

GİRİŞİMCİLİĞİN VE KOBİ'LERİN ULUSLARARASI REKABET GÜCÜNÜ ARTTIRMADAKİ ÖNEMİ *

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ÖZET

Hızlı yaşanan değişim ve küreselleşme, toplumsal sistemin tüm alt sistemlerini ve bireylerini etkilemektedir. Küreselleşme ile ortaya çıkan yeni rekabet koşulları ise, eskiye oranla çok daha sert ve imha edicidir. Uluslararası rekabet gücü, makro ekonomik açıdan ülkelerin rekabet gücünü karşılaştıran bir kavram olması yanında; mikroekonomik üretici birimlerin de uluslararası piyasada rekabet yönünden üstünlüklerini karşılaştırmalı olarak ortaya koyan bir kavramdır. Bir ülkenin rekabet gücü o ülkenin ürettiği malların diğer ülkelerin ürettiği mallarıyla fiyat ve kalite yönünden yarışabilecek düzeyde olması demektir. Uluslararası rekabet gücü belirleyicilerini iki ana kategoride toplamak mümkündür. Birincisi firma içi etkenler arasında, ürünün kalitesi, maliyeti ve fiyatı büyük önem taşımaktadır. Bunun dışında verimlilik, karlılık, firmada kullanılan bilgi teknolojisi, organizasyon ve yönetim yapısı, kaynakların etkin kullanımı, yenilikçilik gibi faktörler sıralanabilir. İkincisi firma dışı etkenler arasında ise, devletin ekonomideki yeri ve ekonomiye olan müdahalesi en başta yer almaktadır. Bir ülkede girişimciliğe ve KOBİ'lere verilen değer de, o ülkenin uluslararası rekabet gücünün gelişmesini etkileyen en önemli etkenlerden biridir.

Anahtar Kelimeler

Uluslar arası rekabet düzeyi, girişimcilik, küçük ve orta ölçekli işletmeler (KOBİ)

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IMPORTANCE OF ENTREPRENEURSHIP AND SMALL AND MEDIUM ENTERPRISES (SMEs) IN THE DEVELOPMENT OF INTERNATIONAL COMPETITION POWER

ABSTRACT

Fast lived change and globalisation effects all subsystems of social system and family. New competition conditions emerged with globalisation are harder and destroyer than previous. Although the international competition power seems to be a concept comparing the competition powers of countries in the respect of macro economy, in fact it is a concept that exposes the superiority of micro economic production units in the international market. Competition power of a country means that the products produced in a country should be in the level that can compete with prices and quality of other countries. It is possible to summarise the determinants of international competition power into the two category. First, in the factors inside of company, quality, cost and price of product bears big importance. Except that, the factors can be categorised as productivity, profitability, information technology used in the firm, organisation and management structure, effective use of sources, and innovation. Second, in the factors outside of company, position of country in economy and its interference on economy lie in the beginning. In a country, the worth given to the entrepreneur and small and medium sized firms.

Key Words

Level of international competition, entrepreneurship, small and medium enterprises (SMEs)

INTRODUCTION

The development of competitive power in international markets has become quite important recently. Besides the liberalization policies and the developments in production, service providing and trade;efforts based on letting international capital trend free, rapid developments in communication technology and globalization tendency in world economy have given rise to firms and the sectors in developing economies to compete with rivals in markets which are at home and in foreign lands according to the product cost and product quality.At first, this increasing competition affects all of the enterprises including SMEs ,after that the sectors within which these enterprises are included.

Multi-national firms capitalize on the comparative superiorities of holding the cheapest and the most organised labor-force by enlaging

their production areas in different geographies. Here SMEs which use developed technology, which produce qualified products, which show elastic features of production become more important in underdeveloped countries (Bektaş,2004:571).

In the first part of the study, the concept of competitive power is expressed and in the second part the elements affecting the international competitive power are examined. In the third part, the competitive power order in the world is studied. In the fourth part of the study, entrepreneurship and the role of SMEs are emphasized. In the fifth part, the effects of SMEs and entrepreneurship on international competitive power and the problems that SMEs face while going into the international markets are explained within the content of the sixth part.

1. Competitive Power

Competitive power or being able to compete is a rather dynamic fact. The changing structure of the competitive power makes the measuring of it difficult. Competitive power doesn't include standard measurements. Besides this, another point which makes its measuring difficult is that there are a large number of criteria and these criteria may affect competitive power in different situations and densities. In other words, competitive power is a concept which is closely related to the fields of industry economies and enterprise economies or both economists and administrators such as industrial organization. And it is also related to the foreign trade¹ (Kibritçioğlu,1996:109). Because of this, the studies which are made to determine the competitive power always contain clear criteria and perspectives for the discussion. Competitive power² means the capability to compete in short run, but in long run it expresses the continuity of competition; shortly it means 'being in a position to compete'. Competitive power can also be identified as a whole of the advantages of location, technology, capability

¹See for detailed information: Orłowski, 1982:3; Vollmer, 1986:200-201,211; Feser, 1986:12-16; van Suntum, 1986: 495; Fels, 1988: 136-137; Nicolaidis, 1988: 171-176; Francis, 1989: 5-17; Alavi, 1990; Apel, 1990; Porter, 1991:12-23 ve Balzer, 1991: 3 the reasons of these complexities are mentioned.

