in total exports. From this perspective, Turkey's share of manufacturing exports in total exports have not dropped below 90% since 1999 (Zungun & Dilber, 2010). The impact of Customs Agreement between Turkey and European Union that went into effect on January 1st 1996 on these results cannot be ignored due to EU countries' weight on Turkey's trade volume (Table-1). According to this agreement, the customs taxes and non-tariff barriers between Turkey and EU on manufacturing goods have been lifted. These developments have led Turkish manufacturing industry to gain competitive advantage and market their products in European markets (Tonus, 2007:4), and led economy growth. As a result of growth in the economy, imports of capital equipment and semi-finished goods also increased. While the total imports in 1980 were 7,9 billion dollars, it quickly reached to 54,5 billion dollars in 2000 and to 242,2 billion dollars in 2014.

Table-1: General economic statistics of Turkey (billion $), *EU 27 Countries

	1980	2000	2007	2008	2009	2010	2011	2012	2013	2014
GDP	-	265,4	644,7	731,7	612,8	728,8	773,3	786,6	822,5	798,3
Export	2,9	27,8	107,3	132,0	102,1	113,9	134,9	152,5	151,8	157,6
Export/GDP(%)	-	10,5	16,6	18,0	16,7	15,6	17,4	19,4	18,5	19,7
Import	7,9	54,5	170,1	202,0	140,9	185,5	240,8	236,6	251,7	242,2
Import/GDP(%)	-	20,5	26,4	27,6	23,0	25,5	31,1	30,1	30,6	30,3
Manufacturing I.	1.1	25.5	101,1	125,2	95,5	105,5	126,0	143,2	126,0	143,2
Industry /Export(%)	0,4	0,92	0.94	0.95	0.93	0.93	0.93	0.94	0.93	0.94
*EU's Export Vol.**	1,7	15,7	60,4	63,4	47,0	52,7	62,3	59,2	62,8	68,2
*EU's share on Exp.**	-	0,56	0,56	0,48	0,46	0,46	0,46	0,39	0,41	0,43

Source: TUIK (Turkish Statistical Institute)

Despite the rise on export volume, statistics are still lower than the expected volumes when Turkey's economic and demographic size is considered. Many factors could be the reason of this; however, most of them are beyond the scope of this study. Present work seeks whether both perceived barriers and non-perceived barriers are significantly effective on this result. These barriers may prohibit: i.) the non-exporters to start exporting (could be named as "exclusionist effect") or ii.) the exporters to increase their export volume (could be named as "discouraging effect") (Pinho & Martins, 2010).

Although tariffs and customs taxes are lowered or even annulled by agreements such as GATT, WTO or Customs Agreement, obstacles for free trade continue due to countries' application of some defensive, hidden and inconsistent practices. To explain the nature of these barriers, an extensive literature review is provided in the next chapter.

2. Literature Review

Export as an Internationalization Process

Though this study's main scope is export barriers, internationalization process should be introduced first, since export is one of the internationalization mode. Johanson & Wiedersheim-Paul (1975) pointed out in their work that the term "internationalize" means both firm's manner and/or actions on foreign places. Another definition is "firms' adjustment period to global markets via adapting the strategy, organizational structure or resources etc." (Calof & Beamish, 1995). Either way, it refers to the firm's decision moving into a multi-geographic base rather than operating in a single location. Although the term has been defined for only one action (moving decision from domestic to international), its process have been discussed in several ways (Johanson & Vahlne, 1977, 1990, 1992; Bilkey & Tesar, 1977; Reid, 1981; Cavusgil, 1980). Generally, internationalization have been discussed as an experimental or sequential process (dynamically evolve from export to FDI). Due to its tacit body, knowledge could be acquired by experiencing international transactions and mostly these transactions start with export since it is the cheapest and less risky mode of internationalization. Still, barriers such as lack of knowledge, dependence on managers' characteristics and comparative costs etc. could inhibit the firm to start exporting or going further.

Export Barriers

Since, export is a research field for both international business and international economics, export barriers could be discussed from different perspectives. From the international business point of view, export is a process where main actors are firms, while for the international economics; it is more of a macro issue that mainly related to governments. Therefore, the issues and their solutions, or how they are considered could differ among disciplines. International economics studies conceptualize export barriers as non-perceived factors such as trade statistics, legal environments and comparative costs, where international business studies deal with mainly perceived factors. Hence, barriers could be categorized as cost and tariff related barriers and perceived barriers.