² See in this subject: www.canaktan.org/yeni-trendler/yeni-rekabet/kavram.htm.; İbrahim Demir, "Türkiye Beyaz Eşya Sanayinin Rekabet Gücü ve Geleceği", Uzmanlık Tezi, Yayın No: DPT.2571, <http://ekutup.dpt.gov.tr/imalatsa> (20.04.2005).

and resources, efficiency, information or power that provides competition advantage (superiority). So that it covers strategical and professional elements (Bektaş, 2004:566). It is also defined as adaptation to rapidly changing technology and capability of innovating when it is thought from a narrow perspective.

In literature, the concept of competitive power is considered at three different levels. These levels are firms, industries and countries. None of them has competitive powers affecting each other. Their competitive powers are different from each other. And there hasn't been a common approach related to the number and measurement of these components that defines the competitive powers of these three levels, yet. The approaches which are used at present can not present clear results. But if there is something which must be accepted as common, it should be competitive power which defines the economic performance of a country. What creates this power is the competitive power of enterprises which function in that country. It is better to divide the competitive power in to the levels of firm, industry and country for a better understanding.

1.1. Competitive Power at the Level of Firm

Competitive power at the level of firm is: the continuity of low priced producing of a firm compared to its rivals in global market (price and cost competitiveness), to be in an equal or superior on the matters such as quality of a product, servicing and product attractiveness to the rivals (quality, competitiveness), also, the ability for inventing and innovating (<http://www.canaktan.org>, 2005). According to Porter (2003: 44), firms gain competition superiority in markets by three common strategies. These are; product variation, total cost leadership and focusing.

1. 2. Competitive Power at the Level of Industry

Competitiveness at the level of industry is: the ability of reaching an equal or superior productivity level to the rivals of an industry and continuity of this level, or the ability of both manufacturing selling to an equal or lower costs in comparison with its rivals (<http://www.canaktan.org>, 2005).

1.3. Competitive Power at the Level of Country

Competitive power at the level of country as its simplest definition (Akat, 1996:25) has been expressed by the products of a country-whether for home consumption or export- which have reached the level of competitiveness in terms of quality and price in comparison with the products of other countries, and continuity of this. According to Garelli (1996:6), "competitive power at the level of country is; an ability for increasing national wealth, and administering the localization by globalism and creating an accretion value in the country by unifying the relationships in an economic and social model".

Governments should compete with each other practising their country to be more attractive for foreign investors (multi-national companies) in a global economy that has continuously been integrated in terms of service and capital trade. In such a competition, the economic policy of the governments should focus on the idea of, for instance, forming a widespread and stable communication and transportation net, rather than the factors which provide temporal competitive advantage such as low-cost employment (Kibritçioğlu, 1996:110). In short, from the perspective of countries and governments, the matter of competition is not only price and quality, but also a sort of founding place competition.³

2. The Factors Determining The International Competitive Power

Market integrations in the economy of the world, "international competitive power" concept has commenced to be used with free trade tendencies. Although the international competitive power is regarded as a concept that collates competitive powers of countries at macro-economy, actually it is a concept that comparatively manifests the competitive superiority of micro-economic units (companies) in the international market (Aktan, 1998:79).

Globalization, technological developments and innovations necessitates having superior features in different areas so that individuals, firms and countries can maintain and increase their competitive power (Danies, Ellis, 2000: 1192). The increase in world economy is higher than the global economic growth even in the periods in which economic calmness is dominant and protective interventions

³See for broader information: Orlowski, 1982:1-5, Zweifel, 1985 ve Preuße, 1998:1.

get stronger. After 1950 international trade has increased more than 6 % per a year by the density of the liberalization movements in trade. Total international trade has increased 14 times in real proportion and industrial product trade which is affected mostly by liberalization has increased 26 times (Baylis, Smith, 1997: 433).

The theory of nation' competition advantage which is structured by Porter orients to the competition advantages which are at the back of comparative advantages. The hyper or new competition environments in global markets⁴ require the superiority search on cost, quality, speed and sevice. And also, they require innovation both rapidly and continually (Akat, 1996:23). But the continuity of this superiority that the firm possesses is related to the technology, information managing, human capital and the system of innovation-invention that the firm uses. For that reason, the environment and the conditions in which the firm is in operation and the social structure from where the human capital is supplied are so important (Danies, Ellis, 2000: 1193). The situation of the competition in a sector is related to 5 major competitive powers (Porter, 2003: 4). These are;

- Bargaining powers of the suppliers.
- Bargaining powers of the customers.
- The threat of a new firm which will join the sector.
- The threat of alternate product and service.
- The competition among the firms which are present.