Cost and Tariff Related Barriers

Cost related barriers refer to costs that diminish the economic resources compared to perceived or blocking barriers. Administrative costs, customs costs, regulations and safety standards in foreign markets and other trade costs such as transportation costs and fixed export costs could be classified as cost related barriers, since handling of these problems have costs for firms and increase the prices (Schröder & Sørensen, 2014). In contrast to tariff barriers which can be reflected to customers and perceived like the barriers are non-existing due to its re-allocative structure (i.e. since the importers are aware of the tariffs, they accept the extra costs), cost related issues have a little chance to reflect and it makes exporting difficult or even impossible.

Although, it is possible to find the roots of tariff related barriers in the beginning of internationalization, there is a common acceptance that they are associated with Mercantilism. Throughout all ages of history, countries protected themselves from foreign trade activities with the help of import quotas, tariffs or trade bans.

As a protective tool, tariff means kind of a tax that is imposed upon trading activities that could be both on import (mostly) or export (rarely). With the help of tariff, countries protect their domestic market from superior productions of foreign markets or keep the strategic resources within the country. A tariff could be protective tariff or revenue tariff, where the former is used to inhibit the entry, and the latter refers to a way of collecting tax (Carbaugh, 2005). On the other hand, because of General Agreement on Tariffs and Trade (GATT) negotiations, tariffs are reduced, currency restrictions were decreased and transportation legislations and procedures were facilitated to boost international business activities (Beamish, Craig, & Mclellan, 1993); yet, countries are still applying non-tariff barriers to protect their domestic markets. Due to its vague nature, not all may agree on the definition or what non-tariff barriers are, but among the common examples are import quotas, domestic content requirements, subsidies, dumping, government procurement policies, social regulations, sea transport and freight regulations. (Carbaugh, 2005).

Perceived Barriers

Perceived barriers refers to behavioral, structural, operational or some other threats that may inhibit the firm from initiating and/or advancing to/on exporting (Leonidou, 1995). Uner et al., (2013) emphasized that, much of the export barriers are perceptual, and they reflect manager's personal ideas and beliefs rather than some objective criteria. Because these barriers are perceptual, how people perceive them could vary depending on firm's size, internationalization stage, or personal attitudes and inner beliefs. Thus, the cognition of the managers on international markets is very important on perceived barriers.

Researchers mainly categorized the perceived barriers into internal and external barriers. Although some researchers state that perceived barriers for firms are mainly internal (such as Cavusgil & Nevin, 1981) and some state that they are external, (such as Gripsrud, 1990) most of the researchers emphasized that the barriers can be derived from both internal and external environment (such as Katsikeas & Morgan, 1994; Leonidou, 1995, 2004; Morgan, 1997; Pinho & Martins, 2010; Rocha et al., 2008; Tesfom & Lutz, 2006; Uner et al., 2013). However, these internal and external barriers could be extended and classified into different groups. Leonidou (1995) and Morgan (1997) classify barriers as internal/domestic, internal/foreign, external/domestic and external/foreign. Leonidou (2004) and more recently Uner et al. (2013) classified the external barriers as procedural, governmental, task and environmental and the internal barriers as functional, informational and marketing based. Tesfom & Lutz (2006) used the internal-external categorization approach; however, they divided internal barriers into company based and product based and external barriers into industry based, host-based market barriers and home-based market barriers. Arteaga-Ortiz & Fernandez-Ortiz (2010) made another classification and they categorized export barriers into four groups: knowledge, resource, procedure and exogenous.

It should be noted that, in the present study, Leonidou (2004)'s and Uner et. al (2013)'s approaches on export barriers are used to list the perceived barriers and all of them listed based on the empirical studies that are done to test the export barriers.

These empirical studies have ranked the factors that prohibit the firms from entering or advancing to/on export and these factors are combined and classified into seven groups and shared with their importance according to results (Table-2). For instance, Alexandrides (1971) found that the most influential factor is the harsh competition in foreign markets where Bilkey & Tesar (1977) emphasized the difficulties in determining the opportunities abroad. While according to Tesfom & Lutz (2006), missing knowledge about foreign markets is the most serious barrier, for others it is inadequately trained personnel (Dichtl, Koeglmayr, & Mueller, 1990; Kaynak & Kothari, 1984; Keng & Jiuan, 1989; Pinho & Martins, 2010; Tseng & Yu, 1991; Yaprak, 1985).