Today, it is very difficult to keep the competitive power in a variety of branches at the level of firm without providing competitiveness at macro level. At macro level, the level of competitive power is related to the features of the product, organization and process.

⁴ New competition (Bektaş, 2004:566) or global competition is the name which is given to "extreme or hyper competition" which is formed in national and international markets that are going into the globalization. Enterprises compete with each other for the incomes of the consumer or buyers. The new competition is something outside of the simple competition among firms. It represent the formations reflecting a kind of new structural form and power combination; it also represent the competition among different production systems, institutional forms and social organizations in the place where the firm is located. The new competition is related to the education systems, technological infrastructure, worker/administration relations, public/private sector relations, economy policies and the situation of financial system.

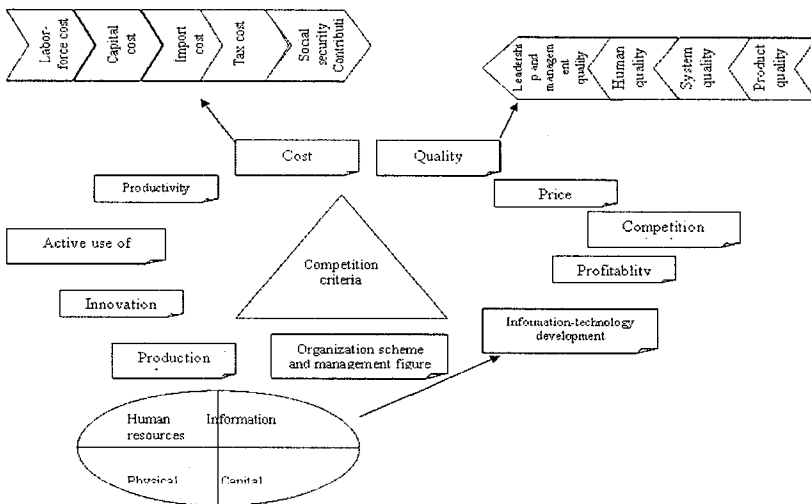
To Porter, The factors defining international competitive power are divided into two major categories and these are called internal and external factors (Porter, 2003; 3).

The characteristics of international competitive power at the level of firm include firms which are domestic and foreign which are affected by;

- Labor-force, raw-material, energy, interest, credit and marketing cost,
- The factors affecting the prices after cost and profit margin
- All the factors affecting product quality (Kibritçioğlu,1996:9-10).

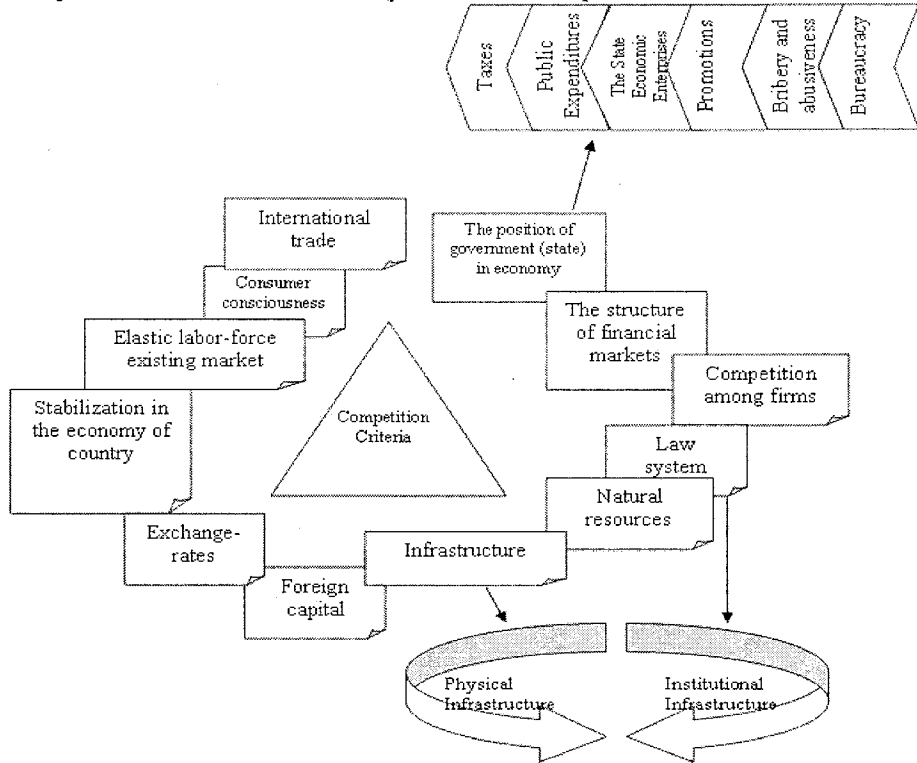
As it is seen in Figure 1 productivity, profitability, the information-technology usage in firms, organization and management structure, active use of sources, innovation and creativity are the other internal factors defining the international competitive power of the firm besides those three factors mentioned before. Once again the factors defining the competitive power are; competition density in which sector the firm goes in operation, how powerful the firm is in assessing the cost of the product, the productivity of capital labor-force, size economies which are present at the sector, organization and management type of the firm, the rate of capacity usage, financing conditions in markets (Kotan,2002:3-4).

Figure 1: Internal Factors of A Firm Defining International Competitiveness



The external factors defining international competitiveness are the factors defining competitiveness at macro level (see: Figure 2).

Figure: External Factors Defining International Competitive Power of A Firm



The most important of those is the role of government (state) in economy and the interventions of the states in economy. In parallel with the enlargement of state responsibility and functions in economy, firms are affected by these happenings negatively. When the state tries to support private companies and firms by exhortations, the events of bribery and abusiveness what we call "exhortation protectiveness" will increase. The enlargement of a state brings about bureaucracy and paperwork, so that bribery, protectiveness, abusiveness and etc. increase (Aktan, 1998: 79).

The key factor in the research of "Competition Superiority of Nations" by Porter is identified as "the capability to innovate and invent" by the ways of creating information and assimilating that information.

Innovation forces firms to create a more dynamic and competitive environment and to seize every occasion to be superior. The six elements which provide competition superiority in terms of Porter's concept of "invention-innovation" are: Related support, industrial presence, firm strategy, organization structure and competition, the structure of production factors, demand structure, government and chance (Bektaş, 2004; 569).

At macro level, competitiveness is related to the institutional features of that country. What is important in creating a stable macro economical situation is the whole of the institutional processes which include the relations between the instruments, the education system which grows skillful labor-force, the financial and legal structure, and the relationships among state/business environment/ labor unions. These processes also facilitate the widening of the technologies which cover the elements mentioned above. In this respect the competitive environment which is provided by the development of the structural conditions is more permanent and longer-range according to the cost competition⁵ (Kesbiç, Ürüt: 59).

Another factor affecting the international competitive power is the international trade (business) system. Essentially, the policies of competition and free-trade (Demir, 1998: 1) are oriented to the same economic targets. The purpose of the free foreign trade is to add a competitive structure (form) to markets by removing the barriers in foreign trade. In addition to this, the purpose of obtaining the allocation and the usage of resources can be added. Acquisition of a competitive structure of the markets that defines the major purpose both in free trade and competition policies will increase the welfare of the consumers. That is to say that both of these two policies are in the same direction. What is expected both of the rules of trade and competition in the relationship between trade (commerce)- competition is to protect the competition environment in the market not to protect native rivals competing in import.

Other external factors defining competitive power of firms are (Aktan, 2003: 117-119); conscious level of consumers, elasticity level in labor-force markets, economical stability within the country (price

⁵See also: Paul Romer, "Capital, Labor and Productivity" Brookings Pappers: Microeconomics 1990, ss.377-378; Gökhan Çapođlu, "Sanayi Stratejileri ve Rekabet Gücünü Etkileyen Faktörler: Türkiye İçin Bir Deđerlendirme", Bilkent Üniversitesi Dergisi, Ankara, 1991, s.22.

stability, exchange stability), natural resources and natural wealth, law system, the level of competition in the market and the level of progressivity in financial markets, and physical infrastructure (financial infrastructures in energy, transportation and communication areas).

3. Competitive Power In The World

Yet, there have been two known foundations which are able to measure the positions of competitive power of the countries in the world .These are The World Economic Forum (WEF) and the Institute of Management Developing (IMD). It is accepted that the researches which are published upon international competitive power by those two foundations are based on scientific findings ⁶.

In the report which is published every year that is called "The Global Competition Report" by The World Economic Forum, "competitive power" is defined as the major power which is necessary to increase the economic welfare and life standard of a country. The Global Competition Index has been calculated by WEF from the total of 155 criteria in 8 major categories. The first 4 criteria (Publicity in economy and the level of being free, the position of state in economy, development level of financial markets and labor-force market) are graded by the help of the statistical data in the calculation of general index of a country. The other 4 criteria (the level of infrastructure, the level of technology, the level of managing and the position of civil foundations) are graded according to the results of the polls.