From the Table-2, it is obvious that the marketing related barriers is the most extensive group among all. Lack of standards in global markets (Baursmichmidt, Sullivan, & Lipson, 1985; Gripsrud, 1990; Rabino, 1980; Tseng & Yu, 1991), pricing of the products (Keng & Jiuan, 1989; Morgan & Katsikeas, 1997), logistics and its effects as an export barrier (Dichtl et al., 1990; Kaynak &Kothari, 1984; Kedia & Chhokar, 1986), setting up a marketing network after-sales services and export promotional activities (Leonidou, 2004) could be listed as some of the marketing-based barriers. Beside these marketing-based barriers, external environment related problems such as exporting procedures, too much paperwork (Alexandrides, 1971; Cheong & Chong, 1988; Kaynak & Kothari, 1984; Kedia & Chhokar, 1986; Yaprak, 1985), communication problems and cultural differences which could be discussed as "psychic distance[1]" are again listed as some of the influential problems in these empirical studies.

One of the most important findings is the definite discrimination among the internal and external barriers. Internal barriers have been mentioned more frequently than the external barriers by the researchers (47 times internal barriers and 20 times external barriers). This may be interpreted as the importance of internal barriers on managers' perception of trade barriers.

1 Psychic distance is a term that refers to group of factors that prevents the flow of information between firms and market, such as culture, language, educational level or level of industrialization etc. (Johanson & Vahlne, 1990). It has been showed that the choice of mode of international business vary due to perceived psychic distance between countries (Kogut & Nath, 1988).

Table-2: A generalized table of well-known export barriers according to Leonidou (2004), and their ranks* (*1 is the most important; "ff" is for furniture industry, "fe" for electronic industry)

1.Internal Barriers	1.1.Informational		Limited information to locate/analyze market	*AL (4); KK (2 for US and 2 for Canada); YA (1); KC (4); KJ (2), TL (1)*
			Problematic international market data	
			Identifying foreign business opportunities	*BT (1)*
			Inability to contact foreign customer	
	1.2.Functional		Lack of managerial time to deal with export	*KK (6 for US); YA (8); KJ (2); TY (3); YA (9); KC (19)*
			Inadequate/untrained personal for exporting	*AL (5); KK (3); YA (5); CC (7 for ff, 5 for fe); KJ (4); DE (1); TY (2), PM (1)*
			Lack of excess capacity for export	*AL (7); KJ (4); KK (5); YA (3)*
			Shortage of working capital to finance exports	*KK (6); YA (7); CC (8 ff); KJ (4); DE (10); TY (5)*
	1.3.Marketing	1.3.1.Product	Developing new product for foreign markets	
			Adopting export product design/style	
			Meeting export product quality standards	*CC (9 for ff); DE (4); TY (3)*
			Meeting export packaging/labeling requirements	
			Offering technical/after sales services	*DE (9); KK (3 for US);*
		1.3.2.Price	Offering satisfactory prices to customers	
			Difficulty in matching competitors' prices	*KC (9); KJ (4);*
			Granting credit facilities to foreign customers	
		1.3.3.Distribution	Complexity of foreign distribution channels	
			Accessing export distribution channels	
			Obtaining reliable foreign representation	*CC (2 for ff, 1 for fe); KJ (3); TY (3); KK (8); YA (2);*
			Maintaining control over foreign middlemen	
			Difficulty in supplying inventory abroad	*KK (5); DE (5);*
		1.3.4.Logistics	Unavailability of warehousing facilities abroad	
			Excessive transportation/insurance costs	*AL (6); CC (6 for ff); KC (14);*
		1.3.5.Promotion	Adjusting export promotional activities	

2. External Barriers	2.1.Procedural		Unfamiliar exporting procedures/paperwork	*AL (2); KK (7 for US, 3 for Canada); CC (1 for ff, 2 for fe); KJ (4); KC (1)*
			Problematic communication with overseas cust.	
			Slow collection of payments from abroad	*AL (3); KK (5); KC (6);*
	2.2.Governmental		Lack of home government assistance/incentives	*CC (3 for ff);*
			Unfavorable home rules and regulations	
	2.3.Task		Different foreign customer habits/attitudes	*YA (9); KJ (2),*
			Keen competition in overseas markets	*AL (1); KC (14); DE (3); TY (6)*
	2.4.Environmental	2.4.1.Economic	Poor/deteriorating economic conditions abroad	
			Foreign currency exchange risks	*YA (10);*
		2.4.2.Political	Political instability in foreign markets	
			Strict foreign rules and regulations	
			High tariff and nontariff barriers	*KJ (4); DE (12);*
		2.4.3.Sociocultural	Unfamiliar foreign business practices	
			Different sociocultural traits	
			Verbal/nonverbal language differences	*KC (5); DE (6)*