On the other hand, the International Institute for Management Development- IMD publishes a report, the World Competition Year Book every year. According to IMD, competitive power has the capability of forming an environment in which producing an accretion can be provided in a country. IMD defines competitive power in a frame of 8 major criteria and 250 sub-criteria. While some of the criteria define the measurable dimensions of competitive power such as inflation; GDP, the number of patent, the other criteria deal with the immarital dimensions such as motivation of the individuals, value systems, and education (IMD, 2002).

International competitive power of 104 countries are studied in the Global Competition Report which has been published by the World Economic Forum (WEF,2004-2005) as it is seen in Table 1. Finland is the first one. America is the second one and Sweden is the Third one.

⁶ See. <http://www.canaktan.org/yeni-trendler/yeni-rekabet/uluslararasi.htm>

The other countries with high competitive power are: Taiwan, Denmark, Norway, Singapore, Switzerland, Japan, Ireland, England, Netherlands.

The countries having the lowest competitive power are Cad, Angola, Bangladesh, Ethiopia, Paraguay, Zimbabwe, Bolivia, Honduras. According to the 2004 ordering, Turkey is the 66 th.one. There is a close relationship among international competitive power and the speed of economic development, and economic prosperity as to the investigation of WEF. It has been observed that GDP for each person in the countries with high competitive power is higher than the others. Because of the putting of the export economies⁷ on agenda rather frequently, international competition has become very important in different lines of business. For the running of these economies and continuity of exporting, competitive advantage plays a major role to compete in export markets. Thus "international competitive power" is expected to be as a criterion in defining of the sectors to be promoted and intersectoral priorities (Bektaş, 2004: 568). And this increases the significance of competitive power and advantage for the enterprises. In comparison with the 20th century, today the competition environment is more dynamic and more complex and in such an environment the indicators of SMEs are; dynamic and elastic structure, price, cost, productivity, quality, speed, technology, service advantage, innovativeness, creativity and difference. In the development of international competitive power, entrepreneurship and SMEs are rather important.

Tablo 1.The World Economic Forum's "The Index of Development and Competitive Power"

Country	2004 Order	2004 Point	2003 Order	Country	2004 Order	2004 Point	2003 Order
Finland	1	5,95	1	El Salvador	53	4,10	48
America	2	5,82	2	Uruguay	54	4,08	50
Sweden	3	5,72	3	India	55	4,07	56
Taiwan	4	5,69	5	Morocco	56	4,06	61
Denmark	5	5,66	4	Brasil	57	4,05	54
Norway	6	5,56	9	Panama	58	4,01	59
Singopour	7	5,56	6	Bulgaria	59	3,98	64

⁷Import Economies appear on agenda as a result of free condition in the world trade and regional economic integrations among countries.

Switzerland	8	5,49	7	Polland	60	3,98	45
Japan	9	5,48	11	Croatia	61	3,94	53
Iceland	10	5,44	8	Egypt	62	3,88	58
England	11	5,30	15	Romania	63	3,86	75
Netherlands	12	5,30	12	Colombia	64	3,84	63
Germany	13	5,28	13	Jamaica	65	3,82	67
Australia	14	5,25	10	Turkey	66	3,82	65
Canada	15	5,23	16	Peru	67	3,78	57
The Unite Arab Emirates	16	5,21	-	Ghana	68	3,78	71
Austria	17	5,20	17	Indonesia	69	3,72	72
New Zelland	18	5,18	14	Russia	70	3,68	70
Israel	19	5,09	20	Armenia	71	3,67	74
Estonia	20	5,08	22	Dominican-republic	72	3,63	62
Hong Kong	21	5,06	24	Sirilanka	73	3,57	68
Chile	22	5,01	28	Argentina	74	3,54	78
Spain	23	5,00	23	Gambia	75	3,52	55
Portugal	24	4,96	25	Phillippines	76	3,51	66
Belgium	25	4,95	27	Vietnam	77	3,47	60
Luxembourg	26	4,95	21	Kenya	78	3,45	83
France	27	4,92	26	Uganda	79	3,41	80
Bahrain	28	4,91	-	Guatamala	80	3,38	89
Korea	29	4,90	18	Bosnia-herzogeovina	81	3,38	-
Ireland	30	4,90	30	Tanzania	82	3,38	69
Malesia	31	4,88	29	Zambia	83	3,36	88
Maltha	32	4,79	19	Macedonia	84	3,34	81
Slovenia	33	4,75	31	Venezuela	85	3,30	82
Tailand	34	4,58	32	Ukraine	86	3,27	84
Jordan	35	4,58	34	Malavi	87	3,24	76
Lituania	36	4,57	40	Mali	88	3,24	99
Greece	37	4,56	35	SerbiaMontenegro	89	3,23	77
Cyprus	38	4,56	-	Ecuador	90	3,18	86
Hungaria	39	4,56	33	Pakistan	91	3,17	73
Czech Rep.	40	4,55	39	Mozambique	92	3,17	93
South Africa	41	4,53	42	Nigeria	93	3,16	87
Tunisia	42	4,51	38	Gorgia	94	3,14	-

Slovakia	43	4,43	43	Nicaragua	95	3,12	90
Latvia	44	4,43	37	Madagascar	96	3,11	96
Botswana	45	4,30	36	Honduras	97	3,10	94
China	46	4,29	44	Bolivia	98	3,09	85
İtalia	47	4,27	41	Zimbabve	99	3,03	97
Mexico	48	4,17	47	Paraguay	100	2,99	95
Maoritus	49	4,14	46	Ethiopia	101	2,93	92
Costa-rica	50	4,12	51	Bangladesh	102	2,84	98
Tirinidad and Tobago	51	4,12	49	Angola	103	2,72	100
Namibia	52	4,11	52	Cad	104	2,50	101

Resource: WEF, Growth Competitiveness Index-GCI.

4. Entrepreneurship And The Role Of SMEs

Entrepreneurship is a concept which involves risk and innovation on exploiting new opportunities for being the champion (Wright, vd., 2001:113). Entrepreneurship that is accepted as a central role of economic development leads improvement, and it plays a part in development and innovation (Lordkipanidze, 2005:787). This is the greatest weapon of competition.

Three issues of entrepreneurship are concerned (Bhuiyan, vd., 2005: 10): Innovativeness (producing new goods, service and technology and developing new market), proactiveness (seeking new ways for the concept of entrepreneur to realize) and positive risk taking (making logical decisions and decreasing the risk factor systematically when faced with environmental uncertainties). Entrepreneurial values become an important way for; product development and reformulation, competitive strategy and new approaches.

Today, to be an entrepreneur is thought to be being global. An entrepreneur is a person who can see the opportunities in both his country or abroad, and knows the habits of countries he has relationships (Platt, 2004: 541).

One of the most important management problems has been originated from not possessing entrepreneurial potential that was supported by entrepreneurial feelings of enterprise owners and managers. In SMEs, it is necessary that the owners of the enterprises should improve themselves on management and entrepreneurship

matters or opportunities should be given people who have entrepreneurial quality so that they could organize an enterprise. An enterprise can only be transformed from small-size to middle-size and from middle-size to large-size by this way.

It is hard to have a common definition of SMEs, since the concept of scale size varies from one country to another (Karamustafa., vd., 2001:166). Besides, according to the installation low-numbered 3624-of KOSGEB (The Chairmanship of Small and Medium-Size Industry Support and Development Management); the enterprises of manufacturing industry which employs 1-50 workers are classified as small-size, and the enterprises of manufacturing industry which employs 51-150 workers are classified as middle-size (Akay, vd., 2003:7).

Generally, small firms are important. More than 95 % of the companies are the SMEs. They create 50 % of the values that has been created in the world, and the SMEs constitute 60% and 90% of all new occupations depending upon the country. Although they are not related with international companies in historical process; depending on the studies in 18 countries, the SMEs constitute the ¼ of total exportation of industrialized (OECD) countries. Active and international SMEs have emerged especially in all over the world and come about more dynamically and rapidly than local companies (Knight, 2001: 156).

One of the factors that increases the importance of SMEs is; the small and middle-scale enterprises turn towards home sources for the inputs they use. Turning towards home sources means a decrease of foreign dependence to a degree in international arena. Today, most of the businesses are formed by new and small companies rather than large ones, and this trend consolidates increasingly. The countries, having a big increase on entrepreneurship rate are inclined to provide bigger decreases on unemployment rate. New business enterprises -by increasing the pressure of competition in markets- force the other companies increase their effectiveness or innovate; and they increase the productivity. Increasing effectiveness of the companies and the innovations they made, increase the competition power of economy as a whole. This process is useful for the consumers, because it causes more choices, lower prices and increasing quality (<http://www.tisk.org.tr>, 2004, s.2-3).

Today, the governments all around the world are aware of the importance of the SMEs. They also know that these SMEs provide contribution for economic growth, social unity, employment, local and regional development. In OECD economies, SMEs constitute more than

95% of the companies and 60-70% of employment, also they create a wide portion of new businesses. On the one hand, globalization and technological changes decrease the importance of economy of scale in various activities; on the other hand, they strenghten the potential contributions of smaller firms. Beside, most of the traditional problems SMEs encounter (lack of financing, troubles of technological use, limited mangement abilities, low productivity and burdens of regulations) are more intensified on globalized situations.

All the economies have a potential of gaining greater profits from smaller firms, since they are more dinamic. Besides, SMEs have also had some particular strong and weak points. The role and the policy of the governments about SMEs should be subjected to re-change, so that they can take advantage of globalization and adapt themselves to the pressures of it.