**Alexandrides (1971): AL; Bilkey & Teaser (1977): BT; Kaynak & Kothari (1984): KK; Yaprak (1985): YA; Kedia & Chhokar (1986): KC; Keng & Jiuan (1989): KJ; Tseng & Yu (1991): TY; Cheong & Chong (1988): CC; Ditch et. al (1990): DE, Tesfom & Lutz (2006): TL, Pinho & Martins (2010): PM*

3. Research Methodology

Data Collection

To measure and test which export barriers are perceived by managers of Turkish manufacturing and exporting companies, a survey was developed based on several previous studies. Some new questions are also developed and added to questionnaire. Under the supervision of the authors, data were collected by students of an undergraduate class as part of a term project. In addition, the survey was published online by its own website. The students were instructed to collect data from manufacturing firms that export their products. Although 155 responses were given to survey, 25 responses were eliminated due to problems including too many missing data or inappropriate respondents and as a result, 130 responses were used in research. Frequencies of these 130 responses were given in Table-3.

Table-3: Frequencies of the given responses

	Frequency
Sectors of Respondents	
Textile	22
Chemicals	12
Metal Works	12
Electric/Electronic	10
Food	10
Healthcare Products	9
Others	55
Number of Full-Time Employees	
Less than 10	10
10-49	38
50-249	40
250-499	14
500 and above	28
Export Frequency	
No export	4
A couple of times in the past	6
Once a year	28
Once a month	30
Once a week	62
Classifications Based on Export Amount	
(G1) Up to $250000	45
(G2) $250000 - $1000000	27
(G3) $1000000 - $10000000	29
(G4) Above $10000000	29

Table-4: Factor loadings of each construct

Factor	Item	Loading	Reliability
Input Costs	Raw Material Costs	0,869	0,755
	Energy Costs	0,810	
	Labor Costs	0,703	
Procedural Costs	Home Country Tax	0,856	0,785
	Social Security Related Costs	0,889	
Labor	White Collar Worker Shortage	0,749	0,772
	Blue Collar Worker Shortage	0,644	
	White Collar Qualifications	0,807	
	Blue Collar Qualifications	0,817	
Technology Capability	Lack of Technology	0,849	0,812
	Lack of Machinery	0,820	
	Poor Performance of R&D	0,790	
	Insufficient Government Support for High Technology Invest.	0,604	
	Lack of Production Software	0,682	
Brand Image	Insufficient Product Differentiation	0,768	0,802
	High Cost of Advertising and Promotions	0,687	
	Brand's Image Power Over Product Image	0,797	
	Turkey's Image Power Over Product Image	0,806	
Finance Costs	High Investment Requirements for Entry to New Markets	0,828	0,802
	High Cost of Loans	0,829	
	High Fluctuations of Currencies	0,820	
Logistics	High Cost of Product Delivery	0,705	0,680
	Long Distances to Raw Materials	0,875	
	Competitors Domination of Distribution Channels	0,629	
Tax	The Late Returns of Value Added Tax	0,720	0,732
	No Barriers Against Imports of Low Cost Products	0,839	
	Unfair Tax Applications By Foreign Countries	0,710	
Non-tariff Issues	Import Quotas	0,698	0,909
	Export License Requirements	0,755	
	Price Controls in Target Countries	0,785	
	Anti-Damping Policies	0,748	
	Environmental Regulations	0,740	
	Limited Support Facilities (e.g. Warehouse, etc.)	0,678	
	Limited Ownership Rights in Target Countries	0,801	
	Anti-Trust Policies Against Foreigners	0,664	
	Other Non-tariff Restrictions	0,748	
Human Resource Issues	Difficulties in Getting Work Visas	0,624	0,895
	Foreign Worker Quotas	0,887	
	Higher Taxes on Foreign Workers	0,832	
	Requirements of Profession Certifications	0,831	
	Foreign Labor Regulations	0,801	
Regulations	Lack of New Regulation Presentations	0,837	0,865
	Difficulties Adopting Frequent Regulation Changes	0,863	
	Inconsistent Regulations	0,886	