Entrepreneurial encouragement is one of the primary issues of developing economies and of the countries that are members of OECD. Because the entrepreneurs are the development carriers that unify capital, innovation and talent. Entrepreneurship has a great importance in this century. Especially, in economies which are developing and in economies that include inadequate elements for entrepreneurship should be applied to found a situation for the dynamism of firm_(<http://www.oecd-istanbul.sme2004.org>).

5. The Effects Of Smes And Entrepreneurship On International Competition Power

The idea which expresses that SMEs would remain their presences has started to be used rather frequently because of the internationalization of the developing enterprises and becoming greater enterprises within that nation in the first half of the 21th century. But after the last quarter of this century the growing models such as company unitings and company integrations, have oriented to slow down, and also stop and return. The understanding "the bigger is the better" has left its place to "the small is the more useful", and this has increased the importance of SMEs, again (Kaya, 2004: 140). For instance; in France there is but a little public policy, giving importance to the new technology. Instead of this, for supporting the roles of SMEs at founding employment, generally, large amount of share is given to SMEs from public financing. Both small and large firms based on technology provide the international competition superiority for the industry of France (Delapierre, vd., 1998:989).

Being international has become a primary necessity of the competition landscape. On the one hand the increasing globalization of markets causes the complexity of doing business, on the other hand entrepreneurial opportunities are increased. According to the several researches, taking a part in the new international markets has great values for the firm owners and such a movement provides a positive effect on the firms' performances. Frankly, firms get new capabilities from each of new markets and in order to be successful in using this information in other markets they circulate this information throughout the organization (Hitt, vd., 2001: 485).

After a rough global competition, having been caused by the increasing trade and investment capacity, there has appeared a necessity of corporation among the firms. Today a competition always emerges from the agreements and integration which are made between large companies, and also the weak sides and difficulties of the competition appear. In firms which demand to compete in the world markets or national markets should organise their activities upon the global base and they should find a way of becoming global by integrating the systems of production and resource on an international structure (Doyle, vd.,1997: 439). Such that, today the giants of the industry often collaborate with the members of the coalition.⁸ (Glaister and Tatoğlu, 1997: 383-384).

Parallel to the restructuring and downsizing of traditional industries, it has been observed that the companies especially which are established on internet are in the process of growth. The new economy companies, including the examples of Microsoft, Oracle, Sun Microsystems and Siebel Systems have grown at a rapid rate. In terms of markets and competition, e-business and modern telecommunication have increased the speed of communication, and it is a fact that the companies should not lose the abilities of moving fast while becoming larger and more international. The power of radical deligation to local

⁸ For instance, CD has been formed by Sony in Japan and Phillips in Netherland. The cooperation between Thorn (England) and Ericsonn has provided Ericsonn to become a participant of English market. The enterprise between GEC (England) and Siemens (Germany) in telecommunication has facilitated. The entrance of both of these firms to larger markets has increased their technological capacities. Siemens (Germany), ICL (England) and Groupe Bull (France) have made a start for the enterprises of co-researching in computer industry. In terms of automobile industry, the co-operation between General Motors (USA) and Toyota (Japan) anticipates the transfer of the organizational abilities and common use of the equipment.

boards, and managerial team can be achieved by large corporations, by reorganising of the small units (Taylor, 2001:139).

Recently, many companies, almost all of them, should be successful at the entrepreneurial actions, if they aim at surviving in a world which changes rapidly (Ireland ve diğ, 2001:50). SMEs have a positive effect on providing new jobs and the development of economy. The importance of Smes is crucial to Competitiveness and change; they provide continuity by better fitting to the changing environment (Samitas and Kenourgios, 2005:2).

Lu and Bemish have searched the effects of becoming international, constructing new value which is one type of entrepreneur, by small- and medium-size organizations in a sample of 164 Japanese firms. It has been observed by Lu and Beamish that, first of all, these firms have experience of reduction in returns and thus, they confront a situation which has been called a liability of foreignness. Nevertheless, after the experience that the firms gain with operations in foreign markets, it has been found that foreign direct investment (FDI) result in an increase of profits. Lu and Beamish find that small firms gain great profits when they try to hold corporations with local partners in new markets. It is possible to say that investing directly in international firms has a positive effect, but it is not possible to say the same for export. In brief, a kind of entrepreneurship is investing in new markets. And it has been observed that managers, chosen from nine countries including; The United States, United Kingdom, Germany, Japan, China, Taiwan, Hong Kong, South Korea, and Singapore have an understanding of pioneering in new markets which are related to purpose of possessing higher returns to the firm (Hitt, vd., 2001:485).

What is understood from the recent data is that; small business functions as an engine and locomotive of job growth. 500 companies within Fortune have given rise to 22 million new employments since 1990. Cooperations of the enterprises creates community-centered promotions, and it is understood from the statements of the leaders. The subsistence of the employees would be supported and improved by such promotions (Warbington, 2000: 10).

In terms of international trade, (Small and Medium Enterprises SMEs)⁹ have started to play a critical role. The statistics extracted from

⁹ SMEs; is a definition, used in industrial countries which 500 or less workers are employed in.

the Organization for Economic Cooperation and Development (OECD), and other resources suggest that the percentages of export in most industrialized nations have reached at satisfying numbers. International organizations are thought to be companies that they have rich resource. In addition to this, the recent evidence shows taht SMEs play an active role in international arena by presenting an important challange to traditional thinking and are emerging in large numbers. SMEs have become more active in international markets by advencements which are present in the technologies of information and communication, the global market and other trends which have facilitating features (Knight, 2001: 155).

6. The Problems Smes Face While Taking Part In International Markets

Considering that SMEs have a lot of problems, it shouldn't be forgotten taht the problem of entering into foreign markets that SMEs experience is not different from the problem that large organizations have. Despite this, the dimensions and the solutions of the problems change according to their structure.

An SME planning to join exportation traditionally has many internal and external barriers.⁹ Heavy competition in foreign markets, risks and innovations are the most important samples of these problems. And also another problem is physical distance to market (Hornby vd., 2002; 5). We can classify the problems that SMEs face in foreign market in the manner given below (UN/ECE, 1997):

- Technical .ommerical limitations (Standardization, quality involvements, appropriateness evaluations, packing and labelling, environmental involvements, and etc.),
- Bureaucratic processes,
- Marketing and delivery problems,
- Lack of risk assurance,
- Expensive transportation costs and communication problems in distant countries.

The weak or faulty application of the rule of law is a big barrier, especially the inadeqate dimension of the system appears in enforcing contracts and in finding a solution for commerical disputes. This forces entrepreneurs to prefer doing business in such an environment in which they know and trust. Because of this, it causes the problem of lack of trust in large markets. It is not hard to understand why obtaining credit

from banks in many developing countries is so difficult for a small entrepreneur when unreliable or nonexistent credit bureaus are added to this group. Taxation -an important requirement for the functioning of government- plays a role which hinders the private sector activity in developing countries because of the unwieldy rules and administration. If a country demands to stop underdevelopment, these mentioned points here must be solved. Key elements including; government, macroeconomic discipline, open markets, adequate innovations in infrastructure and education must get more importance in these systems. However, if the way of entrepreneurship is closed to be better, process can not be achieved, even if the other requirements exist. If there is not a strong private sector, it will be difficult to control remaining poverty; hence the barriers causing a weak private sector must be ousted (Zedillo, 2004: 35).

All types and sizes of firms are seen to follow entrepreneurial actions as an important path to competitive advantage and improved performance, since it is a necessity of 21st century. That the failure to use entrepreneurial actions in the fast-paced and complex global economy is a recipe for failure is the opinion of some people (Kuratko, vd., 2001:61).

RESULT AND SUGGESTIONS

When the last quarter of present century is examined, it has been observed that there are many significant changes embracing revolutionary feature in economical, technological and social areas. What is expected in this new constructed system is increasing international relations and integrating into the world economy by broadening the national economies out. But this free atmosphere of the world trade has also brought problems. One of those problems is the involvement of founding competition system as in international trade and at national level.

Among the indicators of SMEs competitive power in more dynamic and complex competition environment of today as to 20th century, we can find; technology, dynamic and elastic structure, price, cost, productivity, quality, speed, innovativeness, service, creativity and difference. On the other hand, SMEs generally manufacture products which have lower-quality, and low added-value because of use of nonproductive methods of producing, old machine and equipment or because of the carrying out of the traditional product, process,

managing technologies and outdated design. These inadequate features must be revised while striving to add competitive power to SMEs.

SMEs have such a structure that they can adapt themselves to sharp changes in the market. In addition to this, since they provide local development, they are constructive in organizing the iniquitous income circulation and functioning as an educational environment.

SMEs are essential for the economic development of a country. If the international competition superiority is thought to be obtained, SMEs must be supported financially. In the direction of this purpose, new entrepreneurs should be backed; the barriers which hinder the establishment of new new firm must be removed. Foreign resources such as private placement, venture capital must be supplied for SMEs. And also internet and e-business which are the results of globalization must be widened. As it has been emphasized in the Lizbon Strategy of European Community, there should be a move through the electronic business. E-business among firms diminishes the costs of buying and supplying, shortens the period of releasing, provides better product and service quality.

Technological infrastructure, producing systems and investigation development functions of SMEs must be increased to the international competition level and they must be supported by every kind of education activities which will take them to the qualified producing and service. The environment of global competition brings indefiniteness and alteration which can't be estimated. For this reason, SMEs are to restructure and reprogram their activities at international level.

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