Measurement Development

A multi-item scale to measure export barriers for manufacturers was developed for the study and a 10-point Likert scale was used for the questionnaire. Most of the questions were adopted from Leonidou (2004), Uner et al. (2013), Suarez-Ortega (2003) and from studies mentioned earlier in the literature review section. Only a few questions are newly designed for this study. Since there are new questions and some of them are translated into Turkish, the measurement model must be assessed. The unidimensionality of a scale must be established before its reliability is examined (Gerbing and Anderson, 1988). To assess unidimensionality, factor analysis was conducted by using the principal component analysis with varimax rotation. The factor loadings for each construct are given in Table-4. Items with factor loadings of less than 0.6, a minimum threshold value recommended or items that did not load on any factor were eliminated. All of our factors were readily identified. The items of manufacturing costs loaded on two factors. Questions 1 to 3 is labeled input costs where 4 and 5 is procedural costs. Only the question of "unfair tax applications" was removed from Non-tariff Issues to Tax Issues factor. Reliabilities were calculated for each factor. Table-4 reflects the reliability scores after items were dropped. The traditional measure of reliability is Cronbach's alpha, with alpha values above 0.70 are considered acceptable (Nunnally & Bernstein, 1994). As it is seen in Table-4, all reliabilities are above the threshold value of 0.70 in this study. Also it should be noted that the cumulative percent of variance explained is 71.87.

On the other hand, ranking and comparison of factors based on export volume have been given in Table-5. Six groups (these groups were created by the export volume) were rearranged into four groups with the following scale: Group 1 – Up to $250000, Group 2 – $250000 to $1000000, Group 3 – $1000000 to $10000000, and Group 4 – Above $10000000 (in terms of last year performance)[2]. After this, it is seen that cost and financing issues have dominated the manufacturers' concerns overall. It could be said that labor, where logistical and non-tariff factors are following the monetary issues, foreign personnel and technology related barriers are less important and made the bottom of the list.

Table-5: Ranking and Comparison of Groups Based on Factor Means

	Scale Point of Factors					**Rankings**				
	Overall	G-1	G-2	G-3	G-4	Overall	G-1	G-2	G-3	G-4
Input Costs	6,1	5,7	6,3	5,7	6,7	1	2	2	1	1
Finance Cost	6,0	5,9	6,8	5,3	5,9	2	1	1	4	3
Procedural Costs	5,7	5,7	5,7	5,6	5,9	3	3	4	3	2
Tax	5,4	5,3	5,7	5,7	4,9	4	4	3	2	4
Logistics	4,7	4,9	5,2	4,5	4,2	5	5	5	8	7
Labor	4,7	4,5	4,9	5,0	4,5	6	8	6	5	6
Non-tariff Issues	4,6	4,8	4,9	4,5	4,1	7	6	7	9	8
Regulation	4,6	4,7	4,4	4,6	4,6	8	7	10	6	5
Brand Image	4,4	4,5	4,8	4,6	3,8	9	9	8	7	9
Human Res. Issue	3,8	3,9	4,5	3,3	3,4	10	11	9	11	10
Technology Cap.	3,7	4,0	4,0	3,7	2,8	11	10	11	10	11

2 First six groups were created as G1: Up to $50000, G2: $50000 - $250000, G3: $250000 - $500000, G4: $500000 - $1000000, G5: $1000000 – $10000000, and G6: Above $10000000. However, due to both imbalances of data amount among the groups and proximity of group scales, six groups has been jointed into four groups to balance the groups.

4. Results

Table-5 was generated based on means[3] of factors in Table-4. While there are some differences in rankings among groups, for the most part, the rankings are similar all across group. As it is seen in Table-5, overall, the most troubling factor is input costs since it is the most highly scored factor in Group 3 and Group 4 and second most scored in Group 1 and 2. This could be related to the type of competition in the markets. Price competition is common among emerging countries since they have less brand power and heavily depended on price-cuttings (lowering the costs instead of lowering the profit is always the selected approach such as lowering the labor costs, energy costs, raw-material costs etc.). Thus, it is not surprising that input factor is the leading barrier for Turkish managers. On the other hand, finance cost is the most scored factor in Group 1 and Group 2, where it is the third most scored in Group 4 and the fourth most scored in Group 3. This is reasonable because a small firm[4] could suffer from financial problems due to lower credit limit where a big firm could handle financial issues better since it has high credit limit and resources.

Another result from the survey is that procedural costs (i.e. tax and social security expenses) rank high in all groups. Before discussing this result, it has to be noted that all the correlations among firm size, export frequency and export volume are significantly correlated. In other words, larger firms tend to export more and frequently according to survey results[5]. Procedural costs are mainly related to domestic tax applications and social security payments. It is known that cost of an employee's salary is actually smaller than the employee's tax and social security issues. Beside that, corporate tax is related to tax bracket, and higher business volume means higher tax bracket and tax volume. Thus, it is not surprising to see that Group 4 complains about procedural costs more than others since bigger firms face more tax (due to export volume) and social security payments.

Logistics seems more important problem for Group 1 and Group 2 compared to Group 3 and 4. This finding is reasonable because less exporting firms have more difficulties reaching distribution channels than more exporting firms. Since more exporting firms have more frequent foreign business activities, they have more stable relations and opportunities with logistics firms. "Non-tariff issues" factor is showing a similar pattern to logistics.

Unlike logistics and non-tariff issues, labor issues show an opposite relation in direction. The results show that Group 1 considers the labor problems less important than the other three groups. Likewise, regulation related issues have a similar pattern. However, it is expected that the relatively unexperienced groups (such as Group 1 and 2) may perceive regulation as a bigger problem. Yet Groups 3 and 4 perceive regulation related problems more important than the other groups. This may be due to export activity frequency. Since less exporting firms export less frequently, they don't need to keep up with the regulation changes; they could check the regulations before exporting. However more exporting firms should always keep up with the changes and adapt themselves to these new rules. This means extra effort, time and cost. Perhaps, this could be the reason of why bigger firms see the regulation related issues more important than the others.

5. Conclusion

This study is an attempt to identify, group, rank and compare export barriers for Turkish manufacturers. An extensive number of perceived, tariff or non-tariff barriers and production difficulties have been analyzed at the same time. In the study, the top 4 concerns across the board were, input costs, procedural costs, financing and tax which are all monetary as opposed to labor, technological and non-tariff issues. Although the results of Exporter's Expectation Surveys by Turkish Exporters Assembly's (TIM) changes from quarter to quarter, these barriers consistently rank high in those surveys (see any survey from TIM.org.tr) From this perspective, the survey's results are quite reliable according to similar studies. Likewi-

3 Mean of each group has been calculated by taking the average of averages of questions that make up the factor.

4 While the size of the companies is used based on export volume there is a correlation of 0,3 between export volume and number of employees (Correlation Coefficient: 0,31 Sign.:0,01 level). Size averages for groups G1, G2, G3 and G4 are 2,6, 2,7, 3,1 and 4 respectively.

5 Correlation Coefficient: 0,56 and Sign.: 0,01

se, the findings have many similarities to the literature summarized in Table-2. For instance, financing was one of the top 4 concerns and it is one of the top scorer in Table-2 with 6 different references, logistical issues (5 times), strict foreign rules and regulations, and difficulties in matching competitors' prices due to higher input costs (2 times).

This paper contributed to the literature by providing a measure of export barriers and have implications for companies and governments. Turkish firms still think that input and finance costs are most important for exporters or who wants to be an exporter.

The study has some limitations such as; geographical base is limited to Turkey, it is not a longitudinal study (usual in these studies), and there could be a bias due to single respondent from each company. Whether the size of the company should be measured in terms of revenue or employee number confounded with respondents understanding of workforce (full-time, part-time, operational, administrative so on.) makes comparisons difficult. Because of these, results should be interpreted cautiously. Future studies could improve the way export barriers are conceptualized and measured. A longitudinal or comparative study could be done to find results that offer different perspectives. It is clear that to identify the effects of cultural differences, social factors, or even geographical differences on export barriers, comparative studies are necessary.

Since the input and finance costs are seen the most important problems at overall, the companies and the government should find ways to overcome cost and financing problems that hinder manufacturers to produce quality products at competitive prices. For instance, the governments should increase the electricity capacity by building extra energy plants or should help with raw material production in homeland. However, in Turkey's case, unfortunately, the shortage of energy production for the near future does not give much hope regarding energy prices or the dependence on raw material import does not appear to change in the near future. The solution for Turkish economy seems to be investing in and producing value added high-tech products where the raw material and energy consumption are not as high as in heavy industries and yet profit margins are higher. Unless Turkey accomplish a knowledge-based economy, it will continue to add slight value and profit to huge piles of raw materials. However, without doing these changes, it seems that input and financing costs will continue to be the main barriers on export. Also, not only on cost and finance related problems, but there are some steps that both companies and government should take regarding logistical, human resource and non-tariff issues. These steps may vary country to country, but generally, Bilkey & Tesar (1977) proposed that the governments that want to stimulate export could offer export development programs including teaching, stimulus, incentives and knowledge. These changes are also important as the other real investments since these activities are beneficial on building visions for firms.

